

Annual Report **2009**

Tipco Asphalt Public Company Limited



30th Anniversary

A well-recognized leading
asphalt focused company
in Asia Pacific

2008

2007

2005

2000

1999

1998

1995

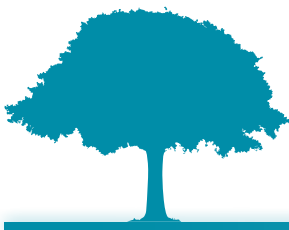
1991

1979



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Message from the Chairperson

Last year, 2009, was another year in which Tipco Asphalt Public Company Limited was proud of our many achievements. As the Company celebrated our 30th anniversary in business, our revenues reached their historical level since our inception, while production at our new asphalt refinery in Malaysia also reached a third of its capacity. Additionally, the Company finalized a strategic plan that was in line with our Mission and Vision in order to serve our exponential growth forecast.

As mentioned, the Group's sales and services reached Baht 14,088.6 million, their highest level in 30 years, with a net consolidated profit of Baht 493.8 million. This is compared to a Baht 1,089.1 million loss in 2008, due to the economic impact of the world recession. In 2009 our asphalt refinery contributed significantly to the group's ability to compete and growth in the export market. In the second half of the year, the refinery processed heavy crude oil more consistently, accounting for an increase in export sales of asphalt products to about 400,000 metric tons or about 55% of the Group's sale volume.

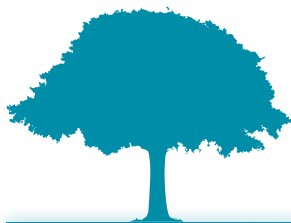
Since our inception in 1979, Tipco Asphalt has always considered that profits must go hand in hand with benefits to society and to country. The Company has devoted our resources to provide excellent quality asphalt products for road construction and maintenance in the interest of safe transportation in all regions of Thailand. This, to us, is our responsibility as both a business concern and as a corporate citizen. Social responsibility and environmental awareness are the Group's sustaining policies. In 2009, Tipco Asphalt factories in Phitsanulok, Prapadaeng, Rayong and Surat Thani were awarded the CSR-DIW certificate from the Department of Industrial Works in recognition of our commitment to corporate social responsibility.

The Group companies have revised our Mission and Vision to become the leading asphalt focused company in Asia Pacific with two million tons of sales volume by 2015. We have set long-term strategies and started to "walk the talk" on those strategies. We truly believe our strategic plan will prepare us to weather the fast-changing business models necessary to survive in today's world. All of our employees, both in Thailand and in international offices, are united to support one another to reach our organization's common goal.

The Company's Directors have long recognized the importance of the "good corporate governance" concept and in 2009, the Company received a rating of "Very Good" by the Thai Institute of Directors (IOD).

On behalf of the Board of Directors, I would like to express my appreciation to the shareholders, customers, financial institutions and other stakeholders for their trust and support to the Company. I also would like to thank our employees and management for their determination, sacrifice and commitment. I sincerely believe that the Company's core values of "Teamwork, Integrity, Prudence, Commitment and Open-Minds" will enable us to strive for continuous improvement, accomplish our mission and to achieve sustainable growth.

(Mrs. Anurat Tiamtan)
Chairperson



Company Profile

Incorporated in 1979, Tipco Asphalt Public Company Limited ("Tipco Asphalt" or "the Company") together with its associated and subsidiary companies ("the Group") engage in the business of manufacturing and distribution of asphalt products for domestic and export markets.

Tipco Asphalt products are used in the construction and maintenance of roads, highways and airport runways. The Group sells other non-asphalt byproducts, such as Naphtha, Gasoil, and High-Sulphur Fuel Oil, from the crude oil refining process. It also undertakes wholesale deliveries of diesel and fuel oil to road contractors and other manufacturing companies in Thailand.

Our head office is located at the Tipco Tower, 118/1 Rama 6 Road, Samsen Nai, Phayathai District, Bangkok 10400, Thailand. The telephone number is +66 2273 6000.

Factory Locations

Domestic manufacturing facilities of the Tipco Asphalt group are located as follows:

Nakhonratchasima

259 Soi Ror Por Chor 12032, Mittapap Road, Naklang,
Soongnoen, Nakhon Ratchasima 30380
Tel. +66 44 335 495-9, +66 2273 6000 Ext. 5347-9
Fax. +66 44 335 495-9

Phitsanulok

271 Moo 15 Baan Wang Koom, Bangrakam, Phitsanulok 65140
Tel. +66 55 371 581-3, 371 461-2
Fax. +66 55 371 461-2 Ext. 360

Phetchaburi

90 Moo 5 Nongchumpol Nua, Khao Yoi, Phetchaburi 76140
Tel. +66 32 565 117-9, +66 2273 6000 Ext. 5502-4
Fax. +66 2273 6000 Ext. 5501

Suratthani

(a subsidiary)

139/5 Moo 3, Surat-Takua-pa Road, Tahrongchang, Phunpin, Surat Thani 84130
Tel. +66 77357 214-6, +66 2273 6000 Ext. 5318-3
Fax. +66 2273 6000 Ext. 5380

Oil and Asphalt Depots

The Company operates domestic asphalt terminals and oil depots at the following locations:

Phrapradaeng

(asphalt and oil)

61 Moo 5, Suksawat Road, Bangjak, Phrapradaeng, Samut Prakan 10130
Tel. +66 2463 0169, +66 2817 5111-5
Fax. +66 2817 5117

Suratthani

(a subsidiary)

123 Moo 3, Bangkung, Mueang, Surat Thani 84000
Tel. +66 77 224 683-5, +66 2273 6000 Ext. 5341-3
Fax. +66 2273 6000 Ext. 5340

Subsidiaries and Associated Companies

Juristic entities in which the Company has equity in excess of 10%.

Subsidiaries in Thailand

Surat Bitumen Co., Ltd.

Nature of business	Producer and distributor of asphalt products
Registered capital	Baht 100 million
Percentage holding	99.99%

Thai Bitumen Co., Ltd.

Nature of business	Asphalt refining and asphalt products distributor. It is also a holding company for Kemaman Oil Corporation Sdn Bhd (KOC) and Kemaman Bitumen Company Sdn Bhd (KBC), Malaysia.
Registered capital	Baht 2,300 million
Percentage holding	99.99%

Bitumen Marine Co., Ltd.

Nature of business	Ship owner—Owns and operates two asphalt vessels involved in sea transport of asphalt
Registered capital	Baht 150 million
Percentage holding	99.99%

Delta Shipping Co., Ltd.

Nature of business	Ship owner—Owns and operates an asphalt vessel involved in sea transport of asphalt
Registered capital	Baht 80 million
Percentage holding	99.99%

Alpha Maritime Co., Ltd.

Nature of business	Ship owner—Owns and operates an asphalt vessel involved in sea transport of asphalt
Registered capital	Baht 1 million
Percentage holding	99.93%

Tipco Maritime Co., Ltd.

Nature of business	Ship management and chartering
Registered capital	Baht 2 million
Percentage holding	99.97%

Raycol Asphalt Co., Ltd.

Nature of business	Producer and distributor of asphalt products
Registered capital	Baht 111 million
Percentage holding	41.44%

TASCO Shipping Co., Ltd.

Nature of business	Ship owner (new vessel yet to be delivered)
Registered capital	Baht 160 million
Percentage holding	99.99 %

Foreign Subsidiaries**TASCO International (Hong Kong) Ltd.**

Nature of business	Holding company for investments in China
Address	Room 1A, 1st Floor, O.T.B. Building, 259-265 Des Voeux Road, Central, Hong Kong.
Registered capital	Hong Kong Dollars 30.97 million
Percentage holding	100%

Kemaman Oil Corporation Sdn Bhd

Nature of business	Holding company for investment in an asphalt refinery in Malaysia
Address	L-2-2, Block L, Plaza Damas 60, Jalan Sri Hartamas 1 50480 Kuala Lumpur, Malaysia
Registered capital	Malaysian Ringgit 250.7 million
Percentage holding	65.26% (11.68% owned by the Company and 53.58% owned by Thai Bitumen Co. Ltd)

Kemaman Bitumen Company Sdn Bhd

Nature of business	Asphalt refinery in Malaysia
Address	L-2-2, Block L, Plaza Damas 60, Jalan Sri Hartamas 1 50480 Kuala Lumpur, Malaysia
Refinery address	Plot PT 7195, Telok Kalong Industrial Area 24000 Kemaman Terengganu, Malaysia
Registered capital	Malaysian Ringgit 500 million
Percentage holding	83.03% (44.81% held by Kemaman Oil Corporation Sdn. Bhd., 41.98% held by the Company and 11.82% held by Thai Bitumen Co., Ltd.)

Tipco Asphalt (Cambodia) Co., Ltd.

Nature of business	Producer and distributor of asphalt products in Cambodia
Address	35 Street 322, Boeung Keng Kang 1, Kan Chamkar Morn district, Phnom Penh, Cambodia
Registered capital	Khmer Riel 20 million
Percentage holding	100%

Associated Companies**Colasie Co., Ltd.**

Nature of business	Holding company for investment in Asphalt Emulsion and Polymer Modified Asphalt plants in India
Address	7, Place Rene Clair F-92653 Boulogne-Billancourt France Cedex
Registered capital	Euro 1 million
Percentage holding	40%

Other Important Information

Registrar of Shares

Thailand Securities Depository Co., Ltd.
Capital Market Academy Building,
2/7 Moo 4 (North Park)
The Stock Exchange of Thailand
Vibhavadi-Rangsit Road Km.27,
Tung Song Hong, Laksi, Bangkok 10210
Tel. +66 2596 9000, +66 2596 9302-11
Fax. +66 2832 4994-96

Auditors

Mr. Supachai Punyawattana
Certified Public Accountant No. 3930 and/or
Ms. Siriporn Karanumkul
Certified Public Accountant No. 3844 and/or
Ms. Tippawan Namwat
Certified Public Accountant No. 3459

Ernst & Young Auditing Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110
Tel. +66 2264 0777, +66 2661 9190
Fax. +66 2264 0789-90, +66 2661 9192

Legal Consultants

Mr. Suttiaphat Khamsirivatchara
Siam Premier International Law Office Ltd.
26th Floor of The Offices at Central World,
999/9 Rama Road, Khwaeng Pathumwan,
Khet Pathumwan, Bangkok 10330
Tel. +66 2646 1888
Fax. +66 2646 1919

Mr. Tawatchai Jaranakaran
Chor. Chanasongkram Advocates & Solicitors
52/3 Phrasumeru Rd., Bangkok
Tel. +66 2282 2995

Financial Advisor

Phatra Securities Public Company Limited
6,8-11/F Muang Thai-Phatra Office Tower
252/6 Ratchadapisek Road, Huaykwang,
Bangkok 10310
Tel. +66 2275 0888
Fax. +66 2693 2355

Consultant or Contract Manager

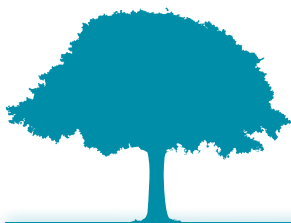
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Celebrating the 30th Anniversary of Tipco Asphalt Group

Timeline

- 1979** Supsakorn family establishes Tipco Emulsion Company Limited in Ladkrabang.
- 1981** First Tipco Asphalt Emulsion plant opens at Ladkrabang Industrial Estate.
- 1985** Second Asphalt Emulsion plant launches in Rayong Province.
- 1991** Tipco Emulsion Co. Ltd. is listed on the Stock Exchange of Thailand under the symbol "TASCO".
- 1992** Company name changes to Tipco Asphalt Public Company Limited.
- 1992** Third Asphalt Emulsion plant sets up in Nakhon Ratchasima Province.
- 1993** Fourth Asphalt Emulsion plant locates in Phitsanulok Province.
- 1994** Fifth Asphalt Emulsion plant is built in Surat Thani province.
- 1995** First asphalt terminal opens in Phrapradaeng.
- 1995** Tipco becomes first Asphalt Emulsion manufacturer in Thailand to receive ISO 9002 certification.
- 1995** Thai Bitumen Co. Ltd. initiates asphalt refinery project in Bang Saphan District, Prachuap Khiri Khan Province.
- 1995** Tipco Maritime Co. Ltd. enters vessel management service.
- 1997** Thai Bitumen Co. Ltd. suspends Bang Saphan asphalt refinery project due to Asian financial crisis.
- 1998** Langfang Tongtai Road Material Co. Ltd. is Tipco's first investment in China.
- 1999** Cambodia Asphalt Co. Ltd. begins operations—renamed Tipco Asphalt (Cambodia) 2008.
- 1999** TASCO International Ltd. (Cayman Islands) is set up to hold the three China investments—taken over by TASCO International (Hong Kong) Ltd. in 2008.
- 2000** Zhenjiang Tipco Asphalt Co. Ltd. is set up as second subsidiary in China.
- 2000** Colas S.A. of France becomes Tipco Asphalt's strategic partner and major shareholder.
- 2001** Tipco Asphalt (Xinhui) Co. Ltd. is third subsidiary in China.
- 2005** New business relation in Malaysia, with Kemaman Oil Corporation Sdn Bhd and Kemaman Bitumen Company Sdn Bhd, begins construction of asphalt refinery in Malaysia.
- 2007** Tipco Asphalt introduces colored asphalt products in Thailand.
- 2008** Tipco receives the Corporate Social Responsibility Certificate from the Ministry of Industry's Department of Industrial Works (one of Thailand's first 28 companies recognized).
- 2009** The Board of Directors approves the Group's long term Strategic Plans, adhering to the Group's Mission and Vision 2015.
- 2009** Tipco Asphalt Public Company Limited celebrates its 30th Anniversary.



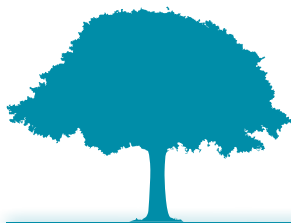
Financial Highlights

Unit : %

Financial Statements	12/31/2007	12/31/2008	12/31/2009
Total Assets	7,035	8,915	12,514
Total Liabilities	3,892	6,548	9,661
Shareholders' Equity	3,143	2,367	2,853
Revenue from Sales	10,455	9,395	14,089
Total Revenue	10,554	9,587	14,193
Gross Profit	973	481	1,084
Net Profit (Loss)	306	(1,089)	494

Unit : %

Financial Ratios	12/31/2007	12/31/2008	12/31/2009
Net Profit Margin	2.93%	(11.59)%	3.51%
Return on Equity	9.92%	(39.53)%	18.92%
Return on Total Assets	4.44%	(13.66)%	4.61%
Earnings per Share	2.01	(7.14)	3.24
Dividend per Share	1.15	0.8	-
Book Value per Share	20.61	15.52	18.70



Nature of Business Operations

Overview of the Company, Subsidiaries and Associated Companies

Tipco Asphalt PCL and its subsidiaries ("the Group") produce and distribute a variety of asphalt products for road construction, as well as road and airport runway maintenance.

Currently, the Group has a total domestic Asphalt Emulsion (AE) and Polymer Modified Asphalt (PMA) production capacity of 520,800 tons per annum. The Company and subsidiaries currently operate four domestic and four foreign AE and PMA manufacturing facilities, two domestic and four foreign asphalt terminals and oil depots, and an asphalt refinery in Malaysia. Subsidiaries' five owned vessels are used to transport asphalt for domestic distribution, international trade and chartering.

Manufacturing Facilities

Domestic manufacturing facilities are as follows:

1. Nakhonratchasima Factory (Soongneun, Nakhon Ratchasima) has a production capacity of 324,000 tons per annum.
2. Phitsanulok Factory (Bangrakam, Phitsanulok) has a production capacity of 124,800 tons per annum.
3. Suratthani Factory 1 (Phunpin, Surat Thani) has a production capacity of 72,000 tons per annum.
4. Rayong Factory (Nikompattana, Rayong) has a production capacity of 192,000 tons per annum.

The factory located in Surat Thani Province is owned by Surat Bitumen Co., Ltd, which is a wholly owned subsidiary of the Company. The factory located in Rayong is owned by Raycol Asphalt Co., Ltd, a subsidiary of the Company.

The Company also owns a facility in Phetchaburi, which serves as a raw material preparation center for all the manufacturing plants. Simultaneously, this facility is also being used as a training center and for testing of new products.

Foreign manufacturing facilities are as follows:

1. Lang Fang factory (Lang Fang, Hebei province of China) has a production capacity of PMA 50,000 tons per annum.
2. Xin Hui factory (Jiang Men, Guangdong province of China) has a production capacity of PMA 50,000 tons per annum.
3. Zhen Jiang factory (Zhen Jiang, Jiangsu province of China) has a production capacity of AE 43,000 tons per annum.
4. Cambodia factory (Poipet, Bantey Meanchey province of Cambodia) has a production capacity of AE 21,000 tons per annum.

Oil Depots and Asphalt Terminals

The Company operates two domestic depot and terminal facilities, as follows:

1. Phapradeang Terminal (Phapradeang, Samut Prakan) is an oil depot and asphalt terminal.
2. Suratthani Terminal (Thathong, Surat Thani) is an oil depot and asphalt terminal.

All facilities have obtained relevant certificates of industrial standards, such as the Certificate of Quality Management System (ISO9001:2008), Certificate of Environmental Management System (ISO14001:2004), Certificate of Occupational Health and Safety Management System (TIS18001-2542). They have also been awarded the Best Work Place Award for safety, sanitary and environmental practices at the national level. In addition, the Head Office, Nakhon Ratchasima, Phitsanulok, Rayong and Phrapradaeng facilities each obtained the Certificate of Thai Corporate Social Responsibility (TLS8001-2003).

Foreign depots and asphalt terminals are as follows:-

1. Lang Fang factory (Lang Fang, Hebei province of China) owns an asphalt terminal with total storage capacity of 8,000 tons. (AC: 6,360 tons, PMA: 1,640 tons)
2. Xinhui factory (Jiang Men, Guangdong province of China) owns an asphalt terminal with total storage capacity of 6,800 tons
3. Zhen Jiang factory (Zhen Jiang, Jiangsu province of China) owns an asphalt terminal with total storage capacity of 11,000 tons
4. Cambodia company owns an asphalt terminal at Kohkong Province with total storage capacity of 1,200 tons

Revenue Structure

During 2009, 85.4% of total revenue derived from the sale of asphalt products. Domestic and international sales contributed approximately 38.5% and 61.5% of total sales, respectively.

Based on the Company's consolidated financial statements for the years 2007, 2008 and 2009, revenues can be summarized as follows, classified by product lines and locations):

Unit: Million Baht								
Product Line or Business Group	Operated by	Percent of Shares Holding (%)	2007		2008		2009	
			Revenue	%	Revenue	%	Revenue	%
(1) Asphalt Products Business Group ^{1/}								
Tipco Asphalt Plc.			7,275.55	68.92	6,450.79	67.28	5,164.26	36.64
Surat Bitumen Co., Ltd.		99.99	754.75	7.15	806.85	8.42	910.82	6.46
Thai Bitumen Co., Ltd.		99.99	-	-	233.76	2.44	5,528.27	39.21
Raycol Asphalt Co., Ltd.		41.44	937.10	8.88	535.72	5.59	651.97	4.64
Tipco Asphalt (Cambodia)		100.00	-	-	98.62	1.03	342.77	2.43
Kemaman Oil Corporation Sdn Bhd		83.03	-	-	74.09	0.77	528.56	3.74
Total (1)			8,967.12	84.95	8,199.84	85.53	13,126.65	93.12
(2) Vessel Business Group								
Shipping Management	Tipco Maritime Co., Ltd.	99.97	2.22	0.02	22.73	0.24	6.17	0.04
Charter	Delta Shipping Co., Ltd.	99.99	10.92	0.10	-	-	-	-
Charter	Alpha Maritime Co., Ltd.	99.93	0.02	0.00	2.49	0.03	-	-
Charter	Bitumen Marine Co., Ltd.	99.99	21.06	0.20	113.67	1.19	37.56	0.26
Total (2)			34.22	0.32	138.89	1.45	43.73	0.30
(3) Holding Companies Group								
Tasco International Co., Ltd.		100.00	1,454.66	13.78	694.64	7.25	7.98	0.08
Tasco International (Hong Kong) Ltd.		100.00	-	-	362.07	3.78	764.83	5.42
Total (3)			1,454.66	13.78	1,056.70	11.02	772.81	5.47
(4) Other revenue ^{2/}		Total (4)	100.94	0.96	191.92	2.00	152.60	1.08
Total			10,556.94	100	9,587.35	100	14,095.79	100%

Remarks: 1/ Comprised of revenue from sales of asphalt, diesel oil and fuel oil.

2/ Comprising profits from sale of assets, profit from exchange rates, interest received delivery truck rental, share of investment profit and others.

Types of Products and Services

The Company's activities include trading and distribution of Asphalt Cement, Asphalt Emulsion, Polymer Modified Asphalt, Cutback Asphalt, Premix, Joint Sealer and Joint Primer, Para Slurry Seal and Porous Asphalt for road construction and maintenance of highways, rural roads and airport runways. (Asphalt is sometimes called "bitumen".) Kemaman Bitumen Company Sdn Bhd, a subsidiary asphalt refinery in Malaysia, began refining operations in late 2008 under a toll processing arrangement with Thai Bitumen Co., Ltd. Besides asphalt, Thai Bitumen Co., Ltd. also distributes non-asphalt products such as Kerosene, Naphtha, Atmospheric Gasoil (AGO) and Vacuum Gasoil (VGO) to oil and gas customers in the region.

Types of products produced by the Group include:

1. Asphalt Cement (AC) accounted for more than 50% of sales in 2009. The Group refines its own Asphalt Cement from heavy crude oil (mainly from South America) in addition to AC it purchases from other local and international suppliers.
2. Asphalt Emulsion is a mixture of Asphalt Cement, water and chemicals. Asphalt Emulsion is divided into three types:
 - a. Rapid setting emulsion is suitable for single surface and double surface treatments.
 - b. Medium setting emulsion is suitable for repairing and maintenance, which involve cold mix overlay and patching.
 - c. Slow setting emulsion is suitable for prime coating, slurry seal and cape seal projects.
3. Cutback Asphalt is a mixture of Asphalt Cement and petroleum solvents. It is used mainly for prime coating. Today it has become less popular because it is costly and unfriendly to the environment.
4. Polymer Modified Asphalt (PMA) is a mixture of polymer and Asphalt Cement. It is durable binder with enough elasticity to ensure higher rutting resistance on highways. This special property extends the useful life of highways and airport runways.
5. Premix is a ready-mix product that is sold in bags. This product is made from readily mixed Asphalt Emulsion and aggregates with proper gradation. It is best for small road surface repairs.
6. Tipco Joint Sealer and Tipco Joint Primer are Asphalt Cement mixed with additives, which is durable for extreme hot and cold weather conditions. It is highly flexible and adheres to joint components and is used for sealing the joints between concrete slabs.
7. AGO, VGO, Kerosene and Naphtha are byproducts from Kemaman Bitumen Company Sdn Bhd's asphalt refinery. Thai Bitumen Co., Ltd. sells these products to local and regional customers.

Products for which the Group is a distributor include:

1. Asphalt Cement purchased from local and international suppliers.
2. Diesel and bunker oil purchased from oil refineries and brokers.

Market and Competitive Environment

Current Market Trends

Asphalt products (mainly Asphalt Cement and Asphalt Emulsion) are primarily used for road construction and road and runway maintenance. Asphalt Cement is the main product from the process of refining heavy crude oil into oil and gas products.

At present, Thailand consumes about 700,000 to 750,000 tons of asphalt products for road construction and maintenance per year representing about 500,000 to 520,000 tons of Asphalt Cement and 120,000 to 140,000 tons of Asphalt Emulsion. While there is demand for other products such as Polymer Modified Asphalt, Cutback Asphalt, Premix, Joint Sealer and Joint Primer, application of these products is still relatively small compared to the market for Asphalt Cement and Asphalt Emulsion.

Future Market Trends

Domestic asphalt consumption in Thailand mainly depends on public-sector projects. In general, it is difficult to predict the size of future government budgets. Nonetheless, the Thai Government's economic stimulus packages for 2010 – 2012, which call for dust-free roads and other infrastructure development, provide an indication of future demand growth in Thailand.

For the international market, continued increasing demand in the Indochina region (such as Vietnam, Laos, Cambodia and Indonesia) as well as in China and India, promise additional growth in the industry.

These countries have considerable infrastructure development requirements and high growth potential in the future. In the near term, as regional governments struggle to minimize the impact of the global financial crisis on their economies, the introduction of stimulus activities can be anticipated throughout the region and emphasis on infrastructure development is likely.

Competition

Although there are few domestic Asphalt Cement suppliers in Thailand, tighter budget allocations for infrastructure will result in stiffer competition and will remain a challenge for the Company.

On the other hand, Tipco Asphalt enjoys strong customer loyalty for its products, due to its high quality standards, customer service and prompt deliveries. It also has the advantage of having access to the latest technologies from our French strategic partner, Colas S.A., which is the world leader in road construction and maintenance materials. As such, the Company is confident of maintaining its dominant market position in all product segments.

Competitive Strategies

The Company has advantages in many areas, with enhanced marketing and sales strategies designed to fully satisfy customer needs and expectations.

Quality

Our production product quality is in accordance with worldwide standards established by the American Society for Testing and Materials (ASTM) and American Association of State Highways and Transportation Officials (AASHTO). The Company places great importance on quality control at every step of the process, from production to customer delivery. Quality control begins with testing all types of raw materials, using internationally accepted testing methods in our well-equipped laboratories. Our company also controls quality during delivery by placing plastic and wax seals on the outlet valves of our tankers to insure that the products are delivered to customers without adulteration en route.

The Company is the first Asphalt Emulsion manufacturer in Thailand certified with the Certificate of Quality Management System (ISO9001:2008), Certificate of Environmental Management System (ISO14001:2004), Certificate of Safety Management System (TIS18001-2542) and Certificate of Testing Laboratory (ISO/IEC 17025:2005). These accreditations ensure international standards and quality of all products and acceptance by all road-related government agencies.

Research and Development

Tipco Asphalt continues to develop applications with new premium grade asphalt products and services for our customers, with the assistance and cooperation of our strategic partner, Colas S.A.

The benefits of Tipco's R&D efforts are demonstrated by recognition and acceptance by the various agencies responsible for awarding new projects in 2009 such as Road Surface Treatment on Chalerm Maha Nakhon and Chalong Rat Expressways, Rehabilitation by using Ultra Thin Friction Course technique on Chalerm Maha Nakhon, Chalong Rat and Burapa Vithi Expressways, Road Construction by using Porous Asphalt on Chalerm Maha Nakhon Expressway and Colored Asphalt of Eastern Sea-Shore Project from Rayong to Chanthaburi Phases 3-4.

Distribution and Logistics

The Company recognizes the importance of producing quality asphalt products as well as providing excellent service to customers. With four domestic manufacturing facilities covering all the regions in Thailand, the Company can promptly deliver asphalt products to domestic customers in Thailand and neighboring countries via its fleet of 300 trucks. The Company also owns and operates five oceangoing asphalt vessels for deliveries to international customers as well as for importing asphalt into Thailand when demand exceeds local supply. Customer orders and deliveries are controlled by an advanced computer system that links the information via satellite and high-speed Internet networks to assure accuracy and responsiveness to customer needs and opportunities.

Our asphalt refinery is located on the East Coast of Peninsular Malaysia to serve markets to the north, like Vietnam and China, as well as markets to the south, like Australia, Indonesia and markets to the west such as India.

Service 'Second to None'

Tipco Asphalt's marketing and sale teams serve more than 550 customers across Thailand. These experienced and knowledgeable individuals are highly trained to provide services and give technical advice to customers. The Company has manufacturing facilities and asphalt terminals spread strategically in the center of every region of the country, such as at Nakohn Ratchasima, Phitsanulok and Surat Thani, for prompt delivery of all asphalt products to customers.

Furthermore, the Company's own technical support team has long experience in road work and is ready to solve problems and give advice to customers. This strengthens our working relationships with customers at their job sites. The Company also has implemented Customer Relationship Management (CRM) to study the complex requirements of each group of customers in order to devise effective sales and service plans.

Current and Targeted Customer Groups

The Company sells Asphalt Cement, Asphalt Emulsion, diesel oil and fuel oil as its main products with other asphalt products sold in lesser proportion. The Company segments its customer base by product types, as follows:

1. Asphalt product customers generate most of the Company's revenue. The Company's share of the local market for asphalt products was about 46% in 2009.

- 1.1 Domestic customers accounted for about 32% of total sales during the year. They can be segregated by sector.
 - 1.1.1 Private sector customers generate 97% of the Company's total domestic asphalt revenue. These customers are contractors who buy asphalt for road construction and maintenance projects that they secure through the bidding process from relevant authorities. There are no written contracts between the Company and these clients, as they are mostly regular and long-standing customers who are loyal because of the quality of the Company's products.
 - 1.1.2 Government sector customers generate the remaining 3% of total domestic asphalt revenue. These clients are governmental authorities who are directly responsible for road construction and maintenance and directly purchase various kinds of asphalt products to carry out their own work. Key customers in this group are the Department of Highways, the Department of Rural Roads, Irrigation Department, Public Works and City Planning Department, Local Administrations, Municipalities, etc. Tipco Asphalt regularly participates in the bidding process as arranged by these authorities to supply asphalt products.
- 1.2 International customers account for about 51% of total sales volume and expect to grow rapidly in the next few years Chinese customers rank first, with 40% of total export sales, while 20% went to customers in Vietnam or other neighboring countries, especially Laos, Cambodia and Myanmar. The rest of export sales went to other customers outside of the region including Indonesia, Philippines, Australia, India, Bangladesh, French Polynesia and Mayotte.
2. Customers for Non Asphalt Products: the Company sells Non Asphalt products to traders in different countries from our refinery in Malaysia, while we sell to end users such as road contractors and industrial factories in domestic Thailand
3. Customers for Other Asphalt related Products: These are local customers with whom the Company's market share is approximately 60%. They are divided into three groups: Governmental authorities, private customer groups (namely distributors) and road contractors.

Types and Sources of Products and Raw Materials

Asphalt Cement

Asphalt cement (AC) is a product from refining of crude oil and processing of base lubricating oil. AC is used as the raw material for manufacturing Asphalt Emulsion, Polymer Modified Asphalt and Cutback Asphalt.

Sourcing Asphalt Cement

In the past, the Company obtained AC locally. However, as there were only a few AC manufacturers (refineries) in Thailand and the supply of AC was inadequate for local needs, imported AC was the only option. With the commencement of Tipco Asphalt refinery operations in Malaysia in 2008, the Company has started to source heavy crude oil and feedstock to be refined there, which will ensure both effective cost control and consistent quality of asphalt.

Currently, the Company's purchases the required AC from multiple sources simultaneously, both locally and internationally, to reduce the risk of relying on a single source and to control the cost of raw materials for manufacturing.

Handling Asphalt Cement

Asphalt Cement is a high viscosity material at normal temperatures and turns to liquid form only when the temperature is higher than 100 °C. Therefore AC needs to be stored and transported at high temperature so that it can be used in the manufacturing process. The Company has constructed sufficient insulated storage tanks at all of its production facilities and depots. The Company's trucks are equipped with heating tubes to maintain temperature during transportation.

Other Raw Materials

The Company imports approximately 57.04% of the raw materials it requires for use in the Asphalt Emulsion and Polymer Modified Asphalt manufacturing process. The remaining 42.96% of raw materials is sourced through local suppliers.

The two types of raw material required are as follows:

- 2.1 Solvents: The price of solvents varies depending on oil prices. They are purchased from local suppliers and there is no shortage of this raw material in the market.
- 2.2 Emulsifiers: There are several kinds of emulsifiers, which can be purchased locally or from international suppliers through their sales agents. The price of emulsifiers is quite stable.

The Company does not purchase raw material from any single supplier in excess of 5% of the Company's manufacturing requirements. In addition, the Company continuously seeks alternative sources of raw materials and new materials that might reduce costs—although never in any way that the Company will compromise on product quality.

Asphalt Refinery in Malaysia

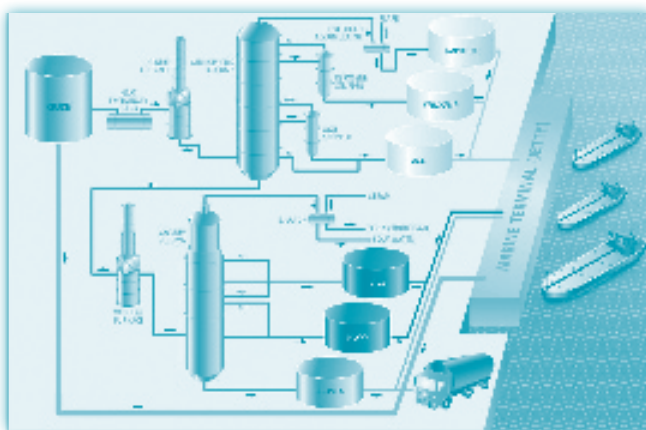
Tipco Asphalt operates a refinery in Kemaman, Malaysia through its subsidiary, Kemaman Bitumen Company Sdn Bhd (KBC). The refinery, located on 26 hectares in Telok Kalong Industrial Estate, has a name plate refining capacity of 25,000 barrels (bbls) of heavy crude oil per day or the equivalent of 9 million bbls of crude oil per year. This translates to production of about one million tons of asphalt cement per year.

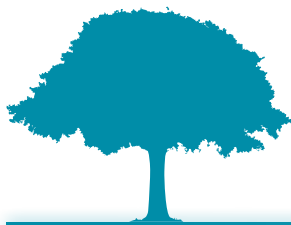
KBC throughput was much higher in 2009 than in 2008. In 2009, the refinery processed 3.1 million bbls of crude and produced 240,700 tons of Asphalt Cement and 150,000 tons of non-asphalt products. Approximately 30,600 tons of the Asphalt Cement was sold in the Malaysia domestic market. The balance of 210,000 tons was sold in the Asia Pacific Region via Tipco Asphalt and TBC. The amount of non-asphalt products sold was 147,700 tons.

KBC is planning to process at least 6 million bbls of heavy crude oil from South America and Middle East in 2010 under the toll processing arrangement between TBC and KBC.

Besides higher refinery throughput and products sales, KBC achieved higher operational reliability. The refinery has also been accredited to ISO9001 as of Q3 2009 and is currently working on certification to ISO14000 and ISO18000.

A number of improvement projects at the refinery were completed in 2009. The most important was the addition of two new crude tanks that were completed on time in Nov 2009. This has increased the refinery's crude storage capacity from 128,000 tons to 208,000 tons. The new tanks allow the refinery to bring in heavy crude oil to be processed in bigger parcels, thus reducing freight costs.





Risk Factors

Risks Related to the Domestic Market

Asphalt demand surged rapidly in the fourth quarter of 2009, thanks to the government stimulus package called "Thai Strength" (Thai Khem Kaeng), which called for road maintenance and dust mitigation projects. In fact, asphalt demand outpaced supply, resulting in price increases that averaged 40% over those in 2008.

Asphalt price increases, in turn, substantially affected costs for road contractors, as the government standard prices for the project set by the authorities could not be adjusted in time to compensate for the increment.

This situation means the Company needs to be prudent in granting additional credit lines to customers in order to mitigate delays or non-payment from contractors. In 2009, accounts receivable were closely monitored and additional collateral has been received from contractors to secure the payment.

Risks Related to the International Market

The international market for Tipco Asphalt's products has always been dominated by demand in China. This poses risks in terms of changes in weather conditions and competition with local traders. In 2009, there was a period between June and October during which products from South East Asia were not competitive against locally produced products and most of the imports were captured by South Korean producers. During that period, the Company concentrated on South East Asian markets, particularly Indonesia and Vietnam, in order to make up for the trade volume lost from the China market.

These fluctuations of price and import demand in China are expected to continue, despite the general trend of increasing demand there. Similar fluctuations of demand from other key markets such as Vietnam, Indonesia and Malaysia are expected to be ongoing. The Company continues to diversify its market targets, now expanded to more than 16 countries, thereby reducing the impact of demand variation in any given country.

Risks Related to Supply

Fluctuations in raw material prices pose a major risk to the Company. The Company continuously seeks to mitigate supply risk by maintaining good long-term relationships with all refineries in Asia, which is accomplished through regular supply contacts and enquiries. As of now, supply risk is mitigated by the ability to source Asphalt Cement from the Company's own subsidiary asphalt refinery in Malaysia.

Expanding collaborative networks with key partners helps the Company to identify new sources of supply at competitive prices.

Risks Related to Sourcing Heavy Crude Oil

The Company's subsidiary refinery in Malaysia, Kemaman Bitumen Company Sdn Bhd, is designed to process heavy crude oil typically produced in Venezuela. Heavy crude oil is limited in terms of volume and availability, which can be influenced both by the oil suppliers' internal production cuts (due to operational problems) and also by higher external customer demand from other refineries. Inability to secure the right grade of crude oil in sufficient quantity at the right time can idle the Company's refinery and prevent Tipco Asphalt from meeting market demands.

To avoid crude shortages, the Company is diversifying its crude oil supply sources by identifying and qualifying other heavy crude oil that could be successfully processed. In 2009, the Company bought various alternative crude oil from three other sources and more alternative feedstock will be processed in 2010. The Company is also trying to secure crude oil under term contracts in order to improve reliability and availability of supply.

Risks Related to Oil Price Fluctuation

The extreme volatility of petroleum product markets sees prices fluctuate up or down rapidly by as much as 5% a day. Therefore, it is important to address and mitigate price fluctuation risks for both crude oil and finished products at all times. The Company hedges this risk by using financial instruments at various stages of the inventory cycle. Such hedging and unwinding transactions protect the margins for each crude cargo and minimize the risks inherent in these fluctuations.

Risks Related to Shipping

The Tipco Asphalt group owns five vessels. All ship owning companies in the Group operate with the mission of zero accidents, zero injuries and zero oil spills. The Company ensures that all subsidiary-owned asphalt tankers are insured by first class risk coverage to protect assets against damages and also protect from third-party claims.

Asphalt shipping is a very small segment of international shipping but still is affected by changes in the shipping industry. Due to the recent boom in shipping, the biggest challenge facing the industry is a shortage of well-trained personnel.

With increase in the volumes of asphalt transported and traded, there is an increased requirement for tonnage (transport capacity) in the region. The availability of asphalt shipping to a certain extent depends on imports to China, which constitutes the largest part of asphalt transported in bulk in Asia. The fluctuations in import driven by demand in China therefore greatly affect the tonnage availability in Asia-Pacific.

Risks Related to Finance

The Company and its subsidiaries are exposed to a variety of financial risks, including those related to credit, liquidity, foreign currency, interest rates and oil prices. The Group utilizes various financial instruments to manage these identified financial risks. The Group does not use financial instruments for trading or speculative purposes.

Credit risk: Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers based on delegated limits of authority. There was no significant concentration of risk in 2009. Credit risk relating to financial instruments is minimized by using reputable local and international banks.

Liquidity risk: Policies have been set by the Group to limit exposure to liquidity risk. The result is that a significant proportion of external borrowing is being shifted to longer tenor loans while the Group maintains ample short-term trade and loan lines to support the high working capital needs for crude oil imports.

Currency risk: The Company and its subsidiaries are exposed to foreign currency risk. This occurs as a result of purchases of raw materials and export sales. The Group adopted a policy to reduce foreign currency exposure promptly via forward foreign exchange contracts. All forward exchange contracts have maturities of less than six months. Where necessary and in keeping with policy compliance, forward exchange contracts can be rolled over at maturity.

Interest rate risk: The Company and a foreign subsidiary entered into interest rate swaps to achieve fixed interest rate borrowings on their long-term loans.

Commodity price risk: The Company and a subsidiary are exposed to oil price fluctuation risks associated with the purchase of heavy crude oil and the sales of oil products. The Group adopts a hedging policy of protecting its margins or the value of the inventory and all contracts have maturities of less than six months.



Shareholder Structure

Major Shareholders

The following is the list of Tipco Asphalt's top ten shareholders at closing of the Company's share registrar dated March 12, 2010.

Bualuang Long-Term Equity Fund

Shares 3,776,200 / 2.48%

Dr. Kanokkaew Weerawan

Shares 2,151,100 / 1.41%

Mr. Somchit Sertthin

Shares 3,600,016 / 2.36%

Bualuang Long-Term Equity Fund 75/25

Shares 2,894,200 / 1.90%

BNP Paribas Securities (Singapore) Pte. Ltd.

(on behalf of Colas S.A.)

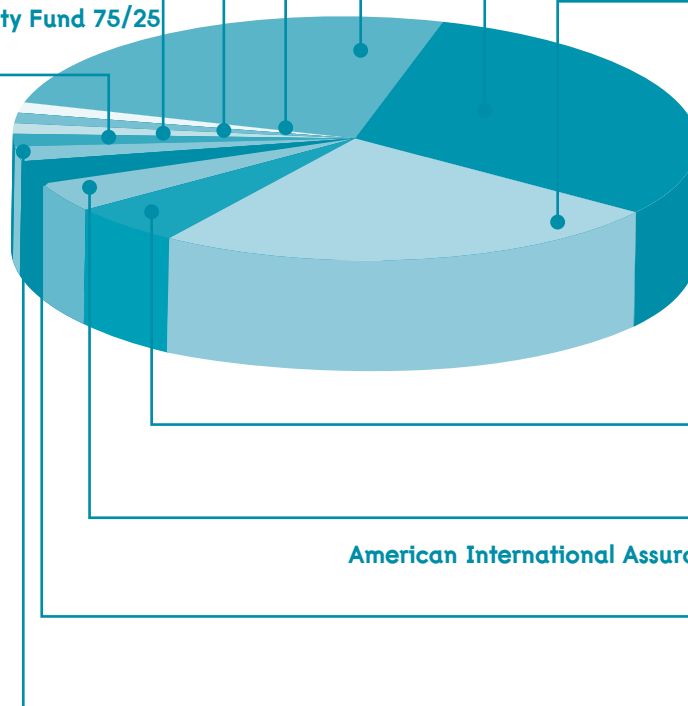
Shares 46,825,904 / 30.70%

Tipco Foods (Thailand) PCL

Shares 37,113,166 / 24.33%

Others

Shares 38,108,278 / 24.98%



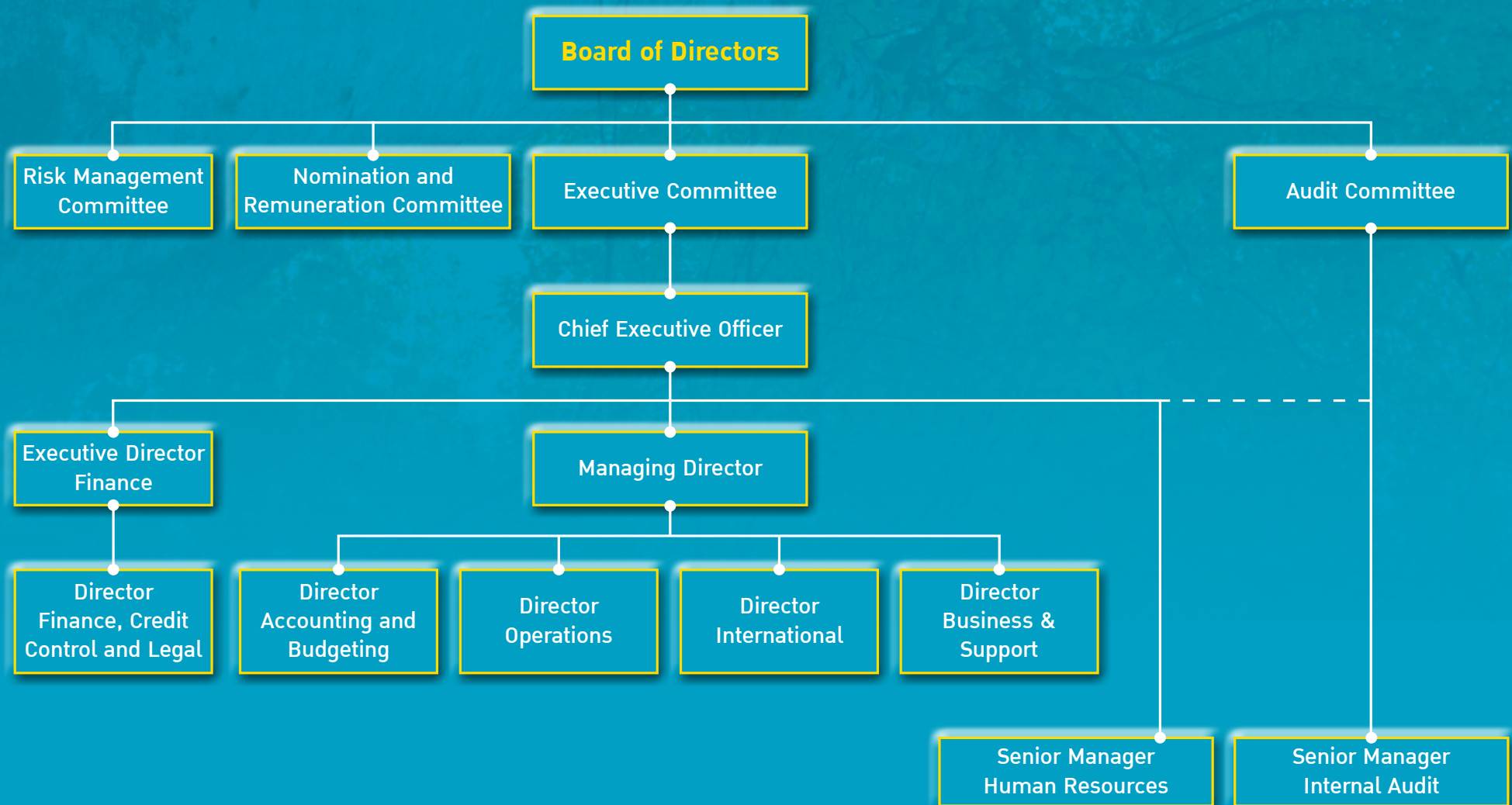
Total

Shares 152,547,663 / 100%

Dividend Policy

The Company has a policy to pay dividends of not less than 60% of its company alone net profit of each fiscal year. However, the actual dividend payment depends on cash flow, investment plans of the company and its subsidiaries, terms and conditions of agreements entered into by the Company, together with all other conditions of necessity and suitability in the future.

Organization Structure



Board of Directors



- 01. Mrs. Anurat Tiamtan
- 02. Mr. Pahol Chindakul
- 03. Mr. Thaweesin Devahastin Na Ayudhya
- 04. Mr. Parnchalerm Sutatam
- 05. Mr. Niphon Suthimai

Chairperson
Independent Director
Independent Director
Independent Director
Independent Director



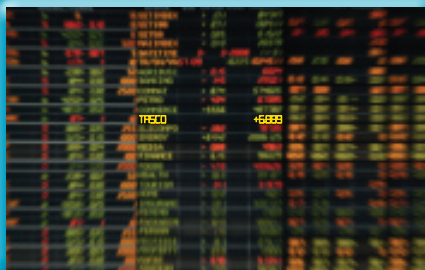
- 06. Mr. Jacques Pastor
- 07. Mr. Somchit Serththi
- 08. Mr. Emmanuel Scheer
- 09. Mr. Thierry Defrene
- 10. Mr. Chayongsak Pisitpong
- 11. Mr. Sitilarb Supsakorn
- 12. Mr. Herve Le Bouc
- 13. Mr. Chaiwat Srivalwat
- 14. Mr. Jacques Marechal

Executive Director
Chief Executive Officer
Executive Director
Executive Director
Executive Director – Finance
Executive Director
Director
Managing Director
Director

Tipco Asphalt 30th Anniversary



1979: Supsakorn family establishes Tipco Emulsion Company Limited; renamed Tipco Asphalt PCL 1992



1991: Tipco Asphalt is listed on Stock Exchange of Thailand under symbol "TASCO"



1995: First Tipco Asphalt terminal opens in Prapadaeng



1995: First asphalt emulsion manufacturer in Thailand to be awarded ISO 9002 certification



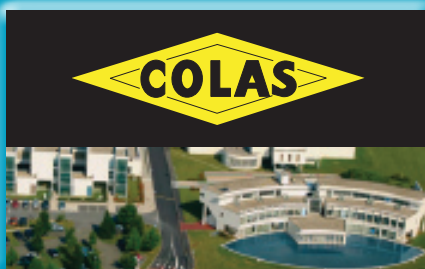
1995: Tipco Maritime Co., Ltd. launches as asphalt vessel management company



1998: Lang Fang Tong Tai Road Material Co., Ltd. is Company's first investment in China



1999: Cambodia Asphalt Co., Ltd. begins operations; renamed Tipco Asphalt (Cambodia) 2008



2000: Colas S.A. becomes strategic partner and shareholder, adding new products and technologies



2005: Begins construction of asphalt refinery in Malaysia (completed 2008)



2007: Tipco Asphalt introduces first colored asphalt in Thailand



2008: One of first 28 Thai companies is awarded the CSR-DIW certificate by Ministry of Industry



2009: Tipco Asphalt celebrates 30th anniversary

Board of Directors

The members of the Board of Directors of Tipco Asphalt PCL are as follows:

1.	Mrs. Anurat Tiamtan	Chairperson
2.	Mr. Pahol Chindakul	Independent Director
3.	Mr. Thaweesin Devahastin Na Ayudhya	Independent Director
4.	Mr. Panchalerm Sutatam	Independent Director
5.	Mr. Niphon Suthimai	Independent Director
6.	Mr. Herve Le Bouc	Director
7.	Mr. Jacques Pastor	Executive Director
8.	Mr. Thierry Defrene	Executive Director
9.	Mr. Emmanuel Scheer	Executive Director
10.	Mr. Jacques Marechal	Director
11.	Mr. Sittilarb Supsakorn	Executive Director
12.	Mr. Somchit Sertthin	Chief Executive Officer
13.	Mr. Chayongsak Pisitpong	Executive Director - Finance
14.	Mr. Chaiwat Srivalwat	Managing Director

Note: Mr. Jacques Marechal resigned on February 15, 2010, and Mr. Chayongsak Pisitpong resigned on March 1, 2010.

Directors with Authority to Sign on Behalf of the Company

The authorized Directors who can bind the Company consist of two groups of Directors. To bind the Company requires one Director from Group A and another Director from Group B to jointly sign and affix the Company's seal. The Directors in Group A are Mr. Jacques Marcel Pastor, Mr. Jacques Marechal, Mr. Thierry Alain Simon Defrene, Mr. Herve Le Bouc and Mr. Emmanuel Scheer. The Directors in Group B are Mrs. Anurat Tiamtan, Mr. Somchit Sertthin, Mr. Chayongsak Pisitpong, Mr. Sittilarb Supsakorn and Mr. Chaiwat Srivalwat.

Note: Mr. Jacques Marechal and Mr. Chayongsak Pisitpong ceased to have the authority to sign on behalf of the Company on February 15, 2010 and March 1, 2010 respectively.

Qualifications for Directors

To serve as members of the Board of Directors, individuals must meet the following qualifications:

1. Possess an unblemished record;
2. Apply both vision and a broad business perspective;
3. Exhibit good interpersonal skills, a sense of justice and an amenable personality;
4. Apply effective communications skills;
5. Demonstrate systematic business thinking and decision making;
6. Understand financial matters, commerce or industry, and show business management experience; and
7. Have prior experience as a director of a company or state enterprise.

Guidelines for Selection of Directors

1. Individual candidates must possess the qualifications as specified above.
2. Overall, the Board of Directors should be comprised of persons with a variety of skills that are of benefit to the determination of corporate direction and guidance.

Term of Office for Directors and Executive Directors of the Board of Directors

In Board Meeting No.2/2010, the term of office for Directors and Executive Directors of the Board of Directors was considered by the Nomination and Remuneration Committee and approved by the Board of Directors, as follows:

1. The term of office for Directors of the Board of Directors
 - 1.1 Retirement age is 75.
 - 1.2 A Member shall be allowed to retain his/her directorship after his/her 75th birthday and remain as Director until his/her three-year term expires.
2. The term of office for Executive Directors
 - 2.1 Retirement age is 55
 - 2.2 After the age of 55, the term of service can be extended (by the Board of Directors) to the age of 70 with the first extension running for four years maximum; subsequent extensions are for a period of two years each.

Responsibilities of the Board

The Company has determined the roles, duties and responsibilities of the Board of Directors. The Board defines the Company's vision and strategies clearly, covering marketing, production, management, human resources, finance and budgeting in order to measure their performance against the Key Performance Indicators (KPI) and budget.

Furthermore, operations are periodically audited by the internal audit team, whose report of significant findings is scrutinized, with any corrective measures determined, under the close supervision of the Audit Committee and Board of Directors.

Scope of Authority of the Board of Directors

1. The Board of Directors must conduct the business according to the Company's bylaws, objectives, regulations and shareholders' resolutions with honesty and in accordance with the Company's best interests.
2. Each Director has to inform the Company promptly if there is any conflict of interest with the Company, or if he or she holds, acquires or divests shares or debentures in the Company or its subsidiaries.
3. The Board of Directors has authority to set policies and strategies, and to scrutinize investment plans of the Company. The Chief Executive Officer is authorized to control the operations of all departments to conform to the Company's policies in order to maximize efficiency in the business and for the shareholders.

Requirements for Appointment of the Board of Directors

In selecting persons to be appointed as the Company's Directors, the Nomination and Remuneration Committee is empowered to select and screen qualified persons. However, the persons who will be appointed as the Company's Directors must have the necessary qualification under Section 68 of the Public Companies Act B.E. 2535 (including its amendments) and the Company's Articles of Association. The requirements, nomination, appointment and dismissal of the Company's Directors are summarized as follows:

1. The number of Directors is fixed by a shareholders' meeting resolution. The total number of Directors must not be less than 10 persons but not more than 14 persons. One half of the number of Directors must reside in Thailand. The Board of Directors may authorize one or more persons to perform any act on behalf of the Board of Directors but cannot authorize any other person to perform any act as a Director. Any act carried out by such authorized person will be deemed to have been performed by the Board of Directors and the Company will be bound by such act. In performing their duties, the Board of Directors is entitled to remuneration which will be paid in the form of salary, meeting fees, bonus and allowance.
2. A shareholders' meeting resolution, having not less than three-fourths of the total attending and eligible shareholders' votes for the Board of Directors' meeting resolution, has the power to determine the names of the authorized Directors. The authorized Directors who can bind the Company comprises of two groups of Directors and to bind the Company requires one Director from the first group and another Director from the second group to jointly sign and affix the Company's seal.
3. The shareholders' meeting must elect the Directors in accordance with the following procedures and rules:
 - 3.1 The shareholders' meeting must vote to elect Directors one person at a time
 - 3.2 In exercising the voting rights for election of each Director, each shareholder shall have voting rights according to the number of shares held with one share equal to one vote.
 - 3.3 In exercising the voting rights for the election of each Director, the person who obtains the highest votes and received not less than three-fourth of the total votes of attending and eligible shareholders will be elected as a Director.
4. At every annual general meeting of shareholders, one-third of the Directors, or if it is not a multiple of three, then the number nearest to one-third must retire from office. There must be a drawing by lots to determine the Directors who will retire in the first and second years following the registration of the Company. In each subsequent year, the Directors who occupy the position for the longest period must retire. A retiring Director is eligible for re-election.
5. Any Director wishing to resign must submit a resignation letter to the Company which will become effective on the date the Company receives the letter. A Director who resigns as described above may notify the Public Companies Registrar of his/her resignation.
6. If there is any vacancy among Directors other than retirement by rotation, the Board of Directors may at its next meeting elect a person who is qualified and is not subject to any restriction imposed under Section 68 of the Public Companies Act B.E. 2535 to fill the vacancy except where the remaining term of the vacant directorship is less than two months. The term of a new Director replacing a vacant directorship will be equal to the remaining term of that vacant directorship. The resolution of the Board of Directors as specified above must be passed by three-fourths or more of the votes cast by the remaining Directors.
7. A shareholders' meeting may remove any Director before the expiration of his/her term by passing a resolution having the approval of not less than three-fourths or more of the total attending and eligible number of shareholders and such shareholders must hold in aggregate 75% or more of the total number of shares held by attending and eligible shareholders.

Background Details: Directors and Executive Officers

Directors

Name and Position	Age (year)	Education and Seminars on Director Roles and Responsibilities	Shareholding in Company (%)	Family Relationships with Management	Related Experience during the last 5 years		
					Period	Position	Name of Organization (Type of Business Related to Company)
Mrs. Anurat Tiamtan Chairperson Authorized Director	61	Kasetsart University – B.A. (Honors), Chemistry, American University, USA – M.S.,(Biochemistry), Thai Institute of Directors – Chairman 2000 Program, 2001 – Director Certification Program, 2004	–	Elder sister of Mr. Somchit Sertthin's wife	2003 – present	Chairperson	Tipco Foods (Thailand) PCL . (Production and export of canned fruits)
					1995 – present	Executive Director	Thanomwongse Service Co., Ltd. (Road construction and maintenance)
					1979 – present	Chairperson	Tipco Asphalt PCL.(Manufacturing and distributing asphalt products)
Mr. Pahol Chindakul Independent Director Chairman, Audit Committee Member, Nomination and Remuneration Committee	75	Utah State University, USA – M.A., Sociology Thai Institute of Directors – Effective Audit Committee 2002 – Director Accreditation Program, 2005 – Role of The Chairman Program, 2007 – Audit Committee Program, 2007	0.037	–	1997 – 2006	Chairman	International Engineering PCL.
					1998 – 2006	Chairman, Audit Committee	
					1998 – 2003	Advisor to the Chairman	State Audit Commission
					1998 – present	Independent Director and Audit Committee member	Tipco Asphalt PCL.(Manufacturing and distributing asphalt products)
					2002 – present	Member, Nomination and Remuneration Committee	
					2006 – present	Chairman, Audit Committee	

Name - Last name / Position	Age (year)	Education and Seminar on Director Roles and Responsibilities	Shareholding in Company (%)	Family Relationships with Management	Working Experience during the last 5 years		
					Period	Position	Name of Organization Company Type of Business Related to Company
Mr. Thaweessin Devahastin Na Ayudhya Independent Director Audit Committee Member Chairman of Nomination and Remuneration Committee	62	M.B.A. Eastern New Mexico University, U.S.A. M.P.A. National Institute of Development Administration (NIDA) Thai Institute of Directors (IOD) - 2000 : Director Certification Program (DCP) - 2006 : Audit Committee Program (ACP) - 2007 : Role of the Compensation Committee (RCC)	-	-	1990 - 1994	Managing Director	Tipco Asphalt PCL. / Manufacturing and distributing asphalt products
					1994 - 2004	Executive Director	SCB Leasing PCL.
					1994 - present	Director	Tipco Asphalt PCL. / Manufacturing and distributing asphalt products
					1998 - present	Audit Committee	
					2002 - present	Chairman of Nomination and Remuneration Committee	
Mr. Panchalerm Sutatam Independent Director Audit Committee Member	57	B.S. (Accounting), Babson College, Wellesley, Mass., U.S.A. M.B.A., University of Bridgeport, Bridgeport, Conn., U.S.A. Thai Institute of Directors (IOD) 2005 : Director Accreditation Program (DAP) 2006 : Audit Committee Program (ACP)	-	-	1987 - present	Director	Boonmitra Building Co., Ltd.
					1989 - present	Advisor	Thai Seisen Co., Ltd.
					2004 - present	Independent Director	Tipco Asphalt PCL. / Manufacturing and distributing asphalt products
					2006 - present	Audit Committee	

Name - Last name / Position	Age (year)	Education and Seminar on Director Roles and Responsibilities	Shareholding in Company (%)	Family Relationships with Management	Working Experience during the last 5 years		
					Period	Position	Name of Organization Company Type of Business Related to Company
Mr. Niphon Suthimai Independent Director Audit Committee Member	52	1978 : Licence de Droit (Law) from Universite de Droit, Lyon, France 1980 : Master in Operational Research from London School of Economics, UK Thai Institute of Directors (IOD) 2006 : Director Accreditation Program (DAP) 2006 : Audit Committee Program (ACP)	-	-	1990 - 1994	Director	Calberson Thailand Co., Ltd.
					1994 - 1999	Manager Director	Calberson Transport Co., Ltd.
					1999 - present	Associate Director	Geodis Overseas Co., Ltd.
					2005 - present	Consultant	Air Cargo Co., Ltd.
					2003 - 2006	Business Development Manger	Powertech 2004 Co., Ltd.
					2007 - present	Managing Partner	CLY International Limited
					2006 - present	Independent Director	Tipco Asphalt PCL. / Manufacturing and distributing asphalt products
					2006 - present	Audit Committee	
Herve Le Bouc Director Authorized Director	59	Ecole Supérieure des Travaux Publics	-	-	2001 - 2002	Chief Operating Officer	BOUYGUES CONSTRUCTION Energy Services
					2001 - 2002	Chairman of the Board	ETDE Electricity
					2002 - 2005	Chief Executive Officer	SAUR Group International Group
					2005 - 2007	Chairman - Chief Executive Officer	
					2007 - present	Chairman - Chief Executive Officer	COLAS Group
					2008 - present	Director	Tipco Asphalt PCL. / Manufacturing and distributing asphalt products

Name - Last name / Position	Age (year)	Education and Seminar on Director Roles and Responsibilities	Shareholding in Company (%)	Family Relationships with Management	Working Experience during the last 5 years		
					Period	Position	Name of Organization Company Type of Business Related to Company
Mr. Jacques Marechal Director Authorized Director	45	1Masters Degree in Corporate Finance - Dauphine University, Paris (DESS)	-	-	1996 - 2000	Deputy International Finance Manager	Colas S.A. / Construction and maintenance of roads, manufacturing and distributing Asphalt Emulsion
					2000 - present	International Finance Manager	
					2007 - present	Director	Tipco Asphalt PCL. / Manufacturing and distributing asphalt products
Mr. Jacques Pastor Director Executive Director Nomination and Remuneration Committee Member Authorized Director	55	Civil Engineer High School "Arts et Metiers"	-	-	1993 - present	Asia Area Manager	Colas S.A. / Construction and maintenance of roads, manufacturing and distributing Asphalt Emulsion
					2000 - present	Executive Director	Tipco Asphalt PCL. / Manufacturing and distributing asphalt products
Mr. Thierry Defrene Director Executive Director Nomination and Remuneration Committee Member Director International Authorized Director	40	Civil Engineer, ALES Mining School - France Management Courses - France, Operations Courses - Bitumen Emulsions - France, UK. Thai Institute of Directors (IOD) 2007 : Director Accreditation Program (DAP)	-	-	1996 - 1997	Project Manager	Colas - Madagascar, Colas S.A. Construction and maintenance of roads, manufacturing and distributing Asphalt Emulsion
					1997 - 1998	General Manager	ETPC - MAYOTTE - France, Colas S.A. Construction and maintenance of roads, manufacturing and distributing Asphalt Emulsion
					1998 - 1999	Managing Director	Colas S.A. (Construction and maintenance of roads, manufacturing and distributing Asphalt Emulsion) Colas East Africa Ltd - Kenya, - Business Development Manager - Colas S.A. - Southern & East Africa,
					1999 - 2004	Managing Director	Colas South Africa (PTY) Ltd. - South Africa,
					2005 - present	Executive Director	Tipco Asphalt PCL. / Manufacturing and distributing asphalt products

Name - Last name / Position	Age (year)	Education and Seminar on Director Roles and Responsibilities	Shareholding in Company (%)	Family Relationships with Management	Working Experience during the last 5 years		
					Period	Position	Name of Organization Company Type of Business Related to Company
Mr. Emmanuel Scheer Director Director Budgeting Authorized Director	43	Master Degree in Negotiation Ecole Superieure de Gestion, Paris, France	-	-	1994 - 1996	Marketing Executive	Pechiney SA, New York, USA
					1996 - 1998	Internal Auditor	Colas SA, Paris, France
					1998 - 2000	Controller	Sully - Miller Contracting Co., Inc. (Colas Group), California, USA
					2000 - 2002	Corporate Controller	Colaska Inc. (Colas Group), Washington, USA
					2002 - present	Finance & Administration Manager	Colas Asia, Bangkok, Thailand
					2006 - present	Executive Director	Tipco Asphalt PCL. / Manufacturing and distributing asphalt products
Mr. Sittilarb Supsakorn Director Executive Director Nomination and Remuneration Committee Member Authorized Director	59	B.S. (Business Adm.) Babson College, Wellesley, Mass, U.S.A.	-	Brother of Mrs. Anurat Tiamtan	1996 - present	Director	Thanomwongse Service Co., Ltd. / Contractor of road and road maintenance and transportations services
					1998 - present	Director	Siam Container Transport and Terminal Co., Ltd.
					2004 - present	Director	
					2001 - present	Executive Director	Tipco Asphalt PCL. / Manufacturing and distributing asphalt products

Name - Last name / Position	Age (year)	Education and Seminar on Director Roles and Responsibilities	Shareholding in Company (%)	Family Relationships with Management	Working Experience during the last 5 years		
					Period	Position	Name of Organization Company Type of Business Related to Company
Mr. Somchit Sertthin Director Chief Executive Officer Nomination and Remuneration Committee Member Authorized Director	58	B.S. (Business Adm.) Babson College Wellesley, Mass, U.S.A. Thai Institute of Directors (IOD) 2003 : Director Accreditation Program (DAP)	236	-	1974 - 1979	Senior Manager	Continental Bank of Chicago
					1980 - 1986	Vice President and Country Corporate Manager	Chase Manhattan Bank, Taipei Branch
					1986 - present	Executive Director	Tipco Group of Companies
					2005 - present	Director	Tipco Foods (Thailand) PCL.
					2000 - present	Chief Executive Officer	Tipco Asphalt PCL. / Manufacturing and distributing asphalt products
Mr. Chayongsak Pisitpong Director Executive Director — Finance Authorized Director	52	M.B.A., Northwest Missouri State University, U.S.A. M.A. (Economics), University of Kansas, U.S.A. Thai Institute of Directors (IOD) 2003 : Director Accreditation Program (DAP)	-	-	1981 - 1995	Vice President	Chase Manhattan Bank, Bangkok Branch
					1995 - present	Chief Financial Officer	Tipco Asphalt PCL. / Manufacturing and distributing asphalt products
Mr. Chaiwat Srivalwat Director Managing Director Authorized Director	50	B.Eng. (Engineering), Liverpool University, England Thai Institute of Directors (IOD) 2003 : Director Certification Program (DCP)	-	-	1990 — 1996	Senior Operations Manager	Tipco Asphalt PCL. / Manufacturing and distributing asphalt products
					1996 - 2002	Marketing Director	
					2002 - present	Managing Director	

Executive Officers

Name – Last name / Position	Age (year)	Education and Seminar on Director Roles and Responsibilities	Shareholding in Company (%)	Family Relationships with Management	Working Experience during the last 5 years		
					Period	Position	Name of Organization Company Type of Business Related to Company
Ms. Auchcha Rattrakultrip Director Finance, Credit and Legal	63	Kasetsart University Mini M.B.A. – Economics / Business Administration Mini M.B.A. – Commerce and Accounting / Business Administration	–	–	2001 – 2002	Senior Manager	Tipco Asphalt PCL. / Manufacturing and distributing asphalt products
					2002 – present	Finance, Credit and Legal Director	
Mr. Kasidis Chareancholwanich Director Business & Support	49	M.B.A. Finance and Marketing Georg-August University, Göttingen, Germany	–	–	2000 – 2005	Sale Director	ICI Paints (Thailand) Co., Ltd.
					2006 – present	Marketing Director – Domestic	Tipco Asphalt PCL. / Manufacturing and distributing asphalt products
Mr. Praveen Penmanee Director — Operations	52	Electrical Engineering, King Mongkut Institute of Technology — Ladkrabang Campus M.B.A. National Institute of Development Administration	–	–	April 2002 – June 2009	Production division Manager	Guardian Industries Rayong Co., Ltd. (Float Glass Manufacturing)
Mr. Koh Lai Huat Director — Accounting and Budgeting	50	Accounting Chartered Association of Certified Accountant (UK)	–	–	July 2004 – July 2008	Chief Financial Officer	Seloga Holdings Bhd

Positions in Subsidiaries and Associated Companies

Company officers holding management and authorized positions in subsidiaries, associated companies or other companies are as follows:

Name		Tipco Asphalt Public Company Limited	Subsidiaries												Associated	Others					
			Surat Bitumen Co., Ltd.	Tipco Maritime Co., Ltd.	Delta Shipping Co., Ltd.	Alpha Maritime Co., Ltd.	Thai Bitumen Co., Ltd.	Bitumen Marine Co., Ltd.	Tasco International Co., Ltd.	Raycol Asphalt Co., Ltd.	Tasco Shipping Co., Ltd.	Tasco International (Hong Kong) Ltd.	Tipco Asphalt (Cambodia) Co., Ltd.	Kemaman Oil Corporation Sdn Bhd	Kemaman Bitumen Company Sdn Bhd	Colasie Co., Ltd.	The Tipco Foods (Thailand) PCL.	Thanomwongse Service Co., Ltd.	Ekachai Container Terminal Co., Ltd.	Siam Container Transport and Terminal Co., Ltd.	Tipco F & B Co., Ltd.
Mrs. Anurat Tiamtan	X															X	X			//	
Mr. Pahol Chindakul	/																				
Mr. Thaweesin Devahastin Na Ayudhya	/																				
Mr. Panchalerm Sutatam	/																				
Mr. Herve Le Bouc	/																				
Mr. Jacques Marechal	/	/	/	/	/	/	/	/	/	/	/	/									/
Mr. Jacques Pastor	//	/	/	/	/	/							/	/	/		/	/	/		
Mr. Sitilarb Supsakorn	//	/	/	/	/	/	/	/		/	/					/					
Mr. Somchit Serththin	//	/	/	/	/	/	/	/		/	/	/	/	/	/						
Mr. Chayongsak Pisitpong	//	/	/	/	/	/	/		/	/		/	/	/							
Mr. Chaiwat Srivalwat	//	/	/	/	/	/	/		/	/		/	/	/							/
Mr. Thierry Defrene	//												/	/							
Mr. Nipphon Suthimai	/					/		/	/	/	/										
Mr. Emmanuel Scheer	//						/			/			/	/							/
Ms. Auchcha Rattrakultip			/	/	/		/			/											
Mr. Praphot Issariyakul			/	/	/		/			/											

Notes: X = Chairperson / = Director // = Executive Director

Independent Directors

The Board of Directors had four Independent Directors in 2009 and five Independent Directors in 2010.

During 2009, the Independent Directors of Tipco Asphalt PCL were as follows:

1. Mr. Pahol Chindakul (Chairman)
2. Mr. Thaweesin Devahastin Na Ayudhya
3. Mr. Panchalerm Sutatam
4. Mr. Nipphon Suthimai

Mrs. Anne-Marie Machet was appointed as a fifth Independent Director in February 2010.

Guidelines for Selection of Independent Directors

All Independent Directors have been appointed according to the Guidelines of SEC.

Candidates must possess the requisite qualifications as stated by the Company

1. Candidates must possess the requisite qualifications
2. The Director should perform his or her duties and express opinions using independent judgment and integrity by taking into consideration the benefit of the Company as a priority. The individual should not consider the interests of majority shareholders, individual shareholders or himself;
3. The candidate must possess the complete set of characteristics specified by the Stock Exchange of Thailand and Tipco Asphalt's Code of Good Conduct, as follows:
 - 3.1 Does not have shareholding in excess of 2% of the total number of shares with voting rights in the Company, businesses in the Group, associated companies or persons with possible conflict of interest (including connected persons as per Measure 258 of the Securities Act);
 - 3.2 Does not have any involvement in company management, is not an employee or consultant receiving a regular monthly salary, nor an individual with controlling authority in the Company, nor have businesses within the Group or associated companies. This extends to persons who may have possible conflict of interest, and candidates must have had no interest or stake as aforementioned for a period of not less than one year;
 - 3.3 The nominee may not have any business relation; have no interest or stake—whether direct or indirect—in financial or management matters of the Company, businesses within the Group, associated companies or persons with a possible conflict of interest of a nature that may compromise independence;
 - 3.4 The nominee must not be a close relative of management members, majority shareholders in the Company, those doing business within the Group, associated companies or persons with possible conflict of interest, nor may the individual be an appointee to maintain the interest of Directors or major shareholders;
 - 3.5 The individual is obliged to disclose any relations to the Board of Directors which may compromise independence.

Tipco Asphalt Definition of an Independent Director

The Company adopts the above guidelines recommended by SEC.

Audit Committee

The Company has a process that inspects and controls the business by appointing four Independent Directors to the Audit Committee.

1. Mr. Pahol Chindakul	Chairman
2. Mr. Thaweesin Devahastin Na Ayudhya	Member
3. Mr. Panchalerm Sutatam	Member
4. Mr. Niphon Suthimai	Member
Ms. Aree Kaewprong	Secretary

All members of the audit committee have adequate expertise and experience to review creditability of the financial reports.

Terms of Office of the Audit Committee

The Audit Committee directly reports to the Board of Directors. The Audit Committee has a three-year term and new members shall be appointed by the Board of Directors at the end of the term.

Scope of Authority of the Audit Committee

The role of the Audit Committee, as assigned by the Company Board of Directors, is as follows:

1. Review the reporting of Company financial statements for their accuracy and adequacy.
2. Review the suitability and effectiveness of the Company's internal control system, internal audits and the independence of the Internal Audit Department, while providing concurrences with the appointments, transfers and terminations of the head of the Internal Audit Department or other department responsible for internal audits.
3. Review the Company's compliance with any regulations on securities, the regulations of the Stock Exchange of Thailand, and any other regulations relevant to the Company's business.
4. Consider, select and propose the independent external auditor to the Company Board of Directors with recommendations on remuneration for the external auditor. In addition, the Audit Committee participates in meetings with the external auditor at least once a year without the presence of the Company management.
5. Consider the Company's interrelated business transactions or of any potential conflict of interest in compliance with the relevant rules and regulation of the Stock Exchange of Thailand to ensure their prudence and benefit to the Company.
6. Issue the Report of the Audit Committee, to be signed by the Chairman of the Audit Committee and disclosed in the Company Annual Report, which shall at least contain comments in the following areas:
 - 6.1 Accuracy, adequacy and creditability of the Company financial statements
 - 6.2 Adequacy of the Company internal control system
 - 6.3 Compliance to any regulations on securities, the regulations of the Stock Exchange of Thailand and other regulations relevant to the Company's business
 - 6.4 Appropriateness of external auditor
 - 6.5 Transactions of possible conflicts of interests
 - 6.6 Meetings of the Audit Committee and contributions of members
 - 6.7 Overall comments from performing in accordance to this charter
 - 6.8 Other transactions that shareholders or other investors should be apprised of in accordance with the role and responsibility assigned to by the Company Board of Directors.
7. Perform any tasks assigned by the Company Board of Directors, with concurrence of the Audit Committee.

Requirements for Appointment of the Audit Committee

1. The Board of Directors may appoint at least three Independent Directors as the Audit Committee, provided that one of the members of the Audit Committee must have accounting knowledge. The Audit Committee must elect one of the members to be the Chairman.
2. The term of the Audit Committee member is three years.
3. The Audit Committee must be independent in carrying out the work and will directly be responsible to the Board of Directors.
4. The status of the Audit Committee member will cease upon any member's death, resignation, dismissal or retirement by rotation.
5. The Audit Committee's remuneration will be decided by the Board of Directors.
6. There must be at least four Audit Committee meetings each year, with results reported to the Board of Directors.

Executive Committee

The Company established an Executive Committee to assume full executive responsibilities on behalf of the Board of Directors in order to have flexibility in management and operations.

1. Mrs. Anurat Tiamtan	Chairperson
2. Mr. Somchit Sertthin	Member
3. Mr. Jacques Pastor	Member
4. Mr. Thierry Defrene	Member
5. Mr. Chayongsak Pisitpong	Member
6. Mr. Chaiwat Srivalwat	Member
7. Mr. Emmanuel Scheer	Secretary

The Executive Committee has responsibilities as established by the Board of Directors. The Chairperson of the Executive Committee has the highest authority to set operational policies related to the Company, while the Chief Executive Officer has the highest authority for implementation.

Scope of Authority of the Executive Committee

The Executive Committee, pursuant to the resolutions of the Board of Directors of the company, is responsible for:

1. Proposing agendas for meetings of the Board of Directors and counseling the Board of Directors on major decisions;
2. Establishing the policies and operating procedures of the Company; and
3. Managing, making decisions and directing the business and affairs of the Company.

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of six Directors of whom two Directors are Independent. One of the Independent Directors is appointed as the committee Chairman.

1. Mr. Thaweesin Davahastin Na Ayudhya	Chairman
2. Mr. Pahol Chindakul	Member
3. Mr. Somchit Sertthin	Member
4. Mr. Jacques Pastor	Member
5. Mr. Thierry Defrene	Member
6. Mr. Sitilarb Supsakorn	Member

Note: In the meeting of the Nomination and Remuneration Committee No. 2/2010 the number of members in this committee is reduced from six to four, comprising of Mr. Thaweesin Davahastin Na Ayudhya, Mr. Pahol Chindakul, Mr. Somchit Sertthin and Mr. Jacques Pastor.

Scope of Authority of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee's functions are:

1. To screen and select the appropriate persons as members of the Board of Directors and to present the selected individuals to the Board of Directors, who then submit names to the Shareholders' Meeting for approval;
2. To screen and select appropriate qualified persons to be nominated as the Chief Executive Officer, Managing Director and Executive Director and then propose their names to the Board of Directors for approval;
3. To screen the remuneration of the Company's Directors to the Board of Directors and to further propose same to the shareholders' Meeting for approval;
4. To propose the remuneration packages for the Chief Executive Officer, Managing Director and Executive Director and then make proposals to the Board of Directors for approval.

Risk Management Committee

The Company realizes the significance of effective risk management and, in line with corporate values and vision of 2015, endeavors to be proactive in managing risk in all areas of business and instill a risk awareness culture in the organization. With scope and range of daily activities expanding into the fields of oil refining, shipping and infrastructure industries, hands-on risk management approach with a pragmatic view is of paramount importance for continued company growth.

The Risk Management Committee has been set up in compliance with the Principles of Good Corporate Governance, which calls for the committee to formulate a risk management policy to assess, analyze and monitor potential risks, which may arise from uncertainties, and apply risk management as a tool to create opportunity and add value for the shareholders. The composition, duties and responsibilities of the Risk Management Committee are as follows:

- | | |
|---------------------------------|-----------------------|
| 1. Mr. Vivek Kumar Dwivedi | Risk Committee Leader |
| 2. Mr. Chayongsak Pisitpong | Member |
| 3. Mr. Thierry Defrene | Member |
| 4. Mr. Emmanuel Scheer | Member |
| 5. Mr. Chaiyaphong Phongauksorn | Secretary |

Duties and Responsibilities

1. To consider and approve the scope or framework of risk management;
2. To monitor development of the scope of risk management, risk indication process and risk assessment;
3. To assess and approve the risk management plan; and
4. To report to the Board of Directors about risks and their management and communicate with the Audit Committee about these issues as appropriate.

In managing risks, the Risk Management Committee sets up risk management teams of managers headed by a Risk Officer to carry out day-to-day operations on behalf of the committee. Such teams shall adhere to risk management policies, scope or framework and process and render support, advice or guidance on risk management to all Units. Such teams also report to the Risk Management Committee on a monthly basis about foreseeable risks in their respective departments, along with remedies and opportunities. Follow-up meetings with the Risk Management Committee shall be planned semiannually to review corporate risks, receive feedback and work towards continuous improvement.

Executive Officers

The Company's executive officers are as follows:

1. Mr. Somchit Sertthin	Chief Executive Officer
2. Mr. Chayongsak Pisitpong	Executive Director – Finance
3. Mr. Chaiwat Srivalwat	Managing Director
4. Mr. Jacques Pastor	Executive Director
5. Mr. Sitilarb Supsakorn	Executive Director
6. Mr. Thierry Defrene	Director – International Business
7. Mr. Emmanuel Scheer	Director – International Litigation
8. Ms. Auchcha Rattrakultip	Director – Finance, Credit Control and Legal
9. Mr. Kasidis Chareancholwanich	Director – Business and Support
10. Mr. Praveen Penmanee	Director – Operations
11. Mr. Koh Lai Huat	Director – Accounting and Budgeting

Performance Assessment of Top Executives

The Nomination and Remuneration Committee assesses the performance of the CEO based on the Company's operating results, implementation of the Board's policies, BSC (Balance Score Card) performance and the overall socioeconomic circumstances. The Nomination and Remuneration Committee will then consider the appropriate remuneration for the Executive Directors and propose such amount to the Board for approval.

Policy on Directorships at other Companies

The Board of Directors has established guidelines that none of the Company's Directors and Executives Directors may hold directorships at more than five other non Tipco Asphalt companies in addition to serving on the Board of Tipco Asphalt PCL.

Remuneration for the Board and Executives

Remuneration in cash

(a) Total cash remuneration in 2009 for the Board of Directors, Audit Committee and the Nomination and Remuneration Committee was Baht 1,010,000.

Name	Positions	Baht	
		2008	2009
1. Mrs. Anurat Tiamtan	Chairperson	400,000	200,000
2. Mr. Pahol Chindakul	Independent Director, Chairman of Audit Committee and Nomination and Remuneration Committee Member	460,000	230,000
3. Mr. Thaweesin Devahastin Na Ayudhya	Independent Director, Audit Committee Member and Chairman of Nomination and Remuneration Committee	400,000	200,000
4. Mr. Panchalerm Sutatam	Independent Director and Audit Committee Member	380,000	190,000
5. Mr. Niphon Suthimai	Independent Director and Audit Committee Member	380,000	190,000
6. Mr. Alain Dupont	Director	150,000	0
7. Mr. Jacques Marechal	Director	200,000	0
8. Mr. Jacques Pastor	Executive Director and Nomination and remuneration Committee Member	220,000	0
9. Mr. Thierry Defrene	Executive Director, Director International and Nomination and remuneration Committee Member	220,000	0
10. Mr. Sitilarb Supsakorn	Executive Director and Nomination and Remuneration Committee Member	220,000	0
11. Mr. Emmanuel Scheer	Executive Director and Director Budgeting	200,000	0
12. Mr. Somchit Sertthin	Chief Executive Officer and Nomination and Remuneration Committee Member	220,000	0
13. Mr. Chayongsak Pisitpong	Executive Director – Finance	200,000	0
14. Mr. Chaiwat Srivalwat	Director and Managing Director	200,000	0
Total		3,850,000	1,010,000

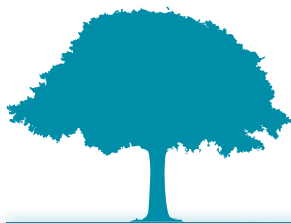
Note: There was no non – financial remuneration for Directors in 2009.

Total remuneration in 2008 and 2009 for Executive Directors and 18 members of senior management, which included salary, bonus and retirement fund was Baht 48.1 Million and Baht 51.8 Million respectively.

(b) Other remuneration – None

Litigation against the Board of Directors

There is no record of litigation against the Board of Directors during the past ten years.



Good Corporate Governance

At Tipco Asphalt, the Board of Directors well recognizes the importance of good corporate governance in order to improve efficiency, competitiveness, transparency and to build trust among the shareholders, customers, investors and other stakeholders. The Board of Directors, therefore, has set the following policies to support good corporate governance:

1. The Company recognizes its duty to treat all shareholders equally and fairly.
2. The Company recognizes its responsibility to treat all stakeholders equitably.
3. The Company welcomes those who exercise their fundamental rights to take a personal interest in its activities, whether stockholders or stakeholders.
4. The Company will be diligent and deliberate in building and sharing value over the long term for customers, employees, partners, investors and society.
5. The Company will sustain growth and success by conducting business without conflicts of interest at any level of operations.
6. The Company will demonstrate its benefits to all stakeholders by conducting business with transparency, accountability and disclosure.
7. To this end, the Board of Directors established a Code of Conduct for the Company that Directors, management and staff will adhere to.

In both 2008 and 2009, the Company earned a Corporate Governance rating of "Very Good" by the Thai Institute of Directors using OECD International Principles of Corporate Governance.

Rights of Shareholders

The Board of Directors provides necessary information relating to the Annual General Meeting of Shareholders' in both Thai and English, providing ample time to review such information, which is also available on the Company's website (www.tipcoasphalt.com). The Company facilitates shareholder participation by providing proxy forms and voting cards.

Announcement of the Annual General Meeting of Shareholders

The company provides the notice of an Annual General Meeting of Shareholders at least 15 days before the meeting date, although detailed information about the meeting will be disclosed on the Company's website (www.tipcoasphalt.com) 30 days in advance. Supporting documents and proxy forms will be provided to shareholders who may not be able to attend in person.

In the invitation to the Annual General Meeting of Shareholders, the Company provides for shareholders' consideration details of the Directors' resolutions for each agenda item. These include: resumes of each Director nominated for election or reelection, to information on scope of services for external auditors to be appointed, proposals and year-to-year comparisons regarding dividend payments, etc. Public announcements are also posted in daily newspaper for three consecutive days prior to the meeting.

The Company, through either the Stock Exchange of Thailand or the Tipco Asphalt websites, welcomes shareholders to propose agenda items to be included in the Annual General Meeting of Shareholders, as well as to propose qualified candidates for election to the Board of Directors.

Conducting the Annual General Meeting of Shareholders

At each Annual General Meeting, management will not present any new agenda items that were not on the agenda sent to the shareholders in advance. Some Directors may not be able to attend meeting due to the fact that they reside outside of Thailand. The Chairperson and chairmen of various committees, the Chief Executive Officer, Managing Director and Chief Finance Officer are present to answer questions from shareholders. Votes are cast separately for each board candidate. The Chairperson invites shareholders to ask questions and voice opinions on important issues, all of which are recorded in the minutes.

The minutes of the annual meeting record voting methods and results, showing approvals, disapprovals and abstentions. The minutes also include attendance by Directors, questions raised by shareholders, answers by management, and all important issues discussed.

Equitable Treatment of Shareholders

The Company will treat all shareholders equally and in a proper manner. By law, shareholders are provided with adequate information at least seven days before the meeting date with accurate, detailed information on the various agenda items along with a proxy form. The Company provides shareholders with proxy form to appoint another individual or one of the Company's Independent Directors to attend and vote on their behalf. Any opinions and questions relevant to the agenda from minority shareholders can be made directly to the Chairman of the Audit Committee via email to ind_dir@tipcoasphalt.com.

Proposing Additional Meeting Agenda Items and Nominating Directors

To enable minority shareholders to earnestly take part in the operation and auditing of the Company's business, Tipco Asphalt has defined criteria for proposing meeting agenda items and/or nominating Directors in advance, or to contribute ideas that could be in the best interests of the company and all stakeholders alike. In practice, shareholders with combined holdings of at least 100,000 shares can propose agenda items or nominate qualified Directors before the Annual Meeting (which exceeds the privileges required by law).

The company posted such criteria on its website from January 15 to 10 February, 2010, and posted an announcement on the website of the Stock Exchange of Thailand. There was no recommendation of such agenda items and no nomination of Directors.

The Role of Stakeholders

Company Directors place great emphasis on appreciating the contributions of all stakeholders: shareholders, employees, customers, suppliers, creditors, business partners and even competitors. All stakeholders are invited to work with the Company toward shared goals and mutual benefits, while making Tipco Asphalt a competitive and successful business.

We therefore adhere to the principle of fulfilling corporate social responsibilities as well as contractual obligations that the Company is a party to, as they pertain to our stakeholder relationships.

Shareholders: Shareholders have basic rights stipulated by law and by company regulations, such as the right to expect a fair return, to request a determination of the number of shares, to receive share certificates, and to attend, vote and freely express their opinions at shareholders' meetings.

This company also believes that shareholders, as owners of the company, have the right to make suggestions and comments on the company's affairs. It is a responsibility of the Independent Directors to receive such input. Each comment and suggestion is carefully considered and presented to the Board of Directors.

Employees: The Company truly believes that employees are Tipco Asphalt's most valuable assets and is determined to ensure that every employee is proud of and confident in the organization. During 2009, company activities promoted a collaborative working environment to drive innovation and enhance competence by preparing employees to work globally and cope with volatile economic situations.

At the same time, the Company focuses on promoting a beneficial workplace with attention to employees' health, safety, working conditions and competitive remuneration. To encourage long-term savings by employees, the Company joined the Provident Fund Scheme of BT Assets management Co., Ltd.

Customers: To develop and maintain sustainable relationships, the Company is determined that customers should enjoy the maximum benefits in terms of service, quality, price. A new Customer Support Office opened in 2009 to provide product information, solve problems, and receive any complaints in a way that can improve quality and ensure total satisfaction.

Business partners: Operating within a competitive business context requires building and maintaining trust. Tipco Asphalt strictly adheres to its Company Code of Conduct, honors its promises and upholds its commitments to trading partners in all ways, including quality products and on-time delivery

Competitors: The Company also operates within a competitive business context by being fair and strictly following both laws and its own Code of Conduct in its dealings in the industry and market. No disputes with competitors arose during 2009.

Creditors: The Company practices business under the terms of its loans and obligations to creditors and depositors. The company, moreover, initiates various measures to maintain good relations with creditors

Disclosure and Transparency

Disclosure of the Company's general and financial information is done accurately, complete and transparently in a timely manner. Disclosed information in the Annual Report and SEC Form 56-1 is reviewed by the Company's Directors, executives and members of the Audit Committee, annotated by the Board of Directors and the external auditor, and posted on the Company's website (www.tipcoasphalt.com). Reports are also made on major shareholders, shareholding interests of Directors and Executives, remuneration of Directors and details of board meetings.

The Company prohibits any Directors, executives or employees from using internal information for personal gain or benefit.

Realizing the importance of transparent information disclosure, the Company has set and supervises clear policies, approved by the Board of Directors, concerning communication with external parties. In 2010, The Company established the Annual Investor Relations Plan for information transparency and accuracy. For disclosures on important information, the company uses various communication channels and disseminates regularly through the public media. Other means by which shareholders and stakeholders are apprised or given access to Company

information include:

- Disclosures filed with the Stock Exchange of Thailand (SET) such as financial statements, resignations of Directors, etc.
- Information is posted on the Company's website at www.tipcoasphalt.com, in the Investor Relations section.
- Information is disseminated electronically to employees via e-mail and the company intranet.
- Company visits from shareholders, investors, analysts, and fund managers are welcomed.

Information requests, comments and inquiries should be made by contacting Mr. Chaiwat Srivalwat (Managing Director) or Mr. Chayongsak Pisitpong (Executive Director — Finance) at tel. +66 2273 6646, fax. +66 2271 3363, or by email at investor@tipcoasphalt.com.

Conflict of Interest

The Board of Directors mandates that conflicts of interest must be avoided. However, if there are potential cases of conflict of interest to be considered, the Board of Directors will treat them with transparency, in the best interests of the Company, and with full disclosure.

When there are transactions involving conflicts of interest either in the committees or on the board meeting agenda, any individual with a personal interest in a given transaction does not participate in the decision-making process for that transaction.

Inside Information Control

It is the Company's strict policy to inform Directors, executives, their spouses and minor children of their responsibility to accurately report on the activities of their Company's stock trading activities as in accordance with the Securities and Exchange Act B.E. 2535, as well as the notifications of the Stock Exchange of Thailand (SET). The Company has distributed to all Directors, executives and employees the Company's Code of Ethics, which includes a policy on appropriate use of internal information.

The Company has also executed the Report of Changes in Securities Holdings by following Section 59 and Penal Provision Section 275 of the Securities and Exchange Act B.E. 2535. It stipulates that a Director or executive has to report changes in their security holdings to the Office of the Securities and Exchange Commission (SEC).

Additionally, the Announcement No. 006/2009 for Reporting Criteria of Directors' Direct and Indirect Interest in the Company is declared by the Company. It is stated that a Director and an executive shall file with the company a report on his interest or a related person's interest in relation to management of the Company or the subsidiary for the Company's use in complying with the rules on connected transactions which may cause conflicts of interest and lead to siphoning of assets of the Company and the subsidiary.

Balance of Non-Executive Directors

The Board of Directors has 14 members, consisting of:

Executive Directors	7
Non-executive Directors	3
Independent Directors	4

As of February 24, 2010, there are 5 Independent Directors (out of 13 Board members), accounting for 38.5% of the total Board membership.

Separation of Position

The positions of Chairman of the Board of Directors and Chief Executive Officer are not held by the same individual.

Board Meetings

Board meetings are scheduled to be held a minimum of four times per year. During 2009, invitation letters were sent with complete agenda details and related documents for consideration prior to the meetings. The Company maintained detailed minutes of each Board meeting. Directors approved these minutes and they are made available for review.

Attendance for Board of Directors meetings, Audit Committee meetings and Nomination and Remuneration Committee meetings for 2009 by the Directors are summarized as follows:

Names	Title	Number of Meetings Attended/Meetings Held		
		Board of Directors	Audit Committee	Nomination and Remuneration Committee
Mrs. Anurat Tiamtan	Chairperson	8/8		
Mr. Pahol Chindakul	Independent Director	8/8	10/10	1/1
Mr. Thaweesin Devahastin Na Ayudha	Independent Director	8/8	10/10	1/1
Mr. Panchalerm Sutatam	Independent Director	8/8	10/10	
Mr. Nipphon Suthimai	Independent Director	8/8	9/10	
Mr. Herve Le Bouc	Director	1/8		
Mr. Jacques Pastor *	Executive Director	7/8		1/1
Mr. Thierry Defrene	Executive Director	7/8		1/1
Mr. Sitilarb Supsakorn	Executive Director	6/8		1/1
Mr. Somchit Sertthin	Chief Executive Officer	8/8		1/1
Mr. Chayongsak Pisitpong	Executive Director – Finance	7/8		
Mr. Chaiwat Srivalwat	Managing Director	8/8		
Mr. Emmanuel Scheer *	Executive Director	6/8		
Mr. Jacques Marechal *	Director	3/8		

Remarks:

* Mr. Jacques Marechal and Mr. Emmanuel Scheer joined meetings via video conference and Mr. Jacques Pastor joined via phone link.

Mr. Jacques Marechal and Mr. Herve Le Bouc, are Directors who work and reside overseas. The Company invites such persons to be Directors of the Company to assist in promoting confidence with its trading partners overseas.

Mr. Jacques Marechal resigned on 15 February 2010

The Board of Directors has recorded the minutes of each meeting in writing and arranged for the safe keeping of such certified minutes.

The Company Secretary

To comply with the Principles of Good Corporate Governance of Listed Companies, under the category of Directors' Responsibilities as well as the terms of the Securities and Exchange Act, the Board of Directors meeting on February 20, 2009 resolved to appoint Mr. Chaiyaphong Phongauksorn as Company Secretary of Tipco Asphalt.

Scope of Authority of the Company Secretary

The Company Secretary is responsible for the conduct of corporate governance. The role of the Company Secretary at the Company encompasses the following responsibilities:

- Reminding or apprising the Board of rules and regulations requiring their compliance;
- Preparation and facilitation of Board, Committee and Shareholder meetings;
- Preparation, dissemination and maintenance of critical documents, including Directors' registration, board meeting notices and minutes, shareholder meeting notices and minutes, annual reports. etc.;
- Following up on implementation of resolutions of the Board of Directors;
- Filing reports on connected transactions as reported by Directors or the management.

In addition, the Corporate Secretary at Tipco Asphalt is responsible for conducting the Corporate Social Responsibility and Good Corporate Governance activities.

The appointed Corporate Secretary is deemed by the Board to be appropriate as he is knowledgeable in managing the above requirements, having served previously as the corporate affairs and planning manager of the Company, both of which facilitate compliance with the laws, rules and regulations under which Tipco Asphalt must operate.

Good Corporate Governance Self Assessment

The Company has undertaken the Corporate Governance Self Assessment Based on the Principles of Good Corporate Governance, relying on the Stock Exchange of Thailand (SET), as a vital tool for reviewing and improving the Company's performance and providing reference data for corporate governance rating.

The exercise also helps to increase the operational effectiveness of the Company when the assessment results are analyzed and evaluated to indicate the level of achievement of objectives and opportunities for improvement.

Board Self Assessment

The Board Self Assessment form provided by the SET is for consideration by the boards of listed companies. The main objective of the self assessment form is to evaluate the performance of the board, as a team, and of Directors, as a collective body, in light of recognized best practices and principles of good corporate governance. The six categories covered by the Board Self Assessment Form are as follows:

- Structure and characteristics of the board
- Roles and responsibilities of the board
- Conduct of board meetings
- The board's performance of duties
- Relationship with management
- Self-development of Directors and executive development

The company scored "Very Good" ratings on the Board Self Assessment evaluation in 2009 (3.57 of 4).

Director's Orientation

For new Directors, the Company arranges orientation program to inform him/her of its business policies, capital structure, shareholding structure, business performance, information systems and related laws and regulations. Moreover, each Director receives a Director's Handbook and other information. The new Director will also receive briefing from the CEO and/or Managing Director on the Company policies, relevant information (including the capital structure, shareholders, performance, and processes in use at the Company), laws, regulations, a marketing/operational overview, and update on performance.

However, the Company did not have new Director in 2009.

Executive Development Plan

The Company seeks young talent with high potential to develop into senior management. Selection occurs at a number of stages, each with an assessment of such considerations as integrity, leadership qualities and management capabilities. The outstanding employees who demonstrate high potential will have an individualized development plan that includes challenging job assignments and job rotation throughout the organization to ensure they gain a broad knowledge and understanding. As a result they are properly prepared to assume positions at higher level that may become vacant.

Succession Planning

To perpetuate business growth in the future and to prepare for the eventual retirement of senior management team members, Tipco Asphalt has prepared a succession plan in line with the Company's policies and guidelines. The process is to first identify each position critical to business drivers. Then selected candidates receive individual assessments comparing their potential against their profiles of promoted positions to target aspects needing development. An Executive Coaching System, which is designed for potential future members of the senior management team, has been implemented on an ongoing basis for individual professional development.

Sub-Committees

The Company appoints four sets of sub-committees, which consists of the executive committee, audit committee, nomination and remuneration committee and risk management committee. Scope of Authority is discussed as above.

Remuneration of Directors and Executives

The Company sets the remuneration of Directors with transparency and appropriateness to attract and retain high-caliber Directors. Directors who are also members of the Audit Committee are compensated with additional remuneration in accordance with the greater responsibilities. Remunerations of various committees are proposed to shareholders for consideration and approval, based on the recommendations of the Nomination and Remuneration Committee.

Executives' remuneration is in accordance with the industry and is subject to the Company's operational result and their individual performance.

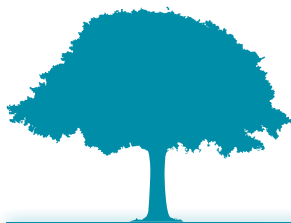
Mission

A well-recognized leading asphalt focused company in Asia Pacific.

Vision

To distribute 2 million tons of asphalt products by 2015 and be the key contributor to the success of all stakeholders while maintaining the highest Corporate Social Responsibility standards at all times.





Mission, Vision and Strategy

In 2008, the Board of Directors considered and approved a new mission and vision for the Group as follows:

Mission: A well-recognized leading asphalt focused company in Asia Pacific.

Vision: To distribute 2 million tons of asphalt products by 2015 and be the key contributor to the success of all stakeholders while maintaining the highest Corporate Social Responsibility standards at all times.

As articulated in the Company's mission and vision, Tipco Asphalt PCL aspires to lead the asphalt industry in the Asia Pacific's region and expects to distribute two million tons of asphalt products per year by 2015. Moreover, it intends to achieve these bottom-line goals for itself by contributing equally to the success of all of its many stakeholders. This can only be accomplished by maintaining the highest standards of corporate governance and social responsibility at all times.

Based on this mission and vision, Tipco Asphalt elaborated strategic plans to effectively and efficiently allocate resources at all levels, and harness synergies within the organization.

Strategic Perspectives

In 2009, as the Company marked its 30th anniversary, Directors and executives engaged in an intensive three-month exercise of research and reflection to chart a new course. Information gathered from countries as diverse as Thailand, China, Malaysia, Cambodia and Asia Pacific—to support the companies' subsidiaries and international market—was distilled during a Company workshop that used tools ranging from business modeling to scenario planning.

By the end of 2009, the Board of Directors had considered and approved long-term strategic plans for the Group. These include human resource strategies, risk management strategies, financial resource management strategies, marketing management strategies, etc. The strategic plans also included provisions for grand strategic review, strategic execution, and strategic control.

The Company additionally developed four perspectives of the Balanced Score Card (BSC), which are Finance Perspective, Customer Perspective, Internal Process Perspective, and Learning and Growth Perspective. This approach to management using the BSC is meant to increase shareholder value by linking vision and strategy to every employee's everyday actions. Further, to have a complete BCS strategy, our company also uses Key Performance Indicators (KPI) of management and employee operations each year.

To strengthen execution of the Group's strategic plans and be recognized as the leader of Asia Pacific's Asphalt Industry will require focus on specific business objectives.

Business Objectives

The Company has set business objectives to strengthen and maintain leadership in the domestic asphalt market while expanding its position in the export market to countries with high potential for growth.

Marketing Strategies for the Domestic Market

The Company continues to maintain the highest share of the domestic asphalt market with the help of its experienced marketing and sales staff covering all regions of Thailand and satisfying customer needs through diverse distribution channels. The Company has earned customers' trust because of prompt delivery, continuous product improvement and new product development, thereby enhancing the Company's reputation for bringing the latest technology to the market. In addition, proactive support to customers in the field improves the quality, efficiency and profitability of their projects.

Marketing Strategies for the International Market

The Company continues to expand its export business and seek out new joint ventures in countries with high growth potentials. The Company establishes trusting business relationship with customers and other stakeholders in the region including the People's Republic of China, Vietnam, Indonesia, Laos, Myanmar, Malaysia and others. In 2009, the Company exported to 16 countries in the Pacific region and will continue to seek new opportunities to build both market inroads and distribution channels. Moreover, the Company continues to identify and appoint local representatives who will cater to customer needs in a timely manner.

Production and Distribution Strategies

The Company recognizes the importance of standardized processes, product quality and continued service improvement. Our French strategic partner and major shareholder, Colas S.A., provides the group with the latest technology in new product development and technical training for local specialists on a regular basis. The Group has also gained valuable experience over the years from managing asphalt terminals, oceangoing asphalt vessels, and the logistics of international trading, as reflected in prompt deliveries to our customers.



Corporate Social Responsibility

Tipco Asphalt's Corporate Social Responsibility Policy

Implementing CSR (Corporate Social Responsibility) is a significant part of our strategy to make Tipco Asphalt, its subsidiaries and associated companies both stronger and more sustainable. To demonstrate responsibility to our society, each action must be nurtured internally before expanding externally. That is, we must change our thinking first. After that we can innovate and implement new approaches to organizational governance, labor practices, customer relationship management, environmental quality, human rights, fair operating practices and community involvement, as well as economic and social development. By thinking and then acting differently about these aspects of human interdependence, we can improve both the internal (business) and external (social) situation.

Our Company policy is to do business with integrity and morality as well as addressing corporate social responsibilities to stakeholders, surrounding communities and the environment. As such, we accept our responsibility to excel in the following areas:

1. Organizational governance
2. Human rights
3. Labor practices
4. The environment
5. Fair operating practices
6. Consumer concerns
7. Community involvement and development

Environmental Impact and Quality of the Products

The company commits to manufacture and distribute quality products that both maximize customer benefits and protect the environment. The Company has implemented appropriate controls to manage waste, reuse material and recycle effectively so that manufacturing processes throughout the Group minimize environmental pollution. For example, our factories adopted a manufacturing process that releases waste water only after it has been treated to required standards.

Being responsible about environmental impact does not have to reduce the Company's commitment to the quality of our products. Because our intention is to prevent any waste from our plants from reaching the surrounding areas, we have developed many effective, practical solutions and implemented them in every plant. For instance, waste water is reused in the manufacture of Asphalt Emulsion, used lubricant can be used when making Cutback Asphalt, and expired or spilled products can be recycled back into the production process without any affect on the quality of the finished product.

In addition, Phitsanulok and Punpin facilities are now registered as "106" type—that is, we can buy used lubricant oil from local vendors to feed into our production processes. This creates optional income opportunities in surrounding communities.

Furthermore, the Company realizes that climate change is now an accepted threat to our planet. Therefore, the Company has an action plan in every factory to limit our carbon footprint by reducing our carbon dioxide emissions and lowering our power consumption by more effectively using the Company's resources.

Corporate Social Responsibility Activities

Some of Tipco Asphalt's CSR projects in 2009 were as follows:

- Prevention of environmental degradation, particularly loss of fish and trees, while expanding green areas around Nakohn Ratchasima.
- In cooperation with the local community of Baan Khunsamutjean, we have renovated the mangrove forest.
- In cooperation with the local community of Surat Thani Province, we have planted countless trees in 2009 and will plant many more in 2010.
- To improve environmental conditions, we collected waste along the Keg River, Wang Thong District, Phitsanulok Province.

CSR Certifications for Tipco Asphalt Group Companies

Our commitment to society is that we will maintain the highest standards of corporate social responsibility at all times. In 2008, the Company was among the first 28 top Thai companies receiving the CSR-DIW certificate from the Department of Industrial Works. We announced in September 2009 a plan to have every Tipco Asphalt plant certified for CSR-DIW and to upgrade these facilities to ISO26000 (Social Responsibility) in the near future.

All of the Company's factories have obtained certificates of environmental management systems (ISO14001:2004) from MASCI, according to Certificate No. EMS03006/109 dated January, 24 2009.

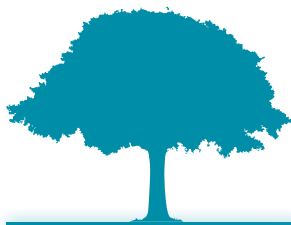
In addition, the Company has obtained the following accreditations:

1. Quality Management System (ISO9001:2000) issued by MASCI according to the Certificate No. QMS03015/619 dated January, 24 2009, certifying the quality of goods and services. This certificate creates confidence in the Company's products among its customers.
2. Occupational Health and Safety Management System (TIS18001-2542) for the manufacturing system of asphalt products issued by MASCI, according to Certificate No. OHS07013/211 dated November 14, 2008.
3. General requirements for the competency of testing and calibration laboratories (ISO/IEC 17025:2005) for the testing of Asphalt Cement products and Polymer Modified Asphalt products issued by the Thai Industrial Standards Institute, Ministry of Industry, according to Certificate No. 06T058/00479 dated December, 20 2006 for the Company's Nakhonratchasima Factory.
4. Thai Corporate Social Responsibility TLS8001-2003 Certificate at Completion Level-Progressive Phase to certify that the Company's Nakhonratchasima Factory has achieved the requirements of Thai Corporate Social Responsibility for Certificate Number CL. 407/2007 issued on November 7, 2007 and CL.6/2007 issued on March 21, 2007 for the Head Office and Certificate of Completion-Level Initiative Phase for Certificate Number CL.96/2006 Issued on April 9, 2008.

The Company has not incurred any significant expenses related to the preservation of the environment.

Needless to say, it does not have any criminal record in respect to violations of environmental laws.

Category	International	Domestic
Quality	ISO 9001 : 2008	TIS9001 - 2544
Laboratory	ISO/IEC17025 : 2005	TIS17025 - 2548
Environment	ISO14001 : 2004	TIS14001 - 2548
Safety	-	TIS18001 - 2542
Labor	-	TLS8001 - 2546
Social	ISO/DIS 26000	CSR-DIW 2552
Energy	ISO/CD 50001	PROMOTION OF ENERGY CONSERVATION ACT, B.E. 2535 (1992)
Risk	ISO 31000 : 2009	-



Human Resources

Number of Employees

As at December 31, 2009, the total number of employees of the Tipco Asphalt group was 638 (609 in 2008) including 505 permanent employees and 133 temporary staff. Of the total number of permanent employees, 150 and 355 work at the head office and in factories, respectively.

It should be noted that during the past four years, the Group did not have any litigation resulting from labor disputes.

Employee Remuneration

The total remuneration of the Group's staff including salary, bonuses, benefits, overtime pay, allowances, other remuneration and the Company's contribution to the staff provident fund amounted to Baht 421.2 million in 2009, compared to Baht 379.5 million in 2008.

Employee Development Policy

Last year marked one of the most challenging periods for the Group. Many adjustments have been necessary due to the economic impacts that began in the second half of 2008.

Employees throughout the Group have adapted not only to new working styles that demand unprecedented accuracy and speed, but they also had to increase their own capabilities for the Company to be more competitive and better satisfy our customers.

Our Employee Development Policy in 2009 therefore focused on improving work systems while training our managers and supervisors to prevent and solve problems more effectively and systematically. The effort has included regular communication of essential information by top executives to all the staff (in staff meetings organized at the head office and during visits to plants/refinery). The Group also continuously disseminated useful information of news and activities through the Group's intranet or by email.

The company has prepared for these economic and political uncertainties since 2008 by setting its new mission to be the leader in the asphalt business in Asia Pacific and by developing employees to be prepared for anything that may happen. In 2009, the Board of Directors and company executives reconsidered the core values of the organization as guidance for achievement of our new mission and vision. They are:

Teamwork	for synergy
Integrity	in conducting business with responsibility for society and community
Prudence	in taking actions
Commitment	to customers and to company goals
Open Mind	to changes, new opportunities and innovation

As a complement, the company has reevaluated the new core competencies implied by the Corporate Strategy, from which we derive our five-year business plan.

The first three company strategies are about people:

- 1) Leadership Development
- 2) Investment in Human Capital
- 3) Redesign Innovative Organizations

In the late 2009, leadership development was selected as the first priority for implementation, as middle and upper management will be the driving force to make our strategies a reality and enable us to become a learning organization in the future.

Hence, from 2010 onward, the company will continuously roll out action plans to support its Corporate Strategy. It is still our belief that by increasing capability and competency, our employees will enjoy happiness and pride in their work and share in the success of the Company.



Internal Control and Internal Audit

Internal Controls

The Company places great importance on control and internal audit both at managerial and operational levels with Procedure Manuals and Approval Authority for each level of operations for proper control.

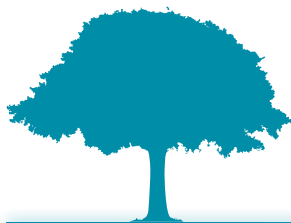
The Company defines and develops an efficient and effective internal controls system according to international standards in terms of internal environment, risk assessment, control practices, information technology, communication systems, and continuous monitoring and assessment.

The organizational structure is designed to suit its business plan, with clear responsibility outlines, good corporate governance, and systematic risk management. Moreover, the company encourages all employees to constantly follow the internal controls.

These controls are to be regularly updated to keep up with the changing business environment.

Internal Audit

The Company Internal Audit Department observes the standards of internal audit by examining internal controls, operations, security of assets and adherence to policies and procedures including those of subsidiaries. The Internal Audit Department establishes plans consistent with the past audit findings, and reports all audit results to the Audit Committee every month.

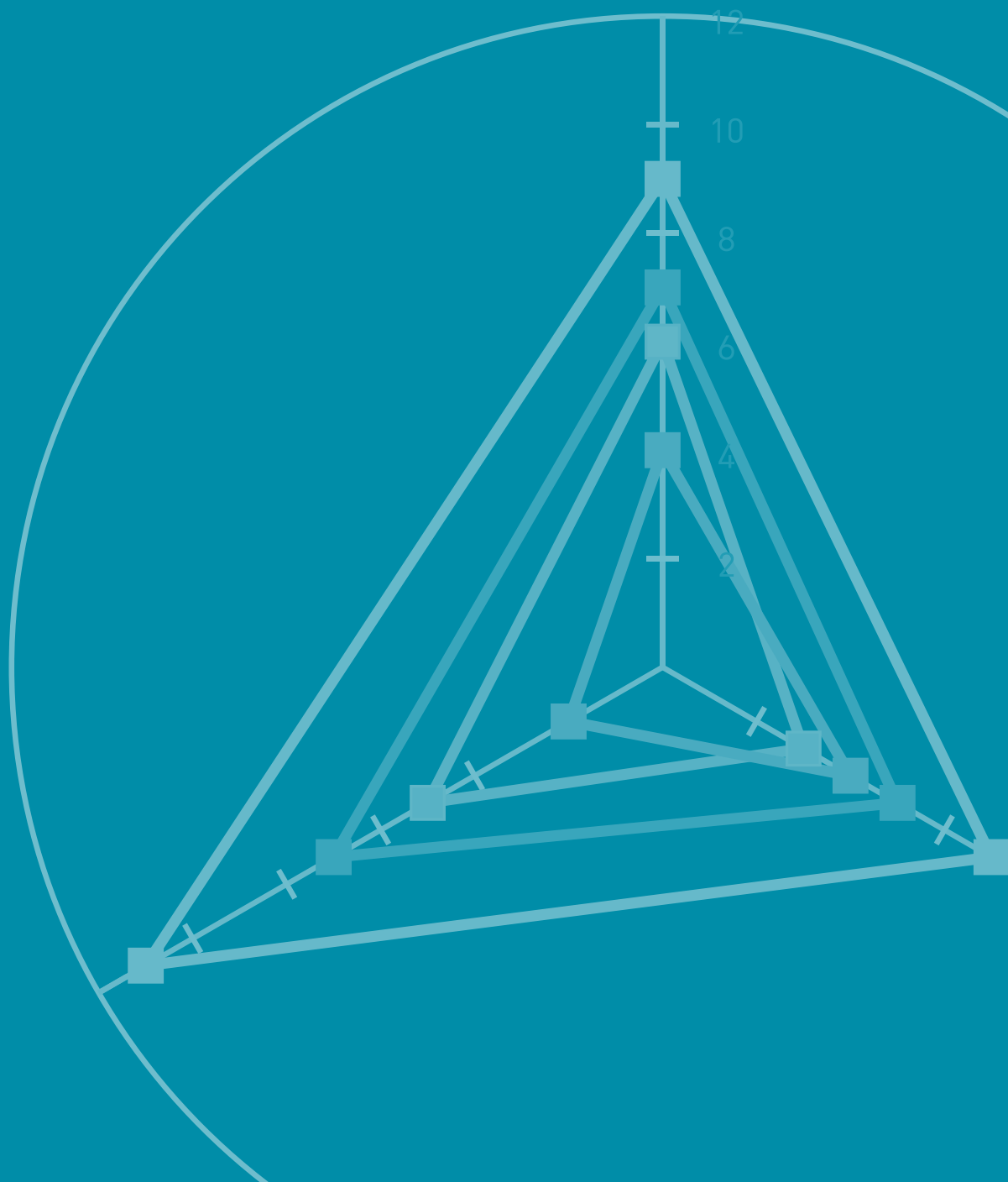


Related Persons and Connected Transactions

Reporting of related party transactions considers the following: intragroup shareholding or the same group of shareholders, Directors or management teams

Name of Related Juristic Person	Nature of Business	Relationships Transactions (% holding at end of 2009)	Type of Connection	Conditions	Overall value at 2009 Million Baht
Thanomwongse Service Co., Ltd.	Road construction and maintenance contractor; general contractor	Common directors	Office lease	Contract prices	26
			Buyer of asphalt products and oil products	Market price	162
			Rental and Service Income: Service – Computers and Others	Contract price	2
Eakachai Container Terminal	Inland Container Depot (LCD)	Common directors	Custom clearance services	Market price	1
			Service – Transportation & customs clearance Asphalt Cement	Contract price	2
The Tipco Foods (Thailand) PCL.	Processed fruit exporter	24.33% shareholding in Tipco Asphalt PCL.	Buyer of oil products	Market price	25
Thai Slurry Seal Co., Ltd.	Road construction and maintenance contractor	Common directors	Buyer of asphalt products and oil products	Market price	129
Colas S.A.	Road construction and maintenance contractor in France	30.70% shareholding in Tipco Asphalt PCL	Technical Assistance fee expense	Contract price – of	37
			Freight charge	Contract price	128
			Buyer of asphalt products	Market price	1,135
			Rental and Service Income: Service / Insurance	Contract price	3
Thai Crushing Plant Co., Ltd.	Distributes Aggregate for the road	Common directors	Buyer of oil products	Market price	18
Tipco F & B Co., Ltd.	Ready to drink fruit juices and beverages	Common directors	Service / Beverage	Contract price/ Market price	1
			Buyer of Oil products	Market price	18

Financial Statements



Report of the Audit Committee

The activities of the Audit Committee are conducted in accordance to the scope, role and responsibility assigned by the Board of Directors. During 2009, 10 Audit Committee meetings have been held, comprising of 4 monthly meetings with the Senior Manager of Internal Audit; 1 meeting with an executive and Senior Manager of Internal Audit; 4 quarterly meetings with executives, Senior Manager of Internal Audit and external auditor; and 1 meeting with Senior Manager of Internal Audit and external auditor but without the presence of executives. All members of the Audit Committee have participated in the meetings except for Mr. Niphon Suthimai who was unable to attend 1 monthly meeting. The Audit Committee has considered various issues within the scope of the Audit Committee which can be summarized as follows:

- 1. Accuracy and adequacy of financial statements** — The Audit Committee has considered the external auditor's review-result of 2009 financial statements both of interim and yearly, and noted that the financial statements have been established in accordance to the Generally Accepted Accounting Principles and other relevant Accounting Standards.
- 2. Adequacy of the Company internal control system** — The Audit Committee has reviewed the adequacy, appropriateness and effectiveness of internal control system from the 2009 audit-results of Internal Audit Department on the Company and its subsidiaries. The Audit Committee noted that the audits have been in line with the approved Audit Plan, while the internal control system of the Company and its subsidiaries is appropriate, adequate and able to mitigate potential risks with no significant findings. The Audit Committee also evaluated the adequacy of internal control system in accordance to The Securities and Exchange Commission and noted that adequate, appropriate and effective internal control system has been implemented.
- 3. Compliance to any regulations on securities, the regulations of the Stock Exchange of Thailand and other regulations relevant to the Company's business and agreements with external parties** — The Audit Committee noted that there have been no significant issues concerning non-compliance to the relevant law, regulation and agreements with external parties.
- 4. Appointment of external auditor** — The Audit Committee has considered, nominated and reviewed the external auditor's fee of 2010 for proposing to the Board of Directors to be approved in the Annual General Meeting of 2010. In consideration for the Company's external auditor for 2010 based on performances and independence, the Audit Committee has proposed to appoint Ms. Siraporn Ouaanunkun, CPA Registration No. 3844, or Mr. Termphong Opanaphan, CPA Registration No. 4501, or Mr. Khitsada Lerdwana, CPA Registration No. 4958. The Audit Committee has also reviewed the proposed audit-fee for 2010 and found it to be appropriate.
- 5. Inter-related business transactions** — The external auditor has noted that the significant inter-related business transactions have been disclosed in the financial statements and the notes in accordance to the requirements of the Stock Exchange of Thailand and the Securities Exchange Commission. The Audit Committee agreed with the external auditor that such transactions have been relevant, and of normal business transactions

In conclusion, the Audit Committee has comprehensively performed in accordance to the Audit Committee Charter approved by the Board of Directors. The Audit Committee also commented that the Company and its subsidiaries have properly established their financial statements, performed in good business conduct, implemented appropriate and effective internal control system and internal auditing. The Company and its subsidiaries have complied with relevant law, regulations and agreements while properly disclosed inter-related transactions under good governance practices of transparency and trustworthiness. The Company and its subsidiaries have also continually improved the internal system in terms of quality and suitability to business environment.



(Mr. Pahol Chindakul)
Chairman of the Audit Committee

Report of Directors Relating to Responsibilities for Financial Statements

The Company Board of Directors is responsible for the consolidated and the financial statements of Tipco Asphalt Public Company Limited and other financial information appears in the Annual Report pertaining to the Company and its subsidiaries. The financial statements are prepared in accordance with Generally Accepted Accounting Principles while the Accounting Policies are selected for their appropriateness and consistently implemented. The financial statements are also prepared with careful considerations and best possible estimates while significant information is sufficiently and transparently disclosed in the notes for the benefits of shareholders and other investors.

The Board of Directors had appointed the Audit Committee, comprised of independent directors whose qualifications are in accordance to requirements of the Security Exchange of Thailand, to review the accuracy and sufficiency of the Company's financial reports and the disclosures of related transactions and the adequacy and efficiency of internal control system. Opinion of the Audit Committee is reported in the Audit Committee's report published in this Annual Report.

The Board of Directors comments that the Company consolidated financial statements and the Company financial statements of 31st December 2009 that were jointly reviewed by the Audit Committee, Management and external auditors had stated the proper financial and operating performances, and in accordance with the Generally Accepted Accounting Principles.



(Mrs. Anurat Tiamtan)
Chairperson



(Mr. Chaiwat Srivalwat)
Managing Director



Financial Statements

Discussion on Financial Status and Operations

Operation Analysis

The Company and its subsidiaries reported a 2009 consolidated net profit of Baht 494 million compared to a net loss of Baht 1,089 million in 2008. Although oil price volatility remained throughout 2009, it was less volatile compared to 2008 as oil prices dropped over USD 100 per barrel between July and October 2008.

Consolidated sales for the year 2009 stood at Baht 14,089 million, an increase of 50% from the previous year, marking the highest sales value since inception of the Company 30 years ago. The year started with Baht 2,194 million sales in the first quarter and consistently increased to Baht 3,136 million, Baht 3,900 million and Baht 4,850 million in the subsequent quarters. The increase was attributable largely to Tipco Asphalt's own supply of asphalt from its Malaysian refinery production, resulting a significant increase in export sales of Asphalt Cement to countries in Asia Pacific and other regions. Domestic asphalt product sales also registered an overall 12% increase from the previous year with the highest volume sales being registered in the fourth quarter of 2009 owing to the Government's stimulus package.

The company's consolidated gross profit margin in 2009 was 7.73% compared to 5.12% in 2008, while not taking into account the reversal of allowance for diminution in value of inventory. Overall improvement in the consolidated gross profit margin was attributable to the more consistent heavy crude oil supplied to the Malaysian subsidiary.

In 2009 selling, administrative and management/Director remuneration expenses stood at Baht 108.7 million, Baht 428.6 million and Baht 59.8 million, representing 0.77%, 3.04% and 0.42% of sales, respectively. Comparatively, these expenses in 2008 stood at Baht 90.4 million, Baht 525.6 million and Baht 53.4 million or 0.96%, 5.59% and 0.57% of sale. The reduction was attributed to aggressive cost reduction programs in place by the Company and all subsidiaries throughout 2009.

Financial Analysis

Financial status of the Company at the end of 2009 can be summarized as follows:

During the second half of 2009, heavy crude oil procurement has been much more consistent for supply to our asphalt refinery in Malaysia. With each crude parcel ranging from 600,000 barrels to 900,000 barrels financed by short term bank borrowings, the consolidated debt to equity ratio increased. However, financial risk associated with the increase in financing is adequately mitigated due to its short tenor and self-liquidating nature. The Company and associated companies continue to receive full financial support from commercial banks in this activity.

Cash flow in 2009 was strong and the Company continues to manage cash and trade collection closely in order to minimize external borrowings and interest expenses.

Report of Independent Auditor

To the Shareholders of Tipco Asphalt Public Company Limited



I have audited the accompanying consolidated balance sheets of Tipco Asphalt Public Company Limited and its subsidiaries as at 31 December 2009 and 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Tipco Asphalt Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. I did not audit the financial statements of certain overseas subsidiaries and associate whose total assets as at 31 December 2009 amounting to Baht 796 million (2008: Baht 4,054 million), total revenues for the year ended 31 December 2009 of Baht 756 million (2008: Baht 1,322 million) and net income for the year ended 31 December 2009 amounting to Baht 19 million (2008: Net loss of Baht 195 million) were included in the consolidated financial statements. The statements were audited by other auditors whose reports have been furnished to me, and my report, insofar as it relates to the amounts included for these subsidiaries and associate, is based solely on the reports of the other auditors.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits and the reports of the other auditors referred to in the first paragraph provide a reasonable basis for my opinion.

In my opinion, based on my audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial positions of Tipco Asphalt Public Company Limited and its subsidiaries and of Tipco Asphalt Public Company Limited as at 31 December 2009 and 2008, and the results of their operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

A handwritten signature in blue ink, appearing to read 'S. Phanyawattano'.

(Mr. Supachai Phanyawattano)

Certified Public Accountant (Thailand) No. 3930
Ernst & Young Office Limited Bangkok: 16 February 2010

Tipco Asphalt Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2009 and 2008



	Note	(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Assets					
Current assets					
Cash and cash equivalents		107,477,606	343,801,309	19,745,719	31,937,032
Current investments	6, 17	51,063,240	101,800,765	2,467,240	2,204,940
Trade accounts receivable					
Related parties	7, 8	181,201,353	141,301,589	219,899,973	149,882,843
Unrelated parties	7	2,132,927,422	1,222,234,840	1,217,028,327	601,690,357
Less: Allowance for doubtful accounts		(89,904,210)	(105,704,461)	(65,201,612)	(68,501,620)
Trade accounts receivable – net	7	2,224,224,565	1,257,831,968	1,371,726,688	683,071,580
Amounts due from related parties	8	5,053,699	9,311,515	3,557,078,168	21,789,119
Short-term loans to related parties and accrued interest income	8	–	–	85,732,491	132,416,622
Inventories – net	9	4,610,504,058	1,603,512,262	129,752,922	210,736,976
Other current assets					
Accounts receivable from price hedging contracts	29	–	111,159,471	–	–
Price hedging contracts	29	42,858,910	78,370,819	–	–
Forward exchange contracts	29	332,006	–	112,259	–
Advance for purchase of goods and services		46,334,741	54,398,127	3,672,300	4,143,407
Others		75,089,070	67,887,501	11,391,632	44,078,220
Total current assets		7,162,937,895	3,628,073,737	5,181,679,419	1,130,377,896

The accompanying notes are an integral part of the financial statements.

Tipco Asphalt Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2009 and 2008



	Note	(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Non-current assets					
Deposits with financial institutions with restrictions	17	64,911,243	239,259,019	-	-
Investments in subsidiaries	10	-	-	4,576,753,996	3,157,385,196
Investment in associate	11	23,813,484	25,295,645	18,403,580	18,403,580
Other long-term investments - net	12	1,341,120	3,808,360	1,341,120	3,808,360
Long-term loans to related party and accrued interest income - net	8	-	-	-	1,114,393,211
Property, plant and equipment - net	13	4,821,502,460	4,664,616,656	719,626,663	782,069,488
Intangible assets					
Computer software - net		16,405,365	22,469,379	2,914,195	3,926,030
Other non-current assets					
Goodwill	10	146,293,504	63,711,148	-	-
Leasehold rights - net	14	226,818,453	242,758,942	4,785,945	5,013,847
Deferred charges - net		39,291,807	17,178,342	1,882,064	5,830,071
Others		10,510,436	8,194,141	9,688,988	7,155,350
Total non-current assets		5,350,887,872	5,287,291,632	5,335,396,551	5,097,985,133
Total assets		12,513,825,767	8,915,365,369	10,517,075,970	6,228,363,029

The accompanying notes are an integral part of the financial statements.

Tipco Asphalt Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2009 and 2008



	Note	(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	15	5,619,295,996	3,073,207,929	4,962,433,348	1,084,165,240
Trade accounts payable					
Related parties	8	27,074,703	20,284,192	163,324,419	150,841,920
Unrelated parties		474,775,672	301,872,841	233,290,133	191,481,167
Amounts due to related parties	8	3,281,076	12,232,924	1,367,164	46,369,960
Short-term loans from related parties and accrued interest payable	8	-	-	2,032,627	-
Current portion of liabilities under hire-purchase agreements		12,434,417	17,190,910	7,480,036	14,996,944
Current portion of long-term loans	16	458,817,608	467,951,174	180,753,480	177,120,000
Cash received from former co-venturer	10	49,823,016	58,932,959	-	-
Other current liabilities					
Corporate income tax payable		42,306,083	7,124,922	27,868,622	234,301
Accrued expenses		167,798,608	46,456,774	62,024,402	7,682,907
Accounts payable from price hedging contracts	29	99,622,554	-	-	-
Price hedging contracts	29	83,182,553	-	-	-
Forward exchange contracts	29	9,721,003	-	249,816	-
Advance from customers		159,021,248	84,755,983	24,860,772	18,965,548
Accounts payable from purchase of equipment		73,578,175	-	-	-
Other payable		131,280,591	30,829,500	8,226,677	8,214,082
Others		33,597,457	27,653,984	23,254,749	12,229,648
Total current liabilities		7,445,610,760	4,148,494,092	5,697,166,245	1,712,301,717
Non-current liabilities					
Liabilities under hire-purchase agreements - net of current portion		18,162,409	18,443,167	9,684,581	12,718,674
Long-term loans - net of current portion	16	2,158,028,431	2,322,098,809	1,314,768,786	1,480,080,000
Interest rate swap contract	16	38,828,263	59,378,867	12,144,385	-
Total non-current liabilities		2,215,019,103	2,399,920,843	1,336,597,752	1,492,798,674
Total liabilities		9,660,629,863	6,548,414,935	7,033,763,997	3,205,100,391

The accompanying notes are an integral part of the financial statements.

Tipco Asphalt Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2009 and 2008



	Note	(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Shareholders' equity					
Share capital	18				
Registered					
152,547,663 ordinary shares (2008: 164,315,138 ordinary shares) of Baht 10 each		1,525,476,630	1,643,151,380	1,525,476,630	1,643,151,380
Issued and fully paid					
152,547,663 ordinary shares of Baht 10 each		1,525,476,630	1,525,476,630	1,525,476,630	1,525,476,630
Premium on share capital		886,091,137	886,091,137	886,091,137	886,091,137
Unrealised gain (loss):					
Retained earnings of a subsidiary arising as a result of the Company's acquisition of minority interest in the subsidiary at a price lower than book value	2	6,237,755	6,237,755	-	-
Surplus on change in fair value of interest rate swap contracts	16	(12,144,385)	-	(12,144,385)	-
Translation adjustments		(45,964,005)	(67,579,452)	-	-
Retained earnings					
Appropriated – statutory reserve	19	73,803,000	50,143,000	73,803,000	50,143,000
Unappropriated (Deficit)		(209,015,826)	(679,175,503)	1,010,085,591	561,551,871
Equity attributable to the Company's shareholders		2,224,484,306	1,721,193,567	3,483,311,973	3,023,262,638
Minority interest – equity attributable to minority shareholders of subsidiaries		628,711,598	645,756,867	-	-
Total shareholders' equity		2,853,195,904	2,366,950,434	3,483,311,973	3,023,262,638
Total liabilities and shareholders' equity		12,513,825,767	8,915,365,369	10,517,075,970	6,228,363,029

The accompanying notes are an integral part of the financial statements.

Tipco Asphalt Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2009 and 2008

	Note	(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Revenues					
Sales and service income		14,088,595,277	9,395,431,330	5,930,895,302	7,465,164,252
Other income					
Interest income		5,961,015	11,656,485	33,259,322	15,373,645
Interest income from delay payment of debt from related party	8	-	42,400,412	-	42,400,412
Dividend income from subsidiaries	10	-	-	-	111,828,881
Dividend income from associate	11	-	-	3,574,723	4,935,530
Gain on exchange rate		-	3,262,306	2,063,870	-
Gain on sales of equipment		15,212,677	12,425,013	12,347,370	6,787,700
Reversal of allowance for impairment loss of land and equipment not used in operation	13	8,717,039	-	-	-
Others		74,779,556	122,171,882	72,731,587	71,314,798
Total revenues		14,193,265,564	9,587,347,428	6,054,872,174	7,717,805,218
Expenses					
Cost of sales and services		13,004,850,650	8,914,848,241	5,044,132,020	7,029,973,573
Allowance for diminution in value of inventories (reversal)		(610,110,504)	612,230,027	(3,763,050)	3,558,587
		12,394,740,146	9,527,078,268	5,040,368,970	7,033,532,160
Selling expenses		108,726,326	90,448,226	55,293,968	57,736,528
Administrative expenses		428,646,671	525,646,193	239,799,813	247,344,705
Management's remuneration		59,823,463	53,378,448	51,797,810	48,138,361
Other expenses					
Allowance for doubtful accounts (reversal)		(13,481,562)	33,410,686	(3,300,008)	36,724,335
Loss from price hedging contracts	29	308,255,338	195,534,141	-	-
(Gain) loss from sales of investment in associate	11	-	4,193,201	-	(1,550,885)
Loss on exchange rate		21,710,693	-	-	4,337,237
Others		-	5,380,477	-	-
Total expenses		13,308,421,075	10,435,069,640	5,383,960,553	7,426,262,441
Share of income (loss) from investments in joint venture and associates		1,878,541	(70,238,611)	-	-
Income (loss) before finance cost and corporate income tax		886,723,030	(917,960,823)	670,911,621	291,542,777
Finance cost		(279,244,236)	(229,232,790)	(111,267,510)	(118,031,076)
Income (loss) before corporate income tax		607,478,794	(1,147,193,613)	559,644,111	173,511,701
Corporate income tax	21	(119,343,127)	(34,948,752)	(87,450,391)	(4,792,069)
Net income (loss) for the year		488,135,667	(1,182,142,365)	472,193,720	168,719,632
Net income (loss) attributable to:					
Equity holders of the parent		493,819,677	(1,089,136,645)	472,193,720	168,719,632
Minority interest of the subsidiaries		(5,684,010)	(93,005,720)		
		488,135,667	(1,182,142,365)		

The accompanying notes are an integral part of the financial statements.

Tipco Asphalt Public Company Limited and its subsidiaries

Income statements (continued)

For the years ended 31 December 2009 and 2008

	Note	(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Basic earnings per share	24				
Net income (loss) attributable to equity holders of the parent		3.24	(7.14)	3.10	1.11
Weighted average number of ordinary shares (shares)		152,547,663	152,545,026	152,547,663	152,545,026

The accompanying notes are an integral part of the financial statements.

Tipco Asphalt Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2009 and 2008



	Note	(Unit: Baht)							
		Consolidated financial statements							
		Issued and paid-up share capital	Premium on share capital	Retained earnings of subsidiary	Surplus on change in fair value of interest rate swap contract	Translation adjustments	Retained earnings		Minority interest - equity attributable to minority shareholders of subsidiaries
							Appropriated - statutory reserve	Unappropriated	Total
Balance as at 31 December 2007		1,525,437,260	886,048,487	6,237,755	-	(77,967,640)	41,623,000	540,516,122	221,335,509
Income and expenses recognised directly in shareholders' equity:									
Translation adjustments		-	-	-	-	10,388,188	-	-	-
Total income and expenses recognised directly in shareholders' equity		-	-	-	-	10,388,188	-	-	-
Net loss for the year		-	-	-	-	-	-	(1,089,136,645)	(93,005,720)
Total income and expenses for the year		-	-	-	-	-	-	(1,089,136,645)	(93,005,720)
Dividends	27	-	-	-	-	-	-	(122,034,980)	-
Increase in share capital	18	39,370	42,650	-	-	-	-	-	-
Unappropriated retained earnings transferred to statutory reserve	19	-	-	-	-	-	8,520,000	(8,520,000)	-
Minority interest increase from the additional investment in subsidiaries by the Company and subsidiaries		-	-	-	-	-	-	-	517,427,078
Balance as at 31 December 2008		1,525,476,630	886,091,137	6,237,755	-	(67,579,452)	50,143,000	(679,175,503)	645,756,867
Balance as at 31 December 2008		1,525,476,630	886,091,137	6,237,755	-	(67,579,452)	50,143,000	(679,175,503)	645,756,867
Income and expenses recognised directly in shareholders' equity:									
Translation adjustments		-	-	-	-	21,615,447	-	-	(12,262,386)
Change in fair value of interest rate swap contract		-	-	-	(12,144,385)	-	-	-	-
Total income and expenses recognised in shareholders' equity		-	-	-	(12,144,385)	21,615,447	-	-	(12,262,386)
Net income for the year		-	-	-	-	-	-	493,819,677	(5,684,010)
Total income and expenses for the year		-	-	-	-	-	-	493,819,677	(5,684,010)
Unappropriated retained earnings transferred to statutory reserve	19	-	-	-	-	-	23,660,000	(23,660,000)	-
Dividend paid from minority interest of subsidiary		-	-	-	-	-	-	-	(5,663,907)
Minority interest increase from the additional investment in subsidiaries by the Company and subsidiaries		-	-	-	-	-	-	-	6,565,034
Balance as at 31 December 2009		1,525,476,630	886,091,137	6,237,755	(12,144,385)	(45,964,005)	73,803,000	(209,015,826)	628,711,598

The accompanying notes are an integral part of the financial statements.

Tipco Asphalt Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2009 and 2008



	Note	(Unit: Baht)					
		Separate financial statements					
		Issued and paid-up share capital	Premium on share capital	Surplus on change in fair value of interest rate swap contract	Retained earnings		Total
Appropriated – statutory reserve	Unappropriated						
Balance as at 31 December 2007		1,525,437,260	886,048,487	-	41,623,000	523,387,219	2,976,495,966
Net loss for the year		-	-	-	-	168,719,632	168,719,632
Total income and expenses for the year		-	-	-	-	168,719,632	168,719,632
Dividends	27	-	-	-	-	(122,034,980)	(122,034,980)
Increase in share capital	18	39,370	42,650	-	-	-	82,020
Unappropriated retained earnings transferred to statutory reserve	19	-	-	-	8,520,000	(8,520,000)	-
Balance as at 31 December 2008		1,525,476,630	886,091,137	-	50,143,000	561,551,871	3,023,262,638
Balance as at 31 December 2008		1,525,476,630	886,091,137	-	50,143,000	561,551,871	3,023,262,638
Income and expenses recognised directly in shareholders' equity:							
Translation adjustments							
Change in fair value of interest rate swap contract		-	-	(12,144,385)	-	-	(12,144,385)
Total income and expenses recognised in shareholders' equity		-	-	(12,144,385)	-	-	(12,144,385)
Net income for the year		-	-	-	-	472,193,720	472,193,720
Total income and expenses for the year		-	-	-	-	472,193,720	472,193,720
Unappropriated retained earnings transferred to statutory reserve	19	-	-	-	23,660,000	(23,660,000)	-
Balance as at 31 December 2009		1,525,476,630	886,091,137	(12,144,385)	73,803,000	1,010,085,591	3,483,311,973

The accompanying notes are an integral part of the financial statements.

Tipco Asphalt Public Company Limited and its subsidiaries

Cash flow statements

For the years ended 31 December 2009 and 2008

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Cash flows from operating activities:				
Net income (loss) before tax	607,478,794	(1,147,193,613)	559,644,111	173,511,701
Adjustments to reconcile net income (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	366,668,725	268,760,480	88,743,760	94,185,016
Write-off withholding tax	103,180	2,152,756	-	2,022,975
Allowance for doubtful accounts (reversal)	(13,481,562)	36,733,493	(3,300,009)	36,724,335
Allowance for diminution in value of inventories (reversal)	(610,110,504)	653,204,571	(3,763,050)	(3,070,400)
Reversal of allowance for impairment loss of land and equipment not used in operation	(8,717,039)	-	-	-
Dividend income from subsidiaries and associates	-	-	(3,574,723)	(116,764,411)
(Gain) loss from sales of investment in associate	-	4,193,201	-	(1,550,885)
Unrealised gain on exchange rate	(1,078,663)	(363,930)	(1,703,376)	(77,101)
Accrued interest receivable from related parties	-	-	2,411,909	2,993,389
Gain on sales of equipment	(15,212,677)	(12,425,013)	(12,347,370)	(6,787,700)
Share of (income) loss from investments in joint venture and associates	(1,903,162)	70,238,611	-	-
Interest expenses	234,611,835	215,651,688	94,081,722	111,243,640
Income from operating activities before changes in operating assets and liabilities	558,358,927	90,952,244	720,192,974	292,430,559
(Increase) decrease in operating assets				
Trade accounts receivable	(948,822,831)	916,992,397	(683,789,773)	1,226,508,969
Amounts due from related parties	4,257,816	2,999,551	14,235,115	(10,636,899)
Inventories	(2,396,995,910)	(1,455,983,619)	84,747,105	39,860,627
Other current assets	124,112,599	(64,613,331)	(2,831,303)	(1,796,868)
Other non-current assets	(40,667,056)	2,592,012	16,837,579	(15,201,442)
Increase (decrease) in operating liabilities				
Trade accounts payable	170,050,641	(332,321,287)	9,295,989	(75,336,387)
Other current liabilities	512,310,529	(239,786,491)	74,990,538	(70,717,854)
Cash flows from (used in) operating activities	(2,017,395,285)	(1,079,168,524)	233,678,224	1,385,110,705
Cash paid for interest expenses	(257,864,272)	(215,462,510)	(97,548,030)	(106,455,451)
Cash paid for corporate income tax	(91,237,538)	(30,947,863)	(59,816,070)	(5,040,397)
Net cash from (used in) operating activities	(2,366,497,095)	(1,325,578,897)	76,314,124	1,273,614,857

The accompanying notes are an integral part of the financial statements.

Tipco Asphalt Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the years ended 31 December 2009 and 2008

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Cash flows from investing activities:				
(Increase) decrease in restricted bank deposits	240,162,337	(174,036,821)	-	-
Cash receipt from redemption of amortising debentures	2,204,940	1,970,520	2,204,940	1,970,520
Increase in amounts due from related parties	-	-	(3,549,535,424)	-
Cash paid for investment in a subsidiary	-	-	(162,759,881)	(769,629,077)
Cash received from liquidation of subsidiary	-	-	67,902,181	-
Cash and cash equivalent of subsidiary company on acquisition date	-	134,512,560	-	-
Cash received from sales of investment in associate	-	-	-	1,672,779
Dividend income from subsidiaries and associate	3,574,723	-	3,574,723	116,764,411
Increase in short-term loans to related parties and accrued interest income	-	-	-	(125,671,983)
(Increase) decrease in long-term loans to related parties and accrued interest income	-	12,822,814	(165,703,679)	(1,025,593,837)
Acquisition of computer software	(558,100)	(875,505)	(558,100)	(669,579)
Acquisition of equipment	(499,727,404)	(310,809,561)	(5,008,513)	(32,861,237)
Proceeds from sales of equipment	21,492,316	16,986,603	17,501,784	8,103,912
Net cash used in investing activities	(232,851,188)	(319,429,390)	(3,792,381,969)	(1,825,914,091)

The accompanying notes are an integral part of the financial statements.

Tipco Asphalt Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the years ended 31 December 2009 and 2008

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Cash flows from financing activities:				
Increase in short-term loans from financial institutions	2,736,979,477	1,419,054,230	3,878,268,108	186,712,538
Increase (decrease) in short-term loan from related party and accrued interest	-	-	2,032,627	(33,536,521)
Cash paid for hire-purchase payables	(25,322,435)	(24,044,114)	(14,746,469)	(17,020,618)
Cash receipt from long-term loans	179,284,376	1,689,422,000	18,167,376	1,400,000,000
Repayment of long-term loans	(529,562,668)	(1,296,244,089)	(179,845,110)	(992,120,000)
Net cash receipt from share subscription	-	82,020	-	82,020
Dividend paid	-	(122,034,981)	-	(122,034,980)
Dividend paid to minority interest of subsidiary	(5,663,907)	-	-	-
Net cash from financing activities	2,355,714,843	1,666,235,066	3,703,876,532	422,082,439
Translation adjustments	7,309,737	(38,712,777)	-	-
Net decrease in cash and cash equivalents	(236,323,703)	(17,485,998)	(12,191,313)	(130,216,795)
Cash and cash equivalents at beginning of year	343,801,309	361,287,307	31,937,032	162,153,827
Cash and cash equivalents at end of year	107,477,606	343,801,309	19,745,719	31,937,032
Supplemental cash flows information				
Non-cash transactions				
Repayment of short-term loan from other company by transfer of investment in a subsidiary	-	250,798,000	-	-
Conversion of loans to subsidiaries to investments in subsidiaries	-	-	1,324,511	-
Conversion of account receivable to investment in subsidiary	-	-	-	155,800,000
Acquisition of assets through hire-purchase	4,887,033	5,719,920	4,887,033	2,756,103
Accounts payable from purchase of equipment	73,578,175	-	-	-

The accompanying notes are an integral part of the financial statements.

Tipco Asphalt Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the years ended 31 December 2009 and 2008



1. General information

Tipco Asphalt Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The major shareholders of the Company are the Supsakorn family and Colas Group, incorporated in France. The Company is principally engaged in the manufacture and distribution of asphalt products and its registered address is 118/1 Rama 6 Road, Samsen-nai Sub district, Phayathai District, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of the Company and the following subsidiaries:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
			2009	2008	2009	2008	2009	2008
Surat Bitumen Co., Ltd.	Manufacture and distribution of asphalt products	Thailand	99.99	99.99	3.55	3.62	6.48	8.50
Raycol Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	Thailand	41.44	41.44	2.19	3.39	4.65	5.69
Thai Bitumen Co., Ltd.	Holding company and manufacture and distribution of asphalt products	Thailand	99.99	99.99	34.17	17.15	38.97	2.46
Tipco Maritime Co., Ltd.	Shipping management and agency	Thailand	99.97	99.97	0.03	0.14	0.05	0.24
Alpha Maritime Co., Ltd.	Marine transportation	Thailand	99.93	99.93	0.08	0.15	0.03	0.03
Bitumen Marine Co., Ltd.	Marine transportation	Thailand	99.99	99.99	3.69	5.37	0.28	1.22
Delta Shipping Co., Ltd.	Marine transportation	Thailand	99.99	99.99	0.67	0.74	-	-
Tasco Shipping Co., Ltd.	Marine transportation (has not yet commenced business operations)	Thailand	99.99	99.99	3.96	3.64	-	-
Kemaman Oil Corporation Sdn Bhd (KOC) (11.68% owned by the Company and 53.58% owned by Thai Bitumen Co., Ltd.)	Holding company and distribution of asphalt products	Malaysia	65.26	65.26	1.35	0.98	3.73	0.85
Kemaman Bitumen Company Sdn Bhd (41.98% owned by the Company, 11.82% owned by Thai Bitumen Co., Ltd. and 44.80% owned by KOC (2008: 53.79% owned by KOC and 44.53% owned by Thai Bitumen Co., Ltd.))	Manufacture and distribution of asphalt products	Malaysia	83.03	79.63	26.79	36.64	0.03	0.04
KBC Energy Pte. Ltd. (Owned by KOC)	Dormant	Singapore	65.26	65.26	0.01	0.01	-	-
Tipco Asphalt (Cambodia) Co., Ltd.	Manufacture and distribution of asphalt products	Cambodia	100.00	100.00	0.77	1.12	2.42	1.03
Tasco International Ltd. (Liquidated in 2009)	Holding company	Cayman Island	-	100.00	-	0.03	-	-
Tasco International (Hong Kong) Ltd.	Holding company	Hong Kong	100.00	100.00	0.02	0.04	-	-
Subsidiaries owned by Tasco International (Hong Kong) Ltd.								
Langfang Tongtai Road Material Co., Ltd.	Manufacture and distribution of asphalt products	China	51.00	51.00	1.40	1.72	1.25	1.83
Zhenjiang Tipco Asphalt Co., Ltd. (2008: Owned by Tasco International Ltd.)	Manufacture and distribution of asphalt products	China	51.00	51.00	1.30	1.78	0.78	3.44
Tipco Asphalt (Xinhui) Co., Ltd.	Manufacture and distribution of asphalt products	China	100.00	100.00	2.42	3.15	3.38	6.60

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- d) The financial statements of overseas subsidiaries are translated into Thai Baht at the closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences are shown under the caption of "Translation adjustments" in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statements and within equity in the consolidated balance sheets.
- g) The financial statements of Raycol Asphalt Co., Ltd. are included in the consolidated financial statements even though the Company's shareholding is 41 percent. This is due to the fact that the Company has control over that company through its board of directors, and it is therefore regarded as a subsidiary.
- h) During 2006, the Company acquired all of the minority interest in Tasco International Ltd. at a price Baht 6.2 million lower than the book value of such interest. The Company recorded this difference under the caption of "Retained earnings of a subsidiary arising as a result of Company's acquisition of minority interest in the subsidiary at a price lower than book value" in shareholders' equity in the balance sheets.

2.3 The separate financial statements, which present investments in subsidiaries and associate under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for the Preparation and Presentation of Financial Statements (revised 2007)	
TAS 36 (revised 2007)	Impairment of Assets
TFRS 5 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations
Accounting Treatment Guidance for Leasehold Right	
Accounting Treatment Guidance for Business Combination under Common Control	

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of the accounting standards, financial reporting standard and accounting treatment guidance and believes that they do not have any significant impact on the financial statements for the current year.

3.2 Accounting standards which are not effective for the current year

		Effective date
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allow early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 and TAS 40 are not relevant to the business of the Company, while TAS 24 (revised 2007) will not have any significant impact on the financial statements for the year in which it is initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion. Vessel operating income consists of time charters and voyage charters. Income from time charters is recognised when the right to use a vessel is transferred to a lessee for an agreed period of time, while income from voyage charters is recognised by reference to the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods are valued at the lower of cost determined under the first-in, first-out method and net realisable value. Cost of finished goods includes all production costs and attributable factory overheads.

Raw materials are valued at the lower of cost determined under first-in, first-out method and net realisable value. Packaging materials, spare parts and factory supplies are valued at the lower of cost determined under the weighted average cost method. Raw materials, packaging materials, spare parts and factory supplies are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. Premiums/discounts on debt securities are amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.
- b) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method less allowance for loss on impairment.

4.6 Property, plant and equipment/Depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and less allowance for loss on impairment of property, plant and equipment.

Depreciation of plant and equipment is calculated by reference to their costs less residual value on the straight-line basis over the following estimated useful lives:

Land improvement	20 years
Buildings and complements	20, 30 and 47 years
Building improvements	20 and 30 years
Machinery and equipment	5 – 20 years
Furniture and office equipment	5 years
Computer and equipment	3 and 5 years
Motor vehicles	5, 7 and 10 years
Vessels	10, 15, 20 and 30 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress and equipment under installation.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Intangible assets – computer software

Computer software is measured at cost. Following initial recognition, computer software is carried at cost less any accumulated amortisation and any impairment losses (if any).

Computer software with finite lives is amortised on a straight line basis over the economic useful life of 5 years and tested for impairment whenever there is an indication that the software may be impaired. The amortisation period and the amortisation method of such software are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

4.9 Goodwill

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Goodwill is carried at cost less any allowance for impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 Leasehold rights

Leasehold rights are stated at cost less accumulated amortization and less allowance for loss on impairment of leasehold rights (if any). Amortisation is calculated by reference to cost on a straight-line basis over the lease period.

The amortisation is included in determining income.

4.11 Deferred expenses

Deferred expenses for vessel repair are amortised over 30 months and 60 months using the straight-line basis. The period is in accordance with the period for dry docking under the rules of marine transportation.

4.12 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of operations of the Company and its subsidiaries.

4.13 Liabilities under hire-purchase agreements

Hire-purchase of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the hire-purchased assets and the present value of the minimum hire-purchase payments. The outstanding hire-purchase obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the hire-purchase period. The equipment acquired under hire-purchase agreement are depreciated over the useful life of the assets.

4.14 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the balance sheet date.

Gains and losses on exchange are included in determining income.

4.15 Impairment of assets

The Company and subsidiaries perform impairment reviews in respect of the property, plant and equipment, investments and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired or at least at each reporting date. The Company and subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposals.

An impairment loss is recognised in the income statements.

4.16 Employee benefits

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

4.17 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.18 Income Tax

Income tax is provided in the accounts based on taxable profits determined in accordance with tax legislation.

4.19 Derivatives

Forward exchange contracts

Forward exchange contracts are presented in the financial statements at fair value. Unrealised gains or losses from the forward contracts are recorded in the income statements.

Price hedging contracts

Forward price hedging contracts with banks are presented in the financial statements at fair value. Unrealised gains or losses from the price hedging contracts are recorded in the income statements.

Interest rate swap contracts

Interest rate swap contracts are the contracts under which the counter-parties agreed to exchange the amounts of interest, which are determined based on the pre-determined notional amount and the interest rates over the periods specified in the contracts. The Company recognised, on an accrual basis, the net amount of interest to be received or paid for each period under the interest rate swap contracts as income/expense in the income statements.

In case the interest rate swap contract is effective to hedge interest risk, such swap contract is presented in the financial statements at fair value, with unrealised gains or losses on interest rate swap contract deferred in shareholders' equity of the Company until realised. In case the interest rate swap contract is ineffective to hedge interest risk, the gains or losses from the contract is recorded in the income statements.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Net realisable value of inventories

The management uses judgment to estimate the net realisable value of inventories taking into consideration the fluctuation of price or cost directly relating to events occurring after the balance sheet date.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the plant and equipment of the Company and subsidiaries and to review estimate useful lives and salvage values when there are changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Land and equipment not used in operations

The land and equipment not used in operations of a subsidiary is measured at cost less allowance for impairment loss. The carrying value of the assets is determined based on fair value appraised by an independent valuer. Such valuation is based on certain assumptions and estimates.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Contingent liabilities

As discussed in Note 10 to the financial statements, currently, the Appeal Court in Malaysia is during the consideration of the petition filed by Aras Jalinan Sdn Bhd regarding the convention of the extraordinary general meeting of KOC. The Company's management has used judgment to assess of the results of the case and believes that no loss will be resulted. Therefore no contingent liabilities are recorded as at the balance sheet dates.

6. Current investments

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Current portion of investment in debt security	2,467,240	2,204,940	2,467,240	2,204,940
Deposits with financial institutions – cash received from Aras (Note 10)	48,596,000	50,738,204	–	–
Deposits with financial institutions with restrictions	–	48,857,621	–	–
Total current investments	51,063,240	101,800,765	2,467,240	2,204,940

7. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2009 and 2008, aged on the basis of due dates, are summarised below:

Age of receivables	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Trade accounts receivable – related parties				
Not yet due	123,412,748	80,487,122	174,535,294	90,350,023
Past due				
Up to 3 months	57,552,972	32,666,282	45,364,679	40,827,191
3 – 6 months	–	28,148,185	–	18,705,629
9 – 12 months	235,633	–	–	–
Total	181,201,353	141,301,589	219,899,973	149,882,843
Trade accounts receivable – unrelated parties				
Not yet due	1,608,627,458	626,641,921	1,001,059,161	326,106,936
Past due				
Up to 3 months	293,401,605	244,577,025	86,358,962	65,707,186
3 – 6 months	80,344,887	100,057,017	30,853,034	37,030,581
6 – 9 months	27,337,872	106,358,393	13,440,498	79,244,808
9 – 12 months	12,110,674	48,458,047	5,661,298	36,526,418
Over 12 months	111,104,926	96,142,437	79,655,374	57,074,428
Total	2,132,927,422	1,222,234,840	1,217,028,327	601,690,357
Total trade accounts receivable	2,314,128,775	1,363,536,429	1,436,928,300	751,573,200
Less: Allowance for doubtful accounts	(89,904,210)	(105,704,461)	(65,201,612)	(68,501,620)
Trade accounts receivable – net	2,224,224,565	1,257,831,968	1,371,726,688	683,071,580

8. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and its subsidiaries and those related parties.

	(Unit: Million Baht)				
	Consolidated financial statements		Separate financial statements		Pricing Policy
	2009	2008	2009	2008	
Transactions with subsidiaries					
(eliminated from the consolidated financial statements)					
Sales and service income	-	-	582.4	1,015.0	Cost plus certain margin
Margin on sales of raw materials	-	-	6.8	-	Cost plus certain margin
Rental and service income	-	-	26.8	17.1	Contract price
Technical assistance fee income	-	-	21.0	21.0	Contract price
Loans to (weighted average balance of loan outstanding during the year)	-	-	681.7	264.6	
Interest income	-	-	32.5	13.9	4.0 and 5.0 percent per annum (2008: 4.9 and 5.0 percent per annum)
Dividend income	-	-	-	111.8	
Purchases of goods	-	-	861.0	93.4	Cost plus certain margin
Rental and service expenses	-	-	116.8	330.4	Contract price
Transactions with jointly controlled entity					
Sales	-	1.2	-	-	Cost plus certain margin
Loans to (weighted average balance of loan outstanding during the year)	-	10.4	-	2.3	
Interest income from delay payment of debt	-	42.2	-	42.4	7.5 percent per annum
Transactions with subsidiary of the jointly controlled entity					
Loans to (weighted average balance of loan outstanding during the year)	-	0.3	-	-	
Transactions with associate					
Dividend income	3.6	4.9	3.6	4.9	
Transactions with related companies					
Sales and service income	1,615.0	1,403.5	534.9	1,162.8	Market price / contract price
Rental and service income	5.1	3.2	5.1	3.0	Contract price
Purchases	1.2	1.9	1.2	1.6	Market price
Rental and service expenses	28.5	32.5	23.0	29.5	Contract price
Technical assistance fee expenses	37.2	34.6	20.6	18.4	Contract price

The balances of the accounts between the Company and its subsidiaries and those related companies as at 31 December 2009 and 2008 are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Trade accounts receivable – related parties				
Subsidiaries				
Surat Bitumen Co., Ltd.	-	-	35,295,275	1,100,614
Thai Bitumen Co., Ltd.	-	-	11,583,686	-
Alpha Maritime Co., Ltd.	-	-	-	2,892,595
Bitumen Marine Co., Ltd.	-	-	-	2,441,366
Raycol Asphalt Co., Ltd.	-	-	394,830	327,184
Kemaman Oil Corporation Sdn Bhd	-	-	-	1,631,670
Tipco Asphalt (Cambodia) Co., Ltd.	-	-	45,230,755	61,731,735
Related companies				
Thai Slurry Seal Co., Ltd.	52,878,809	70,292,494	14,205,425	9,616,461
Thai Crushing Plant Co., Ltd.	6,556,618	8,309,278	6,556,618	8,309,278
Thanomwongse Service Co., Ltd.	85,966,936	30,056,019	85,966,936	29,194,781
Tipco Foods (Thailand) Public Company Limited	7,751,989	629,160	7,751,989	629,160
Tipco F&B Co., Ltd.	1,943,655	786,450	1,943,655	786,450
Colas Group	26,103,346	31,228,188	10,970,804	31,221,549
Total trade accounts receivable – related parties	181,201,353	141,301,589	219,899,973	149,882,843

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Amounts due from related parties				
Subsidiaries				
Surat Bitumen Co., Ltd.	-	-	1,940,612	5,549,477
Thai Bitumen Co., Ltd.	-	-	3,537,951,738	45,532
Tipco Maritime Co., Ltd.	-	-	56,235	513,594
Delta Shipping Co., Ltd.	-	-	36,915	56,068
Alpha Maritime Co., Ltd.	-	-	24,610	-
Bitumen Marine Co., Ltd.	-	-	32,635	-
Raycol Asphalt Co., Ltd.	-	-	314,534	378,389
Tasco Shipping Co., Ltd.	-	-	6,420,749	3,000,000
Tasco International Ltd.	-	-	-	554,793
Tasco International (Hong Kong) Ltd.	-	-	2,918,908	483,660
Langfang Tongtai Road Material Co., Ltd.	-	-	41,427	-
Zhenjiang Tipco Asphalt Co., Ltd.	-	-	61,024	-
Kemaman Oil Corporation Sdn Bhd	-	-	1,964,994	1,964,994
Kemaman Bitumen Company Sdn Bhd	-	-	827,152	333,266
Tipco Asphalt (Cambodia) Co., Ltd.	-	-	168,591	350,371
Related companies				
Thai Slurry Seal Co., Ltd.	40,938	233,476	40,938	233,476
Thai Crushing Plant Co., Ltd.	40,928	70,434	40,928	70,434
Ekachai Container Terminal Co., Ltd.	4,869	-	4,869	-
Siam Container Transport and Terminal Co., Ltd.	1,070	267	1,070	267
Thanomwongse Service Co., Ltd.	4,711,661	9,007,338	3,976,006	8,254,798
Tipco Foods (Thailand) Public Company Limited	107,696	-	107,696	-
Tipco F&B Co., Ltd.	146,537	-	146,537	-
Total amounts due from related parties	5,053,699	9,311,515	3,557,078,168	21,789,119
Short-term loans to related parties and accrued interest income				
Short-term loans to related parties				
Subsidiaries				
Alpha Maritime Co., Ltd.	-	-	14,000,000	19,000,000
Bitumen Marine Co., Ltd.	-	-	28,800,000	65,000,000
Tasco Shipping Co., Ltd.	-	-	10,900,000	-
Tasco International Ltd.	-	-	-	140,230
Kemaman Oil Corporation Sdn Bhd	-	-	5,713,960	5,986,477
Tipco Asphalt (Cambodia) Co., Ltd.	-	-	24,915,525	34,805,100
			84,329,485	124,931,807

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Accrued interest income from related parties				
Subsidiaries				
Surat Bitumen Co., Ltd.	-	-	40,411	3,151
Tipco Maritime Co., Ltd.	-	-	11,918	-
Alpha Maritime Co., Ltd.	-	-	626,575	158,219
Bitumen Marine Co., Ltd.	-	-	121,904	193,365
Thai Bitumen Co., Ltd.	-	-	245,644	-
Tasco Shipping Co., Ltd.	-	-	115,438	-
Tasco International Ltd.	-	-	-	6,549,983
Tipco Asphalt (Cambodia) Co., Ltd.	-	-	241,116	580,097
	-	-	1,403,006	7,484,815
Total short-term loans to related parties and accrued interest income	-	-	85,732,491	132,416,622
Long-term loans to related party and accrued interest income				
Long-term loans to related party				
Subsidiary				
Thai Bitumen Co., Ltd.	-	-	-	1,111,981,303
	-	-	-	1,111,981,303
Accrued interest income from related party				
Subsidiary				
Thai Bitumen Co., Ltd.	-	-	-	2,411,908
	-	-	-	2,411,908
Total long-term loans to related parties and accrued interest income	-	-	-	1,114,393,211
Trade accounts payable – related parties				
Subsidiaries				
Surat Bitumen Co., Ltd.	-	-	1,952,220	52,442
Thai Bitumen Co., Ltd.	-	-	124,885,963	86,416,397
Tipco Maritime Co., Ltd.	-	-	326,250	177,025
Delta Shipping Co., Ltd.	-	-	21,920,029	37,924,368
Alpha Maritime Co., Ltd.	-	-	-	1,102,500
Bitumen Marine Co., Ltd.	-	-	1,883,614	4,184,460
Raycol Asphalt Co., Ltd.	-	-	2,066,794	472,180
Kemaman Oil Corporation Sdn Bhd	-	-	398,310	5,099
Kemaman Bitumen Company Sdn Bhd	-	-	34,529	278,726
Related companies				
Ekachai Container Terminal Co., Ltd.	1,124,754	372,390	609,080	318,318
Thanomwongse Service Co., Ltd.	409,346	221,844	371,048	221,844
Tipco F&B Co., Ltd.	701,192	1,397	701,192	-
Tipco Foods (Thailand) Public Company Limited	264,236	-	240,215	-
Colas S.A.	24,575,175	19,688,561	7,935,175	19,688,561
Total trade accounts payable – related parties	27,074,703	20,284,192	163,324,419	150,841,920

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Amounts due to related parties				
Subsidiaries				
Tipco Asphalt (Xinhui) Co., Ltd.	-	-	-	34,731,576
Kemaman Bitumen Company Sdn Bhd	-	-	670,744	396,727
Related companies				
Thanomwongse Service Co., Ltd.	709,467	2,245,135	605,148	1,983,088
Tipco F&B Co., Ltd.	178,541	1,039,516	91,272	838,793
Colas Group	2,393,068	8,948,273	-	8,419,776
Total amounts due to related parties	3,281,076	12,232,924	1,367,164	46,369,960
Short- term loans from related parties and accrued interest payable				
Subsidiary				
Surat Bitumen Co., Ltd.	-	-	2,004,747	-
	-	-	2,004,747	-
Accrued interest payable to related parties				
Subsidiaries				
Surat Bitumen Co., Ltd.	-	-	5,344	-
Thai Bitumen Co., Ltd.	-	-	22,536	-
	-	-	27,880	-
Total short-term loans from related parties and accrued interest payable	-	-	2,032,627	-

Management's remuneration

During the years, the Company and its subsidiaries paid salaries, bonus, meeting allowances and gratuities to their directors and management. The amount of the management's remuneration is separately presented in the income statements.

Guarantee obligations with related parties

The Company and subsidiaries have outstanding guarantee obligations with its related parties, as described in Notes 17 and 28.4 to the financial statements.

9. Inventories

	(Unit: Baht)							
	Consolidated financial statements							
	Cost		Allowance for diminution in value of inventories				Inventories-net	
			Reduction cost to net realisable value		Stock obsolescence			
	2009	2008	2009	2008	2009	2008	2009	2008
Finished goods	424,091,512	1,235,061,792	(8,491,105)	(309,312,233)	-	(5,797,541)	415,600,407	919,952,018
Raw materials	2,563,111,267	885,131,803	-	(302,917,794)	-	-	2,563,111,267	582,214,009
Packaging materials, spare parts and factory supplies	104,405,767	29,932,035	-	-	(2,505,786)	(2,965,211)	101,899,981	26,966,824
Goods in transit	1,529,892,403	74,379,411	-	-	-	-	1,529,892,403	74,379,411
Total	4,621,500,949	2,224,505,041	(8,491,105)	(612,230,027)	(2,505,786)	(8,762,752)	4,610,504,058	1,603,512,262

	(Unit: Baht)							
	Separate financial statements							
	Cost		Allowance for diminution in value of inventories				Inventories-net	
			Reduction cost to net realisable value		Stock obsolescence			
	2009	2008	2009	2008	2009	2008	2009	2008
Finished goods	63,947,150	93,111,159	(254,962)	(3,558,587)	-	-	63,692,188	89,552,572
Raw materials	49,457,708	31,870,367	-	-	-	-	49,457,708	31,870,367
Packaging materials, spare parts and factory supplies	18,212,272	17,085,509	-	-	(1,691,458)	(2,150,883)	16,520,814	14,934,626
Goods in transit	82,212	74,379,411	-	-	-	-	82,212	74,379,411
Total	131,699,342	216,446,446	(254,962)	(3,558,587)	(1,691,458)	(2,150,883)	129,752,922	210,736,976

10. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	(Unit: Baht)							
	Paid-up capital		Shareholding percentage		Investment cost of the Company		Dividend received during the year by the Company	
	2009 (Million Baht)	2008 (Million Baht)	2009	2008	2009	2008	2009	2008
	(Except for other specified currency)		(%)	(%)				
Local subsidiaries								
Surat Bitumen Co., Ltd.	100	100	99.99	99.99	99,999,300	99,999,300	-	20,499,857
Raycol Asphalt Co., Ltd.	111	111	41.44	41.44	193,200,000	193,200,000	-	8,326,000
Thai Bitumen Co., Ltd.	2,300	2,105	99.99	99.99	2,299,917,340	2,104,917,340	-	-
Less: Provision for impairment loss of investment					(60,775,864)	(60,775,864)	-	
Tipco Maritime Co., Ltd.	2	2	99.97	99.97	1,999,300	1,999,300	-	4,598,390
Alpha Maritime Co., Ltd.	1	1	99.93	99.93	999,400	999,400	-	-
Bitumen Marine Co., Ltd.	150	150	99.99	99.99	149,999,300	149,999,300	-	78,404,634
Delta Shipping Co., Ltd.	80	80	99.99	99.99	79,999,400	79,999,400	-	-
Tasco Shipping Co., Ltd.	160	160	99.99	99.99	159,999,300	159,999,300	-	-
Overseas subsidiaries								
Tasco International Ltd.	-	3.97	-	100.00	-	183,751,502	-	-
		Million USD						
Tasco International (Hong Kong) Ltd.	30.97	17.12	100.00	100.00	130,005,700	69,454,000	-	-
Add: Additional investment cost from the acquisition of subsidiary under common control	Million HKD	Million HKD			115,849,321	-		
Kemaman Oil Corporation Sdn Bhd (KOC)	147.00	147.00	65.26	65.26	173,677,318	173,677,318	-	-
(11.68% owned by the Company and 53.58% owned by Thai Bitumen Co., Ltd.)	million ringgit	million ringgit						
Kemaman Bitumen Company Sdn Bhd	305.55	263.31	83.03	79.63	1,231,719,281	-	-	-
(41.98% owned by the Company, 11.82% owned by Thai Bitumen Co., Ltd. and 44.80% owned by KOC (2008: 53.79% owned by KOC and 44.53% owned by Thai Bitumen Co., Ltd.))	million ringgit	million ringgit						
Tipco Asphalt (Cambodia) Co., Ltd.	20.00	20.00	100.00	100.00	164,900	164,900	-	-
	million riel	million riel						
Total					4,576,753,996	3,157,385,196	-	111,828,881

Investment in Thai Bitumen Company Limited

In November 2008, the Company invested in the 6,933,570 new ordinary shares of Thai Bitumen Company Limited at par value of Baht 100 per share, totalling Baht 693.3 million

In March 2009, the Company invested in the 1,950,000 new ordinary shares of Thai Bitumen Company Limited at par value of Baht 100 per share, totalling Baht 195.0 million.

Investment in Tasco International Limited (TIL) and Tasco International (Hong Kong) Limited (TI(HK))

On 13 November 2007, the Company's Board of Directors Meeting passed a resolution to wind-up TIL and transfer its investments to TI(HK). TIL completed its transfer of all investments to TI(HK) in June 2009. In addition, TIL completed liquidation process and repaid the remaining cash to the Company. The cash recovered by the Company was Baht 115.8 million less than the book value of investment in TIL which the Company accounted for under the cost method. The Company recorded the difference as an additional investment cost in TI(HK) whereby the Company adopted the "Accounting Treatment Guidance for Business Combination under Common Control".

Investment in Kemaman Bitumen Company Sdn Bhd (KBC)

During the third quarter of 2009, the Company acquired 132.7 million ordinary shares of KBC with a total value of 124.4 million ringgit, or equivalent to Baht 1,231.7 million, as summarised below.

- 1) Loans from the Company totaling USD 6.47 million were converted into 28.5 million new ordinary shares of KBC at par value of 0.8 ringgit per share.
- 2) 13.2 million new ordinary shares of KBC were purchased at par value of 0.8 ringgit per share.
- 3) 91.0 million ordinary shares of KBC held by Thai Bitumen were purchased at par value of 1.0 ringgit per share.

In addition, Thai Bitumen converted amounts receivable from KBC of USD 2.52 million into new ordinary shares of KBC at par value of 0.8 ringgit per share, or a total of 11.1 million shares.

Investment in Kemaman Oil Corporation Sdn Bhd (KOC)

Under the previous Shareholders Agreement, KOC was a jointly controlled entity between the Company and a subsidiary (Thai Bitumen Co., Ltd.: Thai Bitumen) and a co-venturer which is a publicly listed company in Malaysia (Seloga Holdings Berhad: SHB). The purpose of the joint venture was to conduct a business relating to the manufacturing and distribution of asphalt products.

During March 2007, Thai Bitumen received 31.35 million ordinary shares of 1 ringgit per share from the conversion of non-redeemable convertible preference shares (NRCPS-A) of KOC. As a result of such conversion, the percentage holding of the Company and Thai Bitumen in KOC changed from 50 percent to 97 percent. However, the change in holding percentage is temporary since SHB was unable to increase its investment in KOC and according to the Call Option Agreement, during the option period, the Company and Thai Bitumen and SHB still have 50:50 interests in the equity and control in KOC, in accordance with the Shareholders Agreement.

During January 2008, there were the following changes in the shareholding structure of KOC, in accordance with the Call Option Agreement and a newly issued agreement (Settlement Agreement).

1. In January 2007, the Company and Thai Bitumen entered into a Call Option Agreement with SHB, granting an option to SHB to purchase 31.35 million redeemable convertible preference shares of KOC at 1 ringgit per share (24.7 million shares held by Multi Strategies Sdn Bhd: MSSB, a subsidiary of Thai Bitumen and 6.65 million shares held by Thai Bitumen) within 10 January 2008. At the due date of the option, SHB offered a related company, Aras Jalinan Sdn Bhd (Aras), the opportunity to exercise the option instead, as stipulated in the Settlement Agreement dated 11 January 2008. In accordance with the Settlement Agreement, Thai Bitumen has converted the 6.65 million preference shares to ordinary shares and sold the ordinary shares at cost plus interest to Aras. In addition, on 11 January 2008, Thai Bitumen also had MSSB convert its 24.7 million preference shares to ordinary shares and transferred MSSB to Aras.
2. Under the Call Option Agreement, if SHB did not exercise the option to purchase such preference shares, Thai Bitumen and MSSB had the option to purchase all of the ordinary shares held by SHB in KOC. Therefore, during January 2008, Thai Bitumen purchased all 950,001 shares ordinary shares of KOC held by SHB at 1 ringgit per share, for a total of 950,001 ringgit, plus interest as stipulated in the Call Option Agreement. Under the Call Option Agreement, this is regarded as a cancellation of the joint venture in KOC with SHB. However, the ordinary shares purchased by Thai Bitumen are to be sold to Aras in accordance with the Settlement Agreement.
3. Thai Bitumen requested a conversion of 31.35 million redeemable convertible preference shares of KOC (RCPS-B) at 1 ringgit per share. The preference shares were converted to ordinary shares of KOC in January 2008.
4. As discussed in No. 1 above, on 11 January 2008, the Company and Thai Bitumen entered into Settlement Agreement whereby Aras increased its interest in KOC, such that within 31 March 2008 the proportionate shareholdings of the Company and Thai Bitumen, and Aras in KOC would be 50:50. Under to the agreement, Aras had to comply with the following conditions:
 - 1) increase its interest in the capital of KOC by 19 million ringgit (19 million shares) on 11 January 2008;
 - 2) increase its interest in the capital of KOC by 5 million ringgit (5 million shares) by 28 February 2008;
 - 3) increase its interest in the capital of KOC by 7.35 million ringgit (7.35 million shares) by 31 March 2008;
 - 4) acquire from Thai Bitumen 6.65 million ringgit of ordinary shares of KOC (6.65 million shares) and pay interest at 1.5% per annum (from 7 February 2007 until 11 January 2008), by 31 March 2008;
 - 5) acquire from Thai Bitumen 950,001 ringgit of ordinary shares of KOC (950,001 shares) and pay interest at 15% per annum (from 11 January 2008 until the date of transfer of the shares to Aras), by 31 March 2008.

The Settlement Agreement stipulates that throughout the period of the agreement (11 January 2008 to 31 March 2008) the Company and Thai Bitumen, and Aras will each have 50 percent equity interests in KOC and also equal control. In addition, the Settlement Agreement stipulated that the Articles of Association of KOC and KBC are to be amended so that management and decisions by the Board of Directors and the shareholders can be made by a simple shareholding majority.

However, only parts of the above obligations have been fulfilled by Aras, as follow:

- 1) Aras paid 19 million ringgit for new ordinary shares of KOC on 11 January 2008, which was within the deadline.
- 2) Aras paid 5 million ringgit to KOC on 3 March 2008, which was after the deadline. The Company considers this to be a breach of agreement and has not allowed KOC to issue new share certificates to Aras.
(KOC recorded the cash received as a liability in its balance sheets.)
- 3) Aras paid 7.35 million ringgit for new ordinary shares of KOC on 31 March 2008, which was within the deadline.
- 4), 5) Aras did not purchase the shares from Thai Bitumen in accordance with the agreement.

As Aras breached its contractual commitments as described in 2), 4) and 5), the Company and Thai Bitumen called an extraordinary general meeting of KOC to propose 4 new directors. However, Aras filed a petition with the courts in Malaysia, requesting the meeting be cancelled. The High Court of Malaya and the Appeals Court subsequently ruled on 7 April 2008 and 23 April 2008, respectively, that the courts did not have jurisdiction to hear this case because the dispute was between a Malaysian and a foreign investor. However, on 25 April 2008, Aras filed an Oppression Petition with the High Court of Malaya. The petition was accepted by the court on 6 May 2008.

On 6 June 2008, the High Court of Malaya cancelled the demission to convene the extraordinary general meeting of KOC. The Company and Thai Bitumen therefore held the extraordinary general meeting of KOC on 6 June 2008, and such meeting passed a resolution to appoint 4 additional directors proposed by the Company and Thai Bitumen. However, in June 2008, Aras filed an appeal against the High Court decision.

As a result of the appointment of the 4 additional directors by the meeting the number of directors on the side of the Company and Thai Bitumen exceeds the number on Aras's side, and the Company therefore controls KOC through those directors as from 6 June 2008. The Company applied a 50 percent interest in recognising share of loss from investment in the jointly controlled entity in the consolidated financial statements until 6 June 2008, and subsequent to that date, the Company regarded KOC as a subsidiary.

Currently, the Appeal Court in Malaysia is during the consideration of the petition filed by Aras Jalinan Sdn Bhd regarding the convention of the extraordinary general meeting of KOC. The management of the Company and Thai Bitumen believe that the decision of the Appeal Court, of which the result has yet been reached, will not affect the value of the investments and the equity interests of the Company and Thai Bitumen in KOC and KBC.

During the second quarter of 2008, the Company converted the amount receivable from KOC for crude oil, amounting to 15.4 million ringgit into new 15.4 million ordinary shares of KOC at par value of 1 ringgit per share. In addition, Thai Bitumen converted its loan of 3.8 million ringgit to KOC into new 3.8 million ordinary shares of KOC at par value of 1 ringgit per share.

During the third quarter of 2008, the Company and Thai Bitumen invested in new ordinary shares of KOC of 1.0 million shares and 4.4 million shares, respectively, at par value of 1 ringgit per share. In addition, Thai Bitumen invested in new ordinary shares of KBC totaling 56.0 million shares at par value of 1 ringgit per share.

During the fourth quarter of 2008, Thai Bitumen converted the preference shares of 44.65 million ringgit to ordinary shares of KBC. In addition, Thai Bitumen invested in new ordinary shares of KBC totaling 16.6 million shares at a value of 16.6 million ringgit.

The shareholding structure of KOC can be summarised below.

Shareholders' name	Percentage of shareholding		
	As per actual paid-up capital of KOC		As specified in the shareholders agreement
	2009	2008	
Tipco Asphalt Public Company Limited	11.7	11.7	40.0
Thai Bitumen Co., Ltd.	53.6	53.6	10.0
	65.3	65.3	50.0
Aras Jalinan Sdn Bhd and its subsidiaries	34.7	34.7	-
Seloga Holdings Berhad	-	-	50.0
	100.00	100.0	100.0

As at the balance sheet dates, the value of the Company's investment costs in Thai Bitumen, KOC and KBC accounted for under the cost method in the separate financial statements were higher than the Company's attributable equity interest in these subsidiaries. The Company believes that the recoverable benefits from these investments will exceed their costs. Therefore no allowance for impairment is made in the accounts

11. Investment in associate

11.1 Details of associate:

Company's name	(Unit: Baht)					
	Consolidated financial statements					
	Shareholding percentage		Cost		Carrying amounts based on equity method	
	2009 (%)	2008 (%)	2009	2008	2009	2008
Colasie Co., Ltd. (Registered under the law of France) (Holding company)	40	40	18,403,580	18,403,580	23,813,484	25,295,645
Total investment in associate			18,403,580	18,403,580	23,813,484	25,295,645

Company's name	(Unit: Baht)					
	Consolidated financial statements					
	Shareholding percentage		Cost		Carrying amounts based on cost method	
	2009 (%)	2008 (%)	2009	2008	2009	2008
Colasie Co., Ltd.	40	40	18,403,580	18,403,580	18,403,580	18,403,580
Total investment in associate			18,403,580	18,403,580	18,403,580	18,403,580

11.2 Share of income/loss and dividend received

During the years, the Company has recognised its share of net income/loss from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company's name	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of income (loss) from investments in associates during the year		Dividend received during the year by the Company	
	2009	2008	2009	2008
Colasie Co., Ltd.	1,878,541	3,922,084	3,574,723	4,935,530
Cambodia Asphalt Co., Ltd.	-	(941,260)	-	-
Total	1,878,541	2,980,824	3,574,723	4,935,530

On 21 December 2007, the meeting of the Company's Board of Directors passed a resolution for the Company to terminate its investment in Cambodia Asphalt Co., Ltd. by disposing of its shares in that company to the Cambodian shareholder. During 2008, the Company sold the investment at the price of Baht 1.7 million. The gain or loss from the sales were separately shown in the income statements for 2008.

11.3 Summarised financial information of associate

Financial information of the associate is summarised below.

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the year ended 31 December		Net income for the year ended 31 December	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Colasie Co.,Ltd.	1.04	1.04	1.23	1.32	0.01	0.3	0.10	0.21	0.10	0.19
(Million Euro)										

12. Other long-term investment

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Investment in amortising debenture (interest at the rate of 11.5625 percent per annum)	3,808,360	6,013,300	3,808,360	6,013,300
Less: Current portion	(2,467,240)	(2,204,940)	(2,467,240)	(2,204,940)
Investment in debt security – net of current portion	1,341,120	3,808,360	1,341,120	3,808,360

[illegible]

	(Unit: Baht)									
	Separate financial statements									
	Land	Land improvement	Buildings and complements	Machinery and equipment	Furniture and office equipment	Computer and equipment	Motor vehicles	Vessels	Construction in progress and equipment under installation	Total
Cost										
31 December 2008	329,938,157	320,825,958	332,865,655	565,590,617	60,053,209	26,935,306	495,491,647	90,922,102	2,217,818	2,224,840,469
Additions	-	-	691,852	1,716,285	456,100	1,225,914	4,619,741	-	660,756	9,370,648
Disposals/write-off	-	(1,230,000)	(1,676,295)	(67,822,963)	(1,290,836)	(3,618,569)	(42,438,321)	-	-	(118,076,984)
Transfer in (transfer out)	-	-	(78,000)	1,956,732	17,000	322,086	-	-	(2,217,818)	-
31 December 2009	329,938,157	319,595,958	331,803,212	501,440,671	59,235,473	24,864,737	457,673,067	90,922,102	660,756	2,116,134,133
Accumulated depreciation										
31 December 2008	-	177,660,418	195,933,927	546,533,758	55,914,745	16,409,354	420,065,461	30,253,318	-	1,442,770,981
Depreciation for the year	-	16,517,935	15,975,060	6,354,568	1,383,994	4,667,350	18,558,588	3,661,294	-	67,118,789
Accumulated depreciation on disposal/ write-off	-	(725,035)	(996,221)	(67,375,804)	(1,259,155)	(3,456,722)	(39,569,363)	-	-	(113,382,300)
Transfer in (transfer out)	-	-	(17,215)	17,215	-	-	-	-	-	-
31 December 2009	-	193,453,318	210,895,551	485,529,737	56,039,584	17,619,982	399,054,686	33,914,612	-	1,396,507,470
Net book value										
31 December 2008	329,938,157	143,165,540	136,931,728	19,056,859	4,138,464	10,525,952	75,426,186	60,668,784	2,217,818	782,069,488
31 December 2009	329,938,157	126,142,640	120,907,661	15,910,934	3,195,889	7,244,755	58,618,381	57,007,490	660,756	719,626,663
Depreciation for the year										
2008 (Baht 27.3 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)										67,366,491
2009 (Baht 20.0 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)										67,118,789

During 2008, a subsidiary entered into a vessel building contract with an overseas company under which payment is to be made in five installments of USD 4.6 million each, with the last installment to be paid upon delivery of the vessel. The book value of the vessel under construction as at 31 December 2009 was Baht 497.5 million. Currently, the this overseas company has yet to deliver the vessel to the subsidiary in accordance with the contract and the subsidiary is in the process of seeking a resolution.

The outstanding balance of property, plant and equipment included the assets of Thai Bitumen Company Limited for the asphalt refinery plant project, which the subsidiary terminated in 1999 and for which it is seeking a buyer. The assets are detailed below.

	(Unit: Baht)	
	2009	2008
Land and land improvement	383,607,742	383,607,742
Less: Allowance for impairment of assets	(110,157,742)	(118,874,781)
Net	273,450,000	264,732,961
Vehicles, equipment and other tools	-	3,595
Land and equipment not used in operation - net	273,450,000	264,736,556

In 2005, the land and land improvement were appraised by an independent appraisal company and the subsidiary recorded allowance for impairment loss for the assets in accordance with the appraisal values, which was lower than their book values per the 2005 income statement.

In October 2009, the subsidiary arranged for an independent professional valuer to reappraise the value of the assets using the Sales Comparison Approach, with the valuer appraising the assets at Baht 273.5 million. As a result of the appraisal, the subsidiary reversed allowance for impairment of the assets of Baht 8.7 million to the income statement for the year.

The subsidiary previously separately presented the assets under the caption of "Assets awaiting sale" in the balance sheets. During the current year, the subsidiary classified the assets as part of property, plant and equipment in order to comply with the conditions of TFRS 5 (revised 2007) "Non-current Assets Held for Sale and Discontinued Operations". For comparison purpose, the subsidiary also reclassified the balance sheet as at 31 December 2008 to reflect the change.

As at 31 December 2009, certain building and equipment items had been fully depreciated but were still in use. The original cost of those assets amounted to approximately Baht 1,249 million (2008: Baht 1,323 million) (The Company Only: Baht 876 million, 2008: Baht 944 million).

14. Leasehold rights

The Company and subsidiaries entered into agreements to lease office space and land. The lease agreements can be summarised below

Leasee	Country the leased asset located in	Lease period (year)	Lease agreement ending year	Prepaid lease amount at inception of the lease
1. The Company	China	30	2031	1.4 million renminbi
2. A subsidiary in China	China	30	2029	5.7 million renminbi
3. A subsidiary in China	China	50	2050	6.9 million renminbi
4. A subsidiary in Malaysia	Malaysia	30	2029	19.8 million ringgit

The book value of the leasehold rights can be summarised below.

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Balance as at 1 January	242,287,572	65,107,097	6,837,063	6,837,063
Increase from acquisition of subsidiary	-	177,180,475	-	-
Balance as at 31 December	242,287,572	242,287,572	6,837,063	6,837,063
Less: Accumulated amortisation	(22,620,552)	(17,159,502)	(2,051,118)	(1,823,216)
Translation adjustments	7,151,433	17,630,872	-	-
Net	226,818,453	242,758,942	4,785,945	5,013,847
Amortisation expenses included in the income statements for the year	5,461,050	3,941,075	227,902	227,902

15. Short-term loans from financial institutions

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Promissory note	1,105,000,000	1,088,925,594	1,010,000,000	810,000,000
Trust receipt	4,276,336,324	1,686,565,240	3,952,433,348	274,165,240
Loans in renminbi	149,233,450	30,583,800	-	-
Loans in US Dollars	88,726,222	267,133,295	-	-
Total	5,619,295,996	3,073,207,929	4,962,433,348	1,084,165,240

As at 31 December 2009, the Company and its local subsidiaries had short-term Baht loans from local financial institutions, which carry interest at the rates ranging from 1.9 to 5.1 percent per annum (2008: 3.7 to 5.1 percent per annum).

In addition, overseas subsidiaries have short-term loans from overseas financial institutions, which carry interest at the rates ranging from 4.4 to 6.4 percent per annum (2008: 2.4 to 8.6 percent per annum).

16. Long-term loans

Long-term loan currency	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Baht	1,951,061,266	1,987,622,000	1,495,522,266	1,657,200,000
Renminbi	-	6,288,679	-	-
USD	665,784,773	538,241,535	-	-
Ringgit	-	257,897,769	-	-
Total	2,616,846,039	2,790,049,983	1,495,522,266	1,657,200,000
Less: Current portion of long-term loans	(458,817,608)	(467,951,174)	(180,753,480)	(177,120,000)
Long-term loans – net of current portion	2,158,028,431	2,322,098,809	1,314,768,786	1,480,080,000

a) Long-term loans in Baht

Long-term loans of the Company

- 1) In November 2005, the Company received a Baht 400 million credit facility from the Thailand branch of an overseas bank. The loan facility is subject to interest at 5 percent per annum for the first year, 5.25 percent per annum for the second year and at MLR-3.75 percent per annum for the third to the seventh years. Repayment is scheduled to be made in semi-annual installments of Baht 28.56 million each, beginning on August 2006.
- 2) In October 2008, the Company obtained long-term loans totalling Baht 1,400 million from a local bank. The loans are subject to interest at THBFIX+1.0 percent per annum and are repayable on a quarterly basis. As at 31 December 2009, the future repayment schedule can be summarised below.

Year	Million Baht
2010	120
2011	200
2012	240
2013	240
2014	240
2015	240
	1,280

- 3) In April 2009, the Company obtained a long-term loan of Baht 18.2 million from a local bank. The loan is subject to interest at 4 percent per annum. The repayment is scheduled to be made in monthly installments of Baht 0.3 million each, beginning on April 2009.

The loan agreements contain certain restrictive covenants pertaining to, among others things, the maintenance of financial ratios, a prohibition on the Company creating lien over its property plan and equipment and loan to related parties.

In May 2009, the Company entered into an interest rate swap agreement to swap a floating interest rate on a long-term loan from a local bank to a fixed rate interest at 4.365 percent per annum. As at 31 December 2009, the notional amount of Baht 1,280.0 million was outstanding. The notional amount reduces on a quarterly basis in accordance with the long-term loan repayment schedule of the Company in 2) starting from May 2009 and matures in November 2015.

Long-term loans of subsidiaries

- 1) In 2002, Bitumen Marine Co., Ltd. obtained a long-term loan in Baht from a local bank of Baht 359 million. The loan is repayable within 8 years and the interest rate is 5.25 percent per annum for the first three years, and thereafter MLR per annum. The first principal repayment amounting to Baht 3.0 million, to be made monthly, commencing in October 2003.
- 2) During January 2008, Tasco Shipping Co., Ltd. entered into a long-term loan agreement with a local bank to obtain a baht loan of Baht 684.25 million. The loan is repayable within 8 years and subject to interest at the rate of 4.75 percent per annum for the first year, 5 percent per annum for the second and third years, and at bank prime rate less one percent per annum for the fourth to the eighth year.

The loan agreement contains certain restrictive covenants pertaining to, among others things, the maintenance of shareholding by the Company in the subsidiary.

b) Long-term loans in renminbi

The outstanding balance of long-term loans in renminbi comprises long-term loans of a subsidiary in China, which were obtained from its co-venturer.

c) Long-term loans in ringgit and USD

The outstanding long-term loans in ringgit and USD of the subsidiary are loans of a subsidiary in Malaysia from financial institutions in Malaysia. The loans are repayable on a quarterly basis at 2.05 million ringgit and USD 1.68 million each, until June 2012. The interest rates are LIBOR+1.25 percent per annum to LIBOR+1.75 percent per annum.

During September 2009, the subsidiary entered into an agreement with the lenders to change the conditions of the long-term loans in ringgit and USD, of which the significant conditions are summarised below.

- 1) Convert short-term loans of USD 5.38 million to long-term loans
- 2) Reschedule all long-term loans such that they are repayable in quarterly installments of USD 2.08 million each, from September 2010 until June 2013
- 3) Change the interest rate to 1.75 percent plus Lender's Cost of Funds per annum

On 8 October 2009, the lenders agreed to change the currency of the long-term loans in ringgit to USD.

The loan agreements contain certain restrictive covenants pertaining to, among other things, the maintenance of financial ratios.

As at 31 December 2009, the subsidiary had outstanding interest rate swap agreement amounting to USD 16.7 million (2008: USD 18.4 million). The agreement swaps a floating interest rate with reference to LIBOR interest rate to a fixed interest rate at 5.5 percent per annum. Payment is to be made on a monthly basis, and the agreement expires in June 2012.

17. Credit facilities

The credit facilities of the Company and its subsidiaries granted by financial institutions are secured by the follows:

- a) Guarantees by the Company, subsidiaries of the Company and the overseas shareholder of the subsidiary
- b) Pledges/mortgages by the assets of the borrower subsidiaries of which the net book value as at 31 December 2009 and 2008 of the assets are summarised below.

	(Unit: Million Baht)	
	Consolidated financial statements	
	2009	2008
Deposits with financial institutions — current assets (included in "Current investments")	-	49
Deposits with financial institutions — non-current assets (presented as "Deposits with financial institutions with restrictions")	43	239
Trade accounts receivable — net	1	66
Inventories — net	210	154
Other current assets	48	179
Leasehold rights — net	222	218
Property, plant and equipment — net	2,670	2,922

In addition, the Company is prohibited from creating lien over its property, plant and equipment under conditions of the Company's long-term long agreements.

18. Registered share capital

During 2008, 3,937 warrants, issued on 11 October 2005, of the Company were exercised to purchase 3,937 new ordinary shares, representing capital of Baht 89,020. The Company registered the resulting increases in the share capital with the Ministry of Commerce on 3 April 2008 and 8 October 2008 and therefore the Company's issued and paid up share capital is Baht 1,525,476,630 (152,547,663 ordinary shares of Baht 10 each).

The last exercise date of the Company's warrants was 30 September 2008.

On 24 April 2009, an extraordinary shareholders' meeting of the Company approved a reduction in the Company's registered share capital from Baht 1,643,151,380 (163,315,138 ordinary shares of Baht 10 each) to Baht 1,525,476,630 (152,547,663 ordinary shares of Baht 10 each) through the write-off of the remaining 11,767,475 ordinary shares of Baht 10 each reserved for the exercise the warrants to purchase the ordinary shares of the Company. The Company registered the reduction in share capital with the Ministry of Commerce on 15 May 2009.

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

20. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Salary and wages and other employee benefits	421.2	379.5	210.1	236.4
Depreciation and maintenance expenses	364.8	358.3	87.3	90.9
Costs related to production of goods and services (excluding of staff cost and depreciation)	11,578.4	7,632.2	4,959.5	6,913.3

21. Corporate income tax

Corporate income tax was calculated on net income before income tax from non-promoted operations after adding back expenses which are disallowable and deducting income which are exempted for tax computation purposes.

22. Promotional privileges

The Company and its subsidiaries were granted investment promotion privileges by the Board of Investment. Important tax privileges granted to the companies are summarised below.

	Exemption from corporate income tax for 6 years commencing from	Exemption from corporate income tax for 8 years commencing from	50% reduction of corporate income tax rate for 5 years commencing from
Tipco Asphalt Public Company Limited			
Manufacture of asphalt	-	7 July 1997	8 July 2005
	-	13 August 1998	14 August 2006
	-	1 December 2000	2 December 2008
Manufacture of chemical products from petroleum	2 January 1997	-	3 January 2003
	28 January 1997	-	29 January 2003
	13 June 1997	-	14 June 2003
Surat Bitumen Company Limited			
Manufacture of asphalt	-	24 August 1998	25 August 2006
Manufacture of chemical products from petroleum	17 February 1997	-	18 February 2003
Raycol Asphalt Company Limited			
Manufacture of asphalt	-	13 August 1997	14 August 2005
		2 May 2001	3 May 2009
Bitumen Marine Company Limited			
Marine transportation	-	24 June 2003	-

In addition, Kemaman Bitumen Company Sdn Bhd received tax privilege in reduction of corporate income tax in Malaysia from the stipulated investment amount.

23. Tax privileges for maritime commerce

The Company and three subsidiaries, Delta Shipping Company Limited, Alpha Maritime Company Limited and Bitumen Marine Company Limited, are entitled to withholding income tax privileges under Revenue Department Instruction No. Por 110/2545 since they are international marine transportation business operators, whereby income from vessel rental is subject to withholding tax at a rate of 1%. Moreover, the Company and the subsidiaries are exempted from corporate income tax on their income from international marine transportation under Announcement of the Director-General of the Revenue Department No. 72.

24. Earnings per share

Basic earnings per share is calculated by dividing the net income (loss) for the year by the weighted average number of ordinary shares in issue during the year.

25. Segment information

The Company and its subsidiaries' business operations involve three principal segments: (1) manufacture and sale of asphalt products (2) marine transportation (3) investment and others. The business operations are carried on both in Thailand and overseas. However, during the years ended 31 December 2009 and 2008, the Company and its subsidiaries did not have significant business transactions or outstanding balances relating to the marine transportation and investment and other business segments. Therefore financial information by segment has been presented only by geographic area, as follow:

	(Unit: Million Baht)							
	Thailand		Overseas		Elimination of inter-segment revenues		Consolidation	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenue from external customers	12,449	8,166	1,640	1,229	-	-	14,089	9,395
Inter segment revenues	1,342	751	346	64	(1,688)	(815)	-	-
Total revenue	13,791	8,917	1,986	1,293	(1,688)	(815)	14,089	9,395
Segment operating income	1,718	(151)	(24)	19			1,694	(132)
Unallocated income and expenses:								
Other income							105	192
Selling expenses							(109)	(90)
Administrative expenses							(429)	(526)
Management's remuneration							(60)	(53)
Other expenses							(316)	(239)
Share of loss from investments in joint venture and associates							2	(70)
Finance cost							(279)	(229)
Corporate income tax							(119)	(35)
Net loss attributable to minority interest							5	93
Net income (loss) attributable to equity holders of the parent'							494	(1,089)

	(Unit: Million Baht)							
	Thailand		Overseas		Elimination of inter-segment revenues		Consolidation	
	2009	2008	2009	2008	2009	2008	2009	2008
Property plant and equipment	2,119	2,034	2,703	2,631	-	-	4,822	4,665
Other assets							7,692	4,250
Total assets							12,514	8,915

Transfer prices between the segments are as set out in Note 8 to the financial statements.

26. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund on a monthly basis. The fund, which is managed by B.T. Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During 2009, the Company and its subsidiaries contributed Baht 5.0 million (2008: Baht 5.2 million) to the fund (The Company Only: Baht 4.0 million, 2008: Baht 4.2 million).

27. Dividend

On 28 April 2008, the Annual General Meeting of shareholders of the Company resolved that the Company pay a dividend for 2007 of Baht 0.8 per share, a total of Baht 122.0 million.

28. Commitments and contingent liabilities

28.1 Capital commitment

As at 31 December 2009, the Company's subsidiaries had capital commitments totaling approximately USD 9.2 million and 2.8 million ringgit (2008: USD 13.8 million and 32.1 million ringgit) related to undelivered vessel building contracts and the purchase of machinery and equipment.

28.2 Operating lease commitments

The Company and subsidiaries have entered into several agreements in respect of the lease of buildings, warehouses and motor vehicles, and other service agreements.

Future minimum rental and service fees payable under these as at 31 December 2009 were as follow:

	Consolidated financial statements		Separate financial statements	
	Million Baht	Million US dollars	Million Baht	Million US dollars
Payable within:				
1 year	27.2	0.1	27.9	0.1
2 – 5 years	0.6	–	0.6	–

28.3 Long-term service commitments

The Company entered into service agreements with Colas S.A. under which it receives management and marketing services and advice on methods and systems of management and technical assistance in the manufacture of Asphalt Emulsion and Modified Asphalt. Under this agreement, which was for a period of five years unless terminated by either party with at least one year's prior notice, the Company agreed to pay an annual lump sum administrative fee of Euro 115,000 plus a technical assistance fee equivalent to 0.75 percent of the consolidated revenues of the Company generated from the stipulated products. The fees are invoiced semi-annually. In 2008, the Company renewed the agreement. In this regard, the administrative fee was adjusted to Euro 130,000 plus technical fee at the same rate. The fees for 2009 amounted to approximately Baht 20.6 million (2008: Baht 18.4 million).

In addition, on 10 October 2002, a subsidiary of the Company entered into a service agreement with Colas S.A. under which it receives management and marketing services and advice on methods and systems of management and technical assistance in the manufacture of Asphalt Emulsion and Modified Asphalt. Under this agreement, which was for a period of five years unless terminated by either party with at least one year's prior notice, the subsidiary agreed to pay annual fee of at least Baht 8 million. In 2008, the subsidiary renewed the agreement, with the agreed rate being the same as that under the expired agreement. The fee for 2009 amounted to approximately Baht 16.6 million (2008: Baht 16.2 million).

On 1 March 2007, a subsidiary of the Company entered into the Consultancy Agreement with an overseas company for procurement of crude oil. Under the agreement, which is for a period of six years, the subsidiary agrees to pay a monthly retainer and consultant fees at the rates stipulated in the agreement. These rates depend upon the performance of the consultant. The maximum amount payable in the future under the agreement as at 31 December 2009 is USD 2.5 million.

28.4 Guarantees

Other than the guarantees by the Company and its subsidiaries as discussed in Note 17 to the financial statements, the guarantee of the Company and its subsidiaries can be summarized below.

- (1) The Company has entered into the Financial Support Agreement, whereby it agrees to provide financial support to a subsidiary in an amount not exceeding Baht 60 million.
- (2) The Company has obtained various credit facilities from banks. Under the agreements with the banks, the Company allows its subsidiaries to use such facilities, with the Company responsible to the banks for the amounts drawn down by the subsidiaries.
- (3) As at 31 December 2009, there were outstanding bank guarantees of approximately Baht 9 million issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business. (Separate financial statements: Baht 7 million).

29. Financial instruments

29.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, trade accounts payable and loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans, as stated in the balance sheets.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, short-term loans from financial institutions and long-term borrowings. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2009 classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Consolidated financial statements						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	1-5 years	Over 5 years				
	(% p.a.)						
Financial Assets							
Cash and cash equivalents	-	-	-	44.3	63.2	107.5	0.05 to 1.2
Current investments	2.5	-	-	48.6	-	51.1	2.4 to 11.6
Trade accounts receivable — net	-	-	-	-	2,224.2	2,224.2	-
Amounts due from related parties	-	-	-	-	5.1	5.1	-
Other current assets	-	-	-	-	121.4	121.4	-
Deposits with financial institutions with restrictions	-	-	-	64.9	-	64.9	0.4 to 1.9
Financial liabilities							
Short-term loans from financial institutions	-	-	-	5,619.3	-	5,619.3	1.9 to 6.4
Trade accounts payable	-	-	-	-	501.8	501.8	-
Amounts due to related parties	-	-	-	-	3.3	3.3	-
Cash received from former co-venturer	-	-	-	-	49.8	49.8	-
Other current liabilities	-	-	-	-	565.3	565.3	-
Liabilities under hire-purchase agreements	12.4	18.2	-	-	-	30.6	3.4 to 7.0
Long-term loans	170.7	143.9	156.0	2,146.2	-	2,616.9	As discussed in Note 16

	(Unit: Million Baht)					
	Separate financial statements					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	1-5 years				
	(% p.a.)					
Financial Assets						
Cash and cash equivalents	-	-	2.0	17.7	19.7	0.5
Current investments	2.5	-	-	-	2.5	11.6
Trade accounts receivable - net	-	-	-	1,371.7	1,371.7	-
Amounts due from related parties	-	-	-	3,557.1	3,557.1	-
Short-term loans to related parties and accrued interest income	85.7	-	-	-	85.7	5.0
Other current assets	-	-	-	15.1	15.1	-
Financial liabilities						
Short-term loans from financial institutions	-	-	4,962.4	-	4,962.4	1.9 to 5.0
Trade accounts payable	-	-	-	396.6	396.6	-
Amounts due to related parties	-	-	-	1.4	1.4	-
Short-term loan from related parties	2.0	-	-	-	2.0	5.0
Other current liabilities	-	-	-	118.4	118.4	-
Liabilities under hire-purchase agreements	7.5	9.7	-	-	17.2	5.0 to 7.0
Long-term loans	180.7	-	1,314.8	-	1,495.5	As discussed in Note 16

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions and loans that are denominated in foreign currencies. The Company seeks to reduce risk from trading transactions by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities of the Company and its subsidiaries denominated in foreign currencies as at 31 December 2009 are summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements		Average exchange rate as at 31 December 2009
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)
US Dollar	7.6	6.6	8.5	1.3	33.4
Renminbi	0.4	-	0.4	-	4.9

Foreign exchange contracts of the Company and its subsidiaries outstanding at 31 December 2009 are summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements		Contractual exchange rate	
	Contracts to purchase	Contracts to sell	Contracts to purchase	Contracts to sell	Buy	Sell
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	15.4	86.3	1.2	2.9	33.1-34.1	33.1-33.6

The above forwards exchange contracts to buy foreign currency included the contracts for capital commitments of USD 9.2 million.

In addition, the Company and its subsidiaries are exposed to foreign exchange risk on their investments in overseas subsidiaries and associate. These investments are currently not hedged by derivative financial instruments.

Risk from fluctuation in raw materials and finished goods prices

The Company and a subsidiary are exposed to risk from fluctuations in the purchase price of raw materials and selling price of finished goods. To manage these risks, the Company and the subsidiary have entered into price hedging contracts with banks to hedge the risk from fluctuation in such prices.

As at 31 December 2009, the subsidiary has outstanding price hedging contracts which is summarised below.

	(Unit: Baht)	
	Carrying value	Fair value
Contracts presented as assets		
Contracts for purchase price of raw materials	39,051,220	39,051,220
Contracts for selling price of finished goods	3,807,690	3,807,690
Total price hedging contracts presented as assets	42,858,910	42,858,910
Contracts presented as liabilities		
Contracts for purchase price of raw materials	17,548,735	17,548,735
Contracts for selling price of finished goods	65,633,818	65,633,818
Total price hedging contracts presented as liabilities	83,182,553	83,182,553

29.2 Fair value of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets. For derivatives, fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

30. Capital management

The primary objective of the capital management of the Company and its subsidiaries is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2009, the Group's debt-to-equity ratio was 3.39:1 (2008: 2.77:1) and the Company's was 2.02:1 (2008: 1.06:1).

31. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 16 February 2010.

**The confirmation for the complete correctness of the payment to auditor
For the year ended December 31, 2009**

Audit fee

No.	Company	Name of auditor	Audit fee (Baht)
1	Tipco Asphalt Public Company Limited	Ernst & Young Auditing Office Limited Mr. Supachai Punyawattano	1,700,000.-
2	Surat Bitumen Company Limited	Ernst & Young Auditing Office Limited Mr. Supachai Punyawattano	530,000.-
3	Raycol Asphalt Co., Ltd.	Ernst & Young Auditing Office Limited Mr. Supachai Punyawattano	450,000.-
4	Thai Bitumen Company Limited	Ernst & Young Auditing Office Limited Mr. Supachai Punyawattano	370,000.-
5	Bitumen Marine Company Limited	Ernst & Young Auditing Office Limited Mr. Supachai Punyawattano	270,000.-
6	Tipco Maritime Company Limited	Ernst & Young Auditing Office Limited Mr. Supachai Punyawattano	220,000.-
7	Alpha Maritime Company Limited	Ernst & Young Auditing Office Limited Mr. Supachai Punyawattano	200,000.-
8	Delta Shipping Company Limited	Ernst & Young Auditing Office Limited Mr. Supachai Punyawattano	220,000.-
9	Tasco Shipping Company Limited	Ernst & Young Auditing Office Limited Mr. Supachai Punyawattano	170,000.-
10	Tasco International Company Limited	Ernst & Young Auditing Office Limited Mr. Supachai Punyawattano	150,000.-
Total audit fee			4,280,000.-

Non-audit fee

No.	Company	Non-audit service	Name of company service	Non-audit fee	
				Paid for the period	For Payment in the future
11	Bitumen Marine Company Limited	Agreed-upon procedures-Compliance with conditions stipulated in the investment promotion certificate	Ernst & Young Auditing Office Limited Mr. Supachai Punyawattano	70,000.-	-
Total non-audit fee				70,000.-	-

Above information:

☒ Correct and complete. I hereby confirmed that there was no other service performed to the Company and Subsidiaries which generated any fee income to the auditing company which I am a partner of and/or from other related individuals and/or other related parties that I am aware of and is not disclosed in the above information.

☐ Incorrect and incomplete:

.....
in amending the above information (if any), I hereby confirm that all the information in this report herewith shows the compensation for auditing work and other services that the Company and Subsidiaries paid to the undersigned, the auditing firm which I am a partner, to related individuals or to related parties and to the auditing firm, are correct and complete.



(Mr. Supachai Phanyawattano)

Ernst & Young Auditing Office Limited
The auditor of TIPCO ASPHALT PUBLIC COMPANY LIMITED

Corporate Social Responsibility

Corporate Social Responsibility Policy

Our Company policy is to do business with integrity and morality as well as addressing corporate social responsibilities to stakeholders, surrounding communities and the environment. As such, we accept our responsibility to excel in the following areas:

1. Organizational governance
2. Human rights
3. Labor practices
4. The environment
5. Fair operating practices
6. Consumer concerns
7. Community involvement and development





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