



THE ROAD AHEAD

Annual Report 2010

Tipco Asphalt Public Company Limited

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.

Introduction to Tipco Asphalt Public Company Limited:

Incorporated in 1979, Tipco Asphalt Public Company Limited together with its associated and subsidiary companies engaged in the business of manufacturing and distribution of asphalt products for domestic Thailand and export markets mainly in the Asia Pacific.

Tipco Asphalt products are used in the construction and maintenance of roads, highways and airport runways. The Group also sells non-asphalt products, such as Naphtha, Gas Oil and Fuel Oil, from the crude oil refining process, to road contractors and other manufacturing companies.

With its own asphalt dedicated refinery, manufacturing and logistics capabilities and through partnership with Colas S.A. of France, the world's leading road construction company, Tipco Asphalt delivers high quality products and services second to none to its customers. The Company operates the business with great sense of good corporate governance and corporate social responsibility.

2010 Outstanding Growth

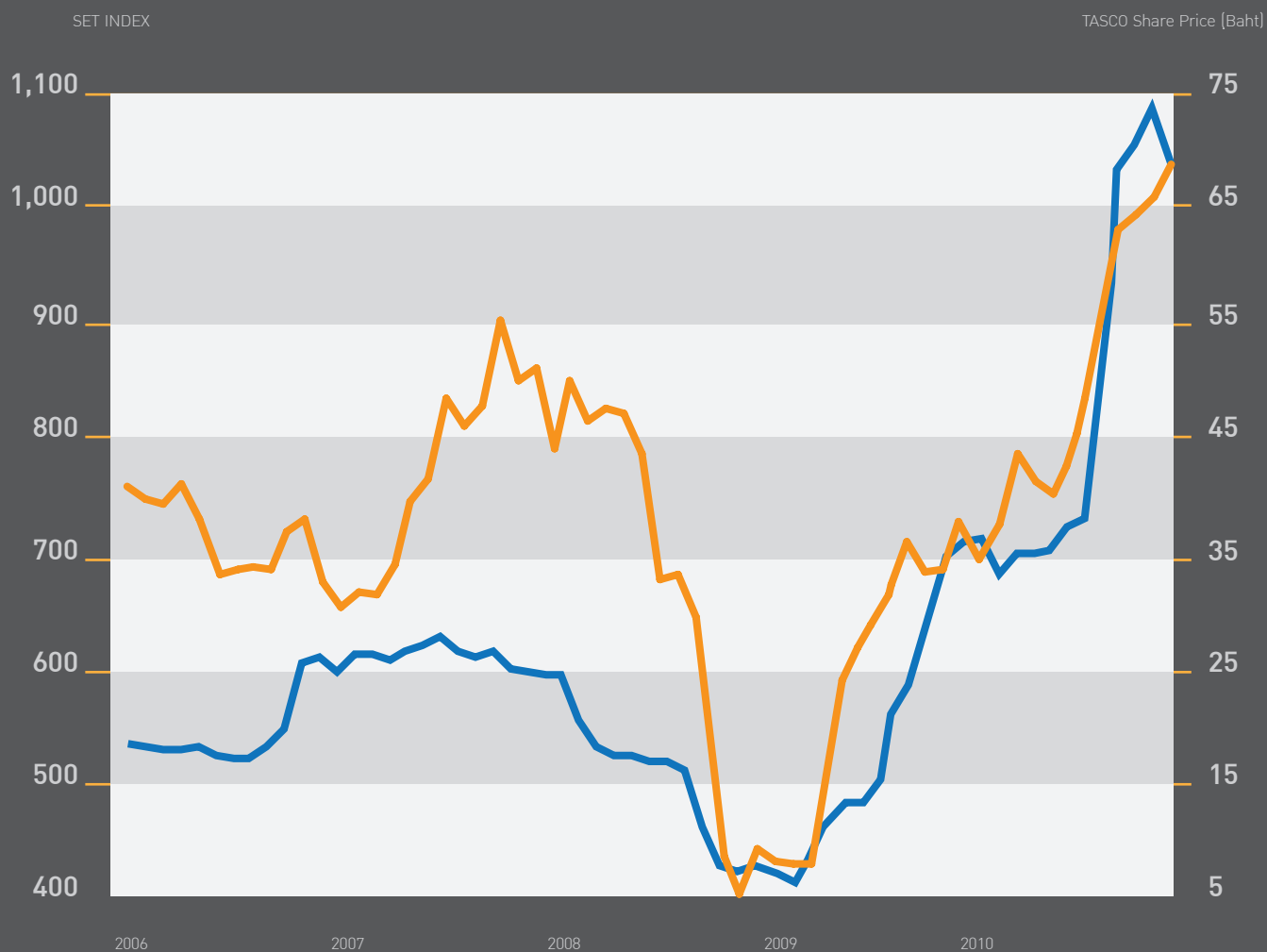
Tipco Asphalt achieved a remarkable year of growth in 2010 with more than 33% increase over 2009 in sales volume. Sales reached historical high levels throughout the year: quarterly, half-yearly, and annually. Total company revenue reached Baht 26,298 million which was most satisfactory and net profit of Baht 1,008 million was attained. The Company is now well along the road to achieving the vision of 2015.



Content:

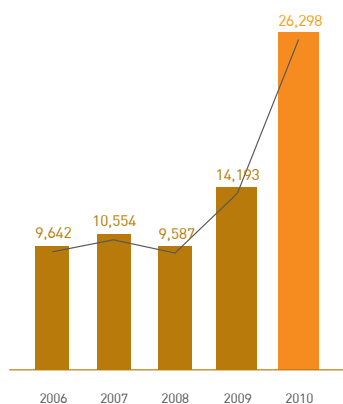
14	Message from the Chairperson
24	Organization Structure
26	Tipco Asphalt Products
29	Business Performance
36	Risk Management and Risk Factors
41	Human Resources
44	Corporate Social Responsibility
50	Corporate Governance Report
80	Management Discussion and Analysis
84	Financial Statements
154	Company Information

5 Year Share Prices (2006-2010) Compared to SET index

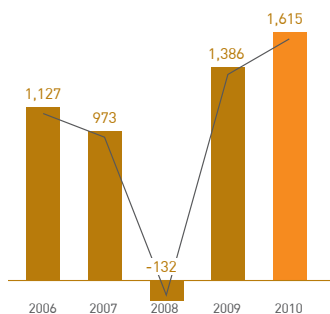


SET Index —
TASC0 —

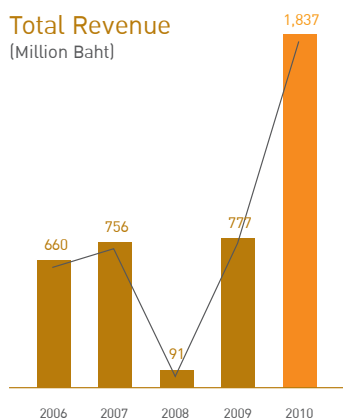
Financial Highlights:



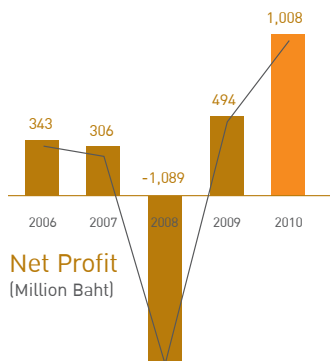
Total Revenue
(Million Baht)



Gross Profit
(Million Baht)



EBITDA
(Million Baht)



Net Profit
(Million Baht)

26,298,267,344

Total Revenue
(Baht)

1,615,338,501

Gross Profit
(Baht)

1,837,120,233

EBITDA
(Baht)

1,007,665,231

Net Profit
(Baht)

Unit: Million Baht

	2006	2007	2008	2009	2010
Financial Highlights					
Total Revenue	9,642	10,554	9,587	14,193	26,298
Gross Profit	1,127	973	-132	1,386	1,615
EBITDA	660	756	91	777	1,837
Net Profit	343	306	-1,089	494	1,008

Financial Overview**Balance Sheet**

Assets	6,754	7,035	8,915	12,514	10,749
Liabilities	3,727	3,892	6,548	9,661	7,121
Shareholders' Equity	3,027	3,143	2,367	2,853	3,628

Financial Ratio

Total number of shares issued (shares)	151,930,634	152,543,726	152,547,663	152,547,663	152,547,663
Book value per share (Baht)	19.93	20.61	15.52	18.70	23.78
Earnings per share (Baht)	2.26	2.01	-7.14	3.24	6.61
Dividends per share (Baht)	0.75	1.15	0.80	-	-
Net profit margin	3.59%	2.90%	-11.59%	3.51%	3.91%
Return on equity	12.15%	9.92%	-39.53%	18.92%	31.09%
Return on assets	5.27%	4.44%	-13.66%	4.61%	8.66%
Consolidated D/E	1.2312	1.2382	2.7666	3.3859	1.9627



Leadership Performance

The Company's continued drive for leadership in quality products and services never ends, and Tipco Asphalt dedicated refinery provides the focal point in search for excellence. The strategic partnership with Colas S.A. of France adds considerably to our experience and introduces us to the latest state-of-the-art technology in road construction and maintenance.



Rewarding Results

We are endeavoring to ensure that our products and services deliver best value for our customers and give best possible returns to our stakeholders. This is achieved by emphasizing on integrity and honesty and by specifying clear roles of behavior and responsibility to our dedicated employees. We compete for business with fairness and consideration of the law but with a sense of vigor and determination.



Enterprising Human Capital

We grow by enlisting highly capable professionals with the expertise and personality to lead the business toward the goals of 2015. We focus on the 5 core values of the Group:

- >> **T**eamwork
- >> **I**ntegrity
- >> **P**rudence
- >> **C**ommitment
- >> **O**pen Mind

These core values are the key assets that we employ to drive the company forward to greater success.



Sustainable Environment and Community Life

We continuously make our business friendly to the environment because we strongly believe that our sustained existence is ensured by such involvement. Wherever we operate, we also participate extensively in community involvement and development for the benefit of the society.



A. Tiamtan

Mrs. Anurat Tiamtan

Chairperson

Message from the Chairperson:

By any measure, 2010 was a remarkable year for Tipco Asphalt in many aspects. The political scene was not stable at the beginning of the year, yet Thailand was able to emerge positively and achieved healthy economic growth. Despite the flooding that tormented many parts of the country in the 3rd quarter, Thailand followed the continued expansion of China and India and saw substantial economic growth driven by internal consumption and exports. Tipco Asphalt did extremely well by recording historical highs in revenue and profits throughout the whole year as announced in our quarterly results. I am pleased to mention that the Company reached 1 million tons of asphalt product sales on 3rd December 2010 and that marked an important milestone towards its 2015 Vision. This achievement could easily make us one of the largest asphalt products distributors in Southeast Asia.

Looking back over last year, the accomplishment could not have been possible should we not focus on what we do. The Company put a lot of effort and resources in assuring that over refinery in Malaysia is operating efficiently. We worked hard to maximize utilization of our vessels and our plants and to drive down our costs in all areas. The Company never stopped believing in its people, who are guided by the company's strategies and core values. Above all, it was all about servicing our customers, adding value to the countries we trade with and being responsible to society and the environment at large.

Notwithstanding the above, Tipco Asphalt continues to face never-ending challenges in crude oil supply volatility and fluctuating oil prices and exchange rates. While various measures are in place to manage all these risks, we can never rest assured that they could not be improved. Our people are being developed to be more competent, yet flexible, and work well as a team to meet the challenges in the very dynamic and ever changing market place.

In closing, on behalf of the Board of Directors, I would like to thank our shareholders, customers and suppliers for their continued support to make 2010 an outstanding year for Tipco Asphalt. We also wish to recognize the management and staff for their continuing dedication in building Tipco Asphalt to be one of the major asphalt companies in Asia Pacific.

Board of Directors:



1. Mrs. Anurat Tiamtan >> Chairperson

2. Mr. Pahol Chindakul >> Independent Director

3. Mr. Thaweesin Devahastin Na Ayudhya >> Independent Director

4. Mr. Parnchalerm Sutatam >> Independent Director

5. Mr. Niphon Suthimai >> Independent Director

6. Mrs. Anne-Marie Machet >> Independent Director



7. Mr. Hervé Le Bouc >> Director

8. Mr. Jacques Pastor >> Executive Director

9. Mr. Thierry Defrene >> Executive Director

10. Mr. Emmanuel Scheer >> Executive Director

11. Mr. Sitilarb Supsakorn >> Executive Director

12. Mr. Somchit Serthin >> Chief Executive Officer

13. Mr. Chaiwat Srivalwat >> Managing Director

1. Mrs. Anurat Tiamtan

Chairperson
Authorized Director
Age 62

Education and Seminars on Director Roles and Responsibilities

B.A. (Honors) Chemistry , Kasetsart University
M.S. Biochemistry, American University, Washington, D.C., USA
Thai Institute of Directors

2001 : Chairman Program 2000

2004 : Director Certification Program (DCP)

Shareholding in Company 1,000,000 shares (0.66%)

Family Relationships with Management Elder sister of Mr. Somchit Sertthin's wife

Related Experience

2003 - Present ➤ Chairperson / Tipco Foods (Thailand) PCL / Producer and exporter of canned fruits

1995 - Present ➤ Director / Thanomwongse Service Co., Ltd. / Road construction and maintenance

1989 - Present ➤ Director / Tipco F&B Ltd. / Producer and distributor of ready-to-drink beverage

2008 - Present ➤ Director / Ekachai Container Terminal Co., Ltd. / Container shipping services

2008 - Present ➤ Director / Siam Container Transport and Terminal Co., Ltd. / Container shipping services

1979 - Present ➤ Chairperson / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

2. Mr. Pahol Chindakul

Independent Director
Chairman of the Audit Committee
Member of the Nomination and
Remuneration Committee
Age 76

Education and Seminars on Director Roles and Responsibilities

Bachelor of Commerce, Thammasat University
M.A. Sociology, Utah State University, USA
Certificate of Economic Development and Social Change, Michigan State University, USA
Thai Institute of Directors

2002 : Effective Audit Committee

2005 : Director Accreditation Program (DAP)

2007 : Role of The Chairman Program

2007 : Audit Committee Program (ACP)

Shareholding in Company 55,700 shares (0.04%)

Family Relationships with Management -

Related Experience

1997 - 2006 ➤ Chairman / International Engineering PCL

1998 - 2006 ➤ Chairman of the Audit Committee / International Engineering PCL

1998 - 2003 ➤ Advisor to the Chairman / State Audit Commission

1998 - Present ➤ Independent Director and Audit Committee member / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

2002 - Present ➤ Member of the Nomination and Remuneration Committee / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

2006 - Present ➤ Chairman of the Audit Committee / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

3. Mr. Thaweesin Devahastin Na Ayudhya

Independent Director
Member of the Audit Committee
Chairman of the Nomination and
Remuneration Committee
Age 63

Education and Seminars on Director Roles and Responsibilities

B.A. Political Science, Thammasat University
M.B.A., Eastern New Mexico University, USA
M.P.A., National Institute of Development Administration (NIDA)
Thai Institute of Directors

2000 : Director Certification Program (DCP)

2006 : Audit Committee Program (ACP)

2007 : Role of the Compensation Committee (RCC)

Shareholding in Company -

Family Relationships with Management -

Related Experience

1990 - 1994 ➤ Managing Director / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

1994 - 2003 ➤ Managing Director / SCB Leasing PCL

1994 - Present ➤ Independent Director / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

1998 - Present ➤ Member of the Audit Committee / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

2002 - Present ➤ Chairman of the Nomination and Remuneration Committee / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

4. Mr. Parnchalerm Sutatam

Independent Director
Member of the Audit Committee
Age 58

Education and Seminars on Director Roles and Responsibilities

B.S. Accounting, Babson College, MA, USA
M.B.A., University of Bridgeport, CT, USA
Thai Institute of Directors
2005 : Director Accreditation Program (DAP)
2006 : Audit Committee Program (ACP)

Shareholding in Company -**Family Relationships with Management -****Related Experience**

1987 - Present >> Director / Boonmitra Building Co., Ltd. / Office building for rent
1989 - 2008 >> Advisor / Thai Seisen Co., Ltd.
2004 - Present >> Independent Director / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products
2006 - Present >> Member of the Audit Committee / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

5. Mr. Nipphon Suthimai

Independent Director
Member of the Audit Committee
Age 53

Education and Seminars on Director Roles and Responsibilities

Licence de Droit (Law), Université de Droit, Lyon, France
Master Degree in Operational Research, London School of Economics, UK
Thai Institute of Directors
2006 : Director Accreditation Program (DAP)
2006 : Audit Committee Program (ACP)

Shareholding in Company -**Family Relationships with Management -****Related Experience**

1990 - 1994 >> Director / Calberson Thailand Co., Ltd.
1994 - 1999 >> Managing Director / Calberson Transport Co., Ltd.
1999 - Present >> Associate Director / Geodis Overseas Co., Ltd.
2005 - Present >> Consultant / Air Cargo Co., Ltd.
2003 - 2006 >> Business Development Manager / Powertech 2004 Co., Ltd.
2007 - Present >> Managing Partner / CLY International Limited
2006 - Present >> Independent Director / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products
2006 - Present >> Member of the Audit Committee / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

6. Mrs. Anne-Marie Machet

Independent Director
Age 56

Education and Seminars on Director Roles and Responsibilities

Bachelor Degree in Math and Science
M.B.A. Finance, ESCP-EAP
Int'l Coaching Academy – Accredited Coach in 2008
Thai Institute of Directors
2010 : Director Accreditation Program (DAP)

Shareholding in Company (%) -**Family Relationships with Management -****Related Experience**

2003 - 2006 >> Training Project Manager / HSBC (France)
2006 - 2007 >> Project Manager – Change Management / HSBC (France)
2007 - 2008 >> President of French International School of Bangkok
2008 - 2009 >> Executive Advisor and Team Motivator / FP Coaching to Lead (Thailand)
2009 - Present >> Vice President of Franco Thai Chamber of Commerce-in charge of HR Committee
2010 - Present >> Independent Director / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

7. Mr. Hervé Le Bouc

Director
Authorized Director
Age 60

Education and Seminars on Director Roles and Responsibilities

Ecole Supérieure des Travaux Publics

Shareholding in Company -

Family Relationships with Management -

Related Experience

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 and Chief Executive Officer / SAUR Group International Group
2007 - Present » Chairman and Chief Executive Officer / Colas Group
2008 - Present » Director / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

8. Mr. Jacques Pastor

Executive Director
Member of the Nomination
and Remuneration Committee
Authorized Director
Age 56

Education and Seminars on Director Roles and Responsibilities

Ecole Nationale Supérieure d'Arts et Métiers

Advanced Management Program (AMP), Harvard Business School, MA, USA

Shareholding in Company -

Family Relationships with Management -

Related Experience

1993 - Present » Asia Area Manager / Colas S.A. / Road construction and maintenance, manufacturer and distributor of asphalt emulsion
2004 - Present » Director / Thai Crushing Plant Co., Ltd. / Quarry and explosive rocks
2004 - Present » Director / Thai Slurry Seal Co., Ltd. / Road construction and maintenance
2000 - Present » Executive Director / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

9. Mr. Thierry Defrene

Executive Director
Director - International
Authorized Director
Age 41

Education and Seminars on Director Roles and Responsibilities

Civil Engineer, ALES Mining School, France

Management Courses, France

Operations Courses on Bitumen Emulsions, France and UK

Thai Institute of Directors

2007 : Director Accreditation Program (DAP)

Shareholding in Company -

Family Relationships with Management -

Related Experience

1996 - 1997 » Project Manager / Colas (Madagascar) / Road construction and maintenance and manufacturer and distributor of asphalt emulsion
1997 - 1998 » General Manager / ETPC – MAYOTTE (France) / Quarry, Ready Mix Concrete, Prefabricated Materials, Bitumen Emulsion
1998 - 1999 » Managing Director / Business Development Manager / Colas East Africa Ltd. (Kenya) / Colas S.A. (Southern & East Africa)
1999 - 2004 » Managing Director / Colas South Africa (PTY) Ltd.
2004 - Present » Director / Thai Crushing Plant Co., Ltd. / Quarry and explosive rocks
2004 - Present » Director / Thai Slurry Seal Co., Ltd. / Road construction and maintenance
2005 - Present » Executive Director / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

10. Mr. Emmanuel Scheer

Executive Director
Director - Budgeting &
International Legal Affairs
Authorized Director
Age 44

Education and Seminars on Director Roles and Responsibilities

Master Degree in Negotiation Ecole Supérieure de Gestion, Paris, France

Shareholding in Company -**Family Relationships with Management -****Related Experience**

1994 - 1996 >> Marketing Executive / Pechiney S.A., New York, USA
1996 - 1998 >> Internal Auditor / Colas S.A., 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 / Manufacturer and distributor of asphalt products

11. Mr. Sitilarb Supsakorn

Executive Director
Authorized Director
Age 60

Education and Seminars on Director Roles and Responsibilities

B.S. Business Administration, Babson College, MA, USA

Shareholding in Company 1,000,000 shares (0.66%)**Family Relationships with Management** Older brother of Mr. Somchit Sertthin's wife**Related Experience**

1996 - Present >> Director / Thanomwongse Service Co., Ltd. / Road construction and maintenance
1998 - Present >> Director / Siam Container Transport and Terminal Co., Ltd. / Container shipping services
2004 - Present >> Director / Ekachai Container Terminal Co., Ltd. / Container shipping services
2001 - Present >> Executive Director / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

12. Mr. Somchit Sertthin

Chief Executive Officer
Member of the Nomination and
Remuneration Committee
Authorized Director
Age 59

Education and Seminars on Director Roles and Responsibilities

B.S. Business Administration, Babson College, MA, USA

Advanced Management Program (AMP), Harvard Business School, MA, USA

Thai Institute of Directors

2003 : Director Accreditation Program (DAP)

Shareholding in Company 3,771,516 shares (2.47%)**Family Relationships with Management -****Related Experience**

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 / Producer and exporter of canned fruits
2000 - Present >> Chief Executive Officer / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

13. Mr. Chaiwat Srivalwat

Managing Director
Authorized Director
Age 51

Education and Seminars on Director Roles and Responsibilities

B.Eng. (Engineering), Liverpool University, England

Thai Institute of Directors

2003 : Director Certification Program (DCP)

Shareholding in Company -**Family Relationships with Management -****Related Experience**

1990 - 1996 >> Senior Operations Manager / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products
1996 - 2002 >> Marketing Director / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products
2002 - Present >> Managing Director / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

Executive Officers:

1. Mr. Chayongsak Pisitpong

Executive Director - Finance
Age 53

Education and Seminars on Director Roles and Responsibilities

B.A. Business Administration, Benedictine College, KA, USA

M.B.A., Northwest Missouri State University, USA

M.A. Economics, University of Kansas, USA

Thai Institute of Directors

2003 : Director Accreditation Program (DAP)

Shareholding in Company -

Family Relationships with Management -

Related Experience

1981 - 1995 ➤ Vice President / Chase Manhattan Bank, Bangkok Branch

1995 - Present ➤ Chief Financial Officer / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

2. Ms. Auchcha Rattrakultip

Director - Finance, Credit and Legal
Age 64

Education and Seminars on Director Roles and Responsibilities

Mini M.B.A. Economics / Business Administration

Mini M.B.A. Commerce and Accounting / Business Administration

Kasetsart University

Shareholding in Company -

Family Relationships with Management -

Related Experience

2001 - 2002 ➤ Senior Manager / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

2002 - Present ➤ Finance, Credit and Legal Director / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

3. Mr. Kasidis Chareancholwanich

Director - Business & Support
Age 50

Education and Seminars on Director Roles and Responsibilities

B.A. Business Administration, Marketing, Assumption University

Bachelor Degree of Law, Ramkhamhaeng University

M.B.A. Finance and Marketing, Georg-August University, Göttingen, Germany

Shareholding in Company -

Family Relationships with Management -

Related Experience

2000 - 2005 ➤ Sales Director / ICI Paints (Thailand) Co., Ltd. / Leading international paint manufacturer and distributor

2006 - Present ➤ Director - Business and Support / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

4. Mr. Praveen Penmanee

Director - Operations
Age 53

Education and Seminars on Director Roles and Responsibilities

Electrical Engineering, King Mongkut Institute of Technology - Ladkrabang Campus
M.B.A., National Institute of Development Administration (NIDA)

Shareholding in Company -

Family Relationships with Management -

Related Experience

2002 - 2009 → Production Division Manager / Guardian Industries Rayong Co., Ltd. / Global manufacturer of float glass and mirror

2010 - Present → Director - Operations / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

5. Mr. Koh Lai Huat

Director - Accounting and
Budgeting
Executive Director
Age 51

Education and Seminars on Director Roles and Responsibilities

M.B.A. International Marketing
Chartered Association of Certified Accountant (UK)

Shareholding in Company -

Family Relationships with Management -

Related Experience

2004 - 2008 → Chief Financial Officer / Seloga Holdings Bhd. / Holding company with subsidiaries principally involved in construction and property development

2009 - Present → Chief Financial Officer / Kemaman Oil Corporation Sdn. Bhd. / Holding company in asphalt refinery in Malaysia

2010 - Present → Director - Accounting and Budgeting / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

6. Mr. Vivek Dwivedi

Director - Shipping & Logistics
Age 49

Education and Seminars on Director Roles and Responsibilities

B.S. Marine (Mechanical) Engineering, DMET, Kolkata, India
M.B.A. Management, Sasin Graduate Institute of Chulalongkorn University

Shareholding in Company 20,000 shares (0.01%)

Family Relationships with Management -

Related Experience

1995 - 2006 → Senior Manager - Technical / Precious Shipping Public Company Limited / Ship owner and Holding Company

2006 - 2009 → General Manager - Shipping Business / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

2010 - Present → Director - Shipping and Logistics / Tipco Asphalt PCL / Manufacturer and distributor of asphalt products

Organization Structure:



Major Shareholders as at 30th December 2010:

Stock: TASCO

No.	Shareholders	No. of ordinary shares	%
1.	BNP PARIBAS SECURITIES (SINGAPORE) PTE LTD-FOR COLAS S.A.	46,825,904	30.696
2.	Tipco Foods (Thailand) PCL	37,113,166	24.329
3.	Thai NVDR Co., Ltd.	5,605,062	3.674
4.	AMERICAN INTERNATIONAL ASSURANCE COMPANY, LIMITED-APEX	5,000,082	3.278
5.	Mr. Somchit Sertthin	3,771,516	2.472
6.	Dr. Pichit Lerttamrath	2,520,000	1.652
7.	Mrs. Riem Supsakorn	1,673,912	1.097
8.	AMERICAN INTERNATIONAL ASSURANCE COMPANY, LIMITED-TIGER	1,500,016	0.983
9.	Mr. Viwat Kowitsophon	1,179,100	0.773
10.	Ms. Roumsin Supsakorn	1,124,000	0.737
11.	Others	46,234,905	30.308
Total		152,547,663	100.000

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.

Tipco Asphalt Products:

Types of products produced by the Group include:

- Asphalt Cement (AC) accounted for more than 80% of asphalt sales in 2010. 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.
- Asphalt Emulsion (AE) is a mixture of Asphalt Cement, water and chemicals.
- 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.
- 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.
- 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.
- 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.
- Atmospheric Gas Oil (AGO), Vacuum Gas Oil (VGO), Kerosene and Naphtha are byproducts from Tipco Asphalt refinery. Thai Bitumen Co., Ltd. sells these products to local and regional customers.

Products for which the Group is a distributor include:

1. AC is purchased from local and international suppliers.
2. Diesel and bunker oil are purchased from oil refineries and brokers.

Types and Sources of Products and Raw Materials

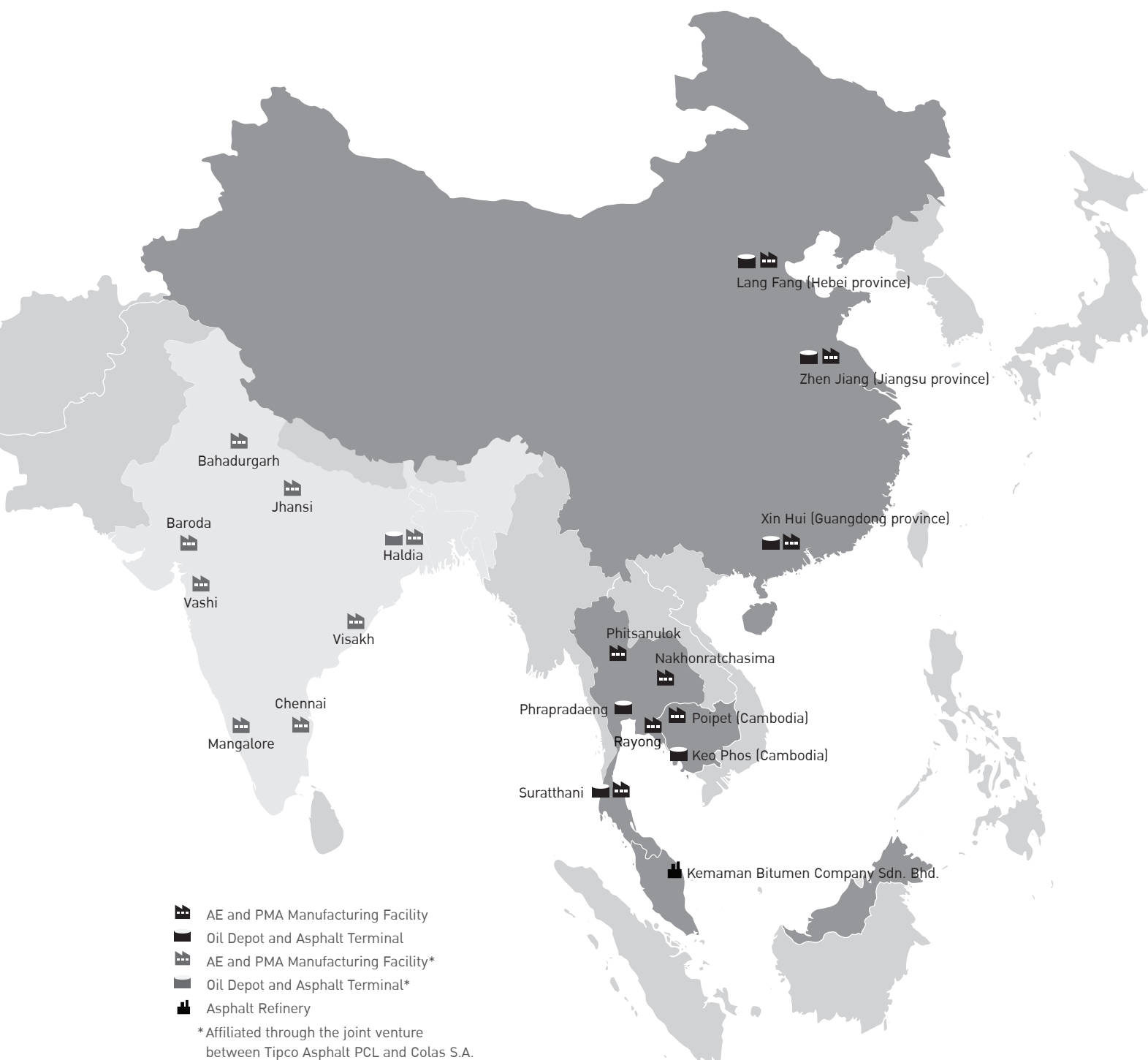
AC is a product from refining of crude oil and processing of base lubricating oil. AC is used as the raw material for manufacturing Asphalt Emulsion, Polymer Modified Asphalt and Cutback Asphalt. Currently, the Company obtains AC from its own asphalt refinery in Malaysia as well as purchases it from 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.

Other Raw Materials

The Company imports approximately 55% of the raw materials it requires for use in the Asphalt Emulsion and Polymer Modified Asphalt manufacturing process. The remaining 45 % of raw materials is sourced through local suppliers. The two types of raw material required are as follows:

- 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.
- 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.

Factories, Oil Depots and Asphalt Terminals:



Business Performance:

Domestic Market



One of the record high sales celebrations in 2010

Domestic asphalt consumption in Thailand mainly depends on public-sector projects. The Thai Government's economic stimulus packages for 2010 – 2012, which call for dust-free roads and other infrastructure development, have been providing the impetus of the asphalt market demand growth in 2010, and will continue for the next two years. In 2010, Thailand consumed about 780,000 tons of asphalt products for road construction and maintenance representing about 600,000 tons of Asphalt Cement, 120,000 tons of Asphalt Emulsion and other products such as Polymer Modified Asphalt, Cutback Asphalt, Premix, Joint Sealer and Joint Primer. Although there are few domestic Asphalt Cement suppliers in Thailand, tighter budget allocations for infrastructure will result in aggressive competition in the domestic market during the low working season of the year.

As the market leader, Tipco Asphalt enjoys strong customer loyalty towards its products, due to the high quality standards, superior customer service, and prompt and punctual deliveries. The Company also has the advantage of having access to the latest technologies from our French strategic partner, the world leader in road construction and maintenance materials. As such, Tipco Asphalt is confident in maintaining its dominant market position in all asphalt product segments.

Tipco Asphalt's innovation and capability in developing applications with new premium grade asphalt products and services has added great value and benefits to our customers and end users. The value of these R&D efforts is demonstrated by the recognition and acceptance of our products by agencies of various authorities in awarding new road construction and maintenance projects in previous years. With no exception, Tipco Asphalt has also successfully introduced new applications in 2010 such as the Road Surface Treatment using Micro-Surfacing technique on the following key projects:

- Bhumipol Bridge (Industrial Ring Road)
- Motorway No. 7 & 9 to Suvarnabhumi Airport
- Si Rat Expressway and Burapa Vithi Expressways
- Colored Micro-Surfacing to identify an emergency lane on the highway no. 304 from Prachinburi to Nakornratchasima.

The Company has manufacturing facilities and asphalt terminals located strategically in the center of every region of the country, such as Nakhonratchasima, Phitsanulok and Suratthani, with close proximity to our customers. With these four domestic manufacturing facilities strategically covering all regions, the Company can promptly deliver asphalt products to domestic customers in Thailand, as well as, to neighboring countries via its own fleet of 300 trucks. This unique logistic capability is core to Tipco Asphalt's dominance of the domestic market. Building on this capability, the Company also owns and operates five oceangoing asphalt vessels which significantly expand our presence in export markets. These vessels also import asphalt into Thailand.

Tipco Asphalt's marketing and sales teams serve more than 550 major contractors and customers across Thailand. With 30 years of solid service track record, our committed sales teams are well trained to provide quality services and give technical advice to customers. Furthermore, our sales team is also backed by dedicated technical support teams who have had long experience and knowledge of new techniques in road maintenance application and are ready to solve problems and give advice to customers at their job sites. The Company also has implemented a Customer Relationship Management (CRM) team to study the complex requirements of each group of customers in order to devise effective sales and service plans.



*Tipco Asphalt adds
value by delivering
high quality products*

International Market

2010 was marked by very strong growth of our international asphalt sales, supported by almost doubling increase in production at the Tipco Asphalt refinery. Excellent market demand also added to sales increase, particularly within the first half of the year. Increased international sales exceeded the previous export performance achieved in 2009, by a significant 63% growth.

The majority of asphalt export sales were supplied from Tipco Asphalt's refinery in Malaysia which is the key impetus for the growth of our export market sales while cargo from various sources mainly from Thailand and South Korea, made up the balance of supply of asphalt.

China remained our leading international market with delivery of the highest ever volume of sales, that is more than double sales in 2009. This accounted for over 30% of our international trade. The demand for asphalt in China experienced another year of strong growth with significant increases in both domestic production and imports. With the support of the production of the Tipco Asphalt refinery, we can now be more aggressive and offer longer-term supply contracts to our customers

Indonesia was our second largest export destination with impressive export sales increasing by close to 90%. The Indonesian asphalt market however, registered a drop in its overall demand, by 20% to 25% prompted by a combination of exceptionally rainy weather conditions and delays in public spending following provincial elections. Nonetheless, the strong growth of Tipco Asphalt's market share was supported by the strong relationship with our local partner, a major local oil company, following a sharp decrease of production at their domestic refinery and by the favorable close proximity of the location of the Tipco Asphalt refinery in Malaysia to service that market.

The Vietnamese market was another key market for Tipco Asphalt with aggressive competition from Chinese, Taiwanese and Korean exporters, however, our sales to Vietnam increased by 25% overall. Through our major shareholder Colas S.A., Tipco Asphalt successfully established the Australian market in 2010. Our sales to this market increased by over 50% with most of the cargo being supplied by Tipco Asphalt largest asphalt tanker, the Tasco Amata, which was almost continuously employed in the second half of the year to service the Australian market.

The balance of our international sales was delivered to India, Bangladesh, Fiji and to neighboring countries with trade to Cambodia strongly supported by the dominant position of our subsidiary in that market. In addition to asphalt products, the Group also recorded a 100% increase in export sales of Naptha, AGO, and VGO oil related products from the Tipco Asphalt refinery.

Crude Supply

In 2010, Tipco Asphalt Group secured close to 5 million barrels of crude, an increase of 20% from 2009. This, added to the large cargo secured in the late part of 2009, allowed the Tipco Asphalt refinery to receive about 6.14 million barrels in 2010, an impressive increment of 90% production from the previous year. Another key milestone is the successful qualification of new crude feedstock for our refinery. We received in 2010, 6 different new crude feedstock supplies,

compared to 4 in 2009, 2 in 2008 and 1 in 2007 which widened our flexibility of crude supply sourcing. We also kept diversifying our procurement channels and bought crude oil from two new producers in South America while also securing several crude cargoes from various traders.

Asphalt Refinery in Malaysia

Tipco Asphalt operates a refinery in Kemaman, Malaysia through its subsidiary, Kemaman Bitumen Company Sdn. Bhd. (Tipco Asphalt refinery). The refinery, located on 26 hectares in the Telok Kalong Industrial Estate, has a nameplate refining capacity of 25,000 barrels of heavy crude oil per day or the equivalent of 9 million barrels or 1.4 million tons of crude oil per year. This translates to production of about one million tons of asphalt cement per year.



*Tipco Asphalt Refinery
in Kemaman, Malaysia*

The Tipco Asphalt refinery, being the focal point of Tipco's investment is the growth engine to propel the Group to achieving its vision of distributing 2 million tons of asphalt by 2015. Without any doubt, the Tipco Asphalt refinery has been the key catalyst for the Group's impressive performance in 2010. Its throughput was 90% higher in 2010 than in 2009 due to the increase in plant reliability and the higher level of crude supply. This is attributable to our continuous investment in both CAPEX and human capital. In 2010, the refinery processed about 6.14 million barrels (approximately 941,000 tons) of crude achieving 68% of its refining capacity. The total production of both asphalt and non-asphalt products from the Tipco Asphalt refinery carries an estimated marketable sales revenue of more than Baht 15 billion in 2010 or 60% of total Group revenue.

The primary focus of Tipco Asphalt refinery in 2011-12 is to increase its existing production capacity of 25,000 to 28,000 barrels/day. There are also several CAPEX initiatives for further expansion and improvement in refinery cost efficiency, storage tanks and quality of products.

Shipping

Shipping activities complement our Group core business and form an important part of the supply chain. Tipco Asphalt shipping subsidiaries own five asphalt tankers of varying tonnage with a total cargo capacity of 16,600 Tons. The vessels are operated by in-house ship management under strict tanker quality management systems. The vessel management follows best industry practices and strives to achieve KPIs as per the TMSA (Tanker Management Self Assessment) guidelines.

All vessels achieve very high utilization due to strong growth in the trading activities of the Group. The vessels trade predominantly in the Asia Pacific – Indian Ocean range. In addition to the Company owned tonnage, trading activities are further supported by chartered tonnage. The chartering activities have considerably increased over the last two years as the Company moves on the path of growth to fulfill our Vision 2015. The current ratio of Asphalt trading volumes on owned tonnage to chartered tonnage is 5:4. The Company has planned an increase in tonnage of owned vessels in the next three years to reduce the dependence on chartered vessels. The increase in tonnage will be achieved by acquiring good quality second-hand tonnage combined with new construction from shipyards in Japan and South Korea.



Tipco Asphalt leads with the latest technology in road constructions and maintenance

Operations

Operations at Tipco Asphalt are continuously under review to improve standards of quality and efficiency. To achieve this goal, a Quality Control Circle (QCC) program has been implemented at the Nakornratchasima plant in the North East and Rayong in the Eastern Seaboard. The purpose of the program was to equip the supervisor level

employees with better understanding of the problem-solving process to assist their capabilities of overcoming problems and finding solutions with 'continuous improvement' perception in their minds. As a result of this continuous learning culture, many Tipco Asphalt plants have already received accolades from various government and industry organizations.

In 2009, the Nakornratchasima plant was the first to acquire the National 'Corporate Social Responsibility' certificate, CSR-DIW certificate. The CSR-DIW award is the project of the Department of Industrial Works which was established to assist manufacturing companies in Thailand to attain sustainable growth. This involves being responsible to stakeholders and also to the communities where the Company or its manufacturing facilities are located. This CSR-DIW accreditation is the preliminary stage before seeking to be certified for ISO 26000 Corporate Social Responsibility.

It is a credit to the Group, that this year, all remaining plants in the central, north and southern regions have received these highly recognized certificates.

In co-ordination with our major shareholder Colas S.A., the Group has also determined to operate our asphalt business according to the established principles of the Carbon Footprint measure, in line with our Corporate Social Responsibility (CSR) to preserve the environment and be a responsible corporation.

To support the rapid asphalt demand increase in 2010, our logistics operation foresaw the shortage of logistic tankers in the market and promptly outsourced a substantial portion of our inter-plants delivery logistics of asphalt cement such as from our asphalt terminal in Prapradaeng and refineries in Rayong and Chonburi to deliver to all our production plants. As a result, Tipco, with its fleet of 300 trucks, has gained tremendous competitive logistic advantage in the market during the peak demand period in the domestic market. This excellent logistic support to our sales team has further enhanced Tipco's reputation as a reliable asphalt supplier and helps increase our asphalt market share from the competitors.

Revenue Structure

During 2010, 75% of total revenue derived from the sale of asphalt products. Domestic and international sales contributed approximately 36% and 64% of total sales, respectively.

Based on the Company's consolidated financial statements for the years 2008, 2009 and 2010, revenues can be summarized by business units as follows:

Unit: Million Baht

	2008		2009		2010	
	Revenue	%	Revenue	%	Revenue	%
1. Asphalt Business						
Tipco Asphalt PCL	6,450	67.28	5,321	37.49	7,692	29.25
Surat Bitumen Co., Ltd.	807	8.42	911	6.42	1,639	6.23
Thai Bitumen Co., Ltd.	234	2.44	5,521	38.90	12,874	48.95
Raycol Asphalt Co., Ltd.	537	5.60	651	4.58	780	2.97
Tipco Asphalt (Cambodia) Co., Ltd.	99	1.03	343	2.42	424	1.61
Kemaman Bitumen Co. Sdn. Bhd.	74	0.77	525	3.70	927	3.53
Total	8,200	85.53	13,272	93.51	24,336	92.54
2. Vessel Business						
Tipco Maritime Co., Ltd.	23	0.24	6	0.04	6	0.02
Delta Shipping Co., Ltd.	-	-	-	-	-	-
Alpha Maritime Co., Ltd.	2	0.03	-	-	1	-
Bitumen Marine Co., Ltd.	114	1.19	38	0.26	28	0.11
Total	139	1.45	44	0.31	35	0.13
3. Holding Companies						
Tasco International Co., Ltd.	695	7.25	8	0.06	-	-
Tasco International (Hong Kong) Ltd.	362	3.78	765	5.39	1,420	5.40
TOTAL	1,057	11.02	773	5.44	1,420	5.40
Total Sales and Services	9,395	98.00	14,089	99.26	25,791	98.07
Other Revenue	192	2.00	105	0.74	507	1.93
Total Revenue	9,587	100.00	14,193	100.00	26,298	100.00

Risk Management and Risk Factors:

Risk Management

Prudent risk management practices are the key to overcoming business challenges which the company faces amidst the confusing atmosphere of both growth and uncertainty in the global economy. Keeping in line with established corporate values and vision for 2015, the Company has proceeded with the task of setting up a proactive Risk Management Committee in managing risk in all areas of business and to instill a risk awareness culture within the organization.



The Risk Management Committee has been set up in compliance with the Principles of Good Corporate Governance

The diverse nature of the activities of the company from oil refining and shipping to the sale of oil products and asphalt in the infrastructure industry, poses a challenge to the Risk management Committee to continue developing comprehensive risk management programs covering specific areas of business operations. The Risk Management Committee has been formed in compliance with the Principles of Good Corporate Governance. The risk management policy is formulated to ensure that all stakeholders follow prudent risk management practices and are fully prepared for all possible scenarios.

The composition, duties and responsibilities of the Risk Management Committee are as follows:

1. Mr. Vivek Dwivedi	Risk Committee Leader
2. Mr. Chayongsak Pisitpong	Member
3. Mr. Thierry Defrene	Member
4. Mr. Emmanuel Scheer	Member
5. Mr. Koh Lai Huat	Member
6. Mr. Abdul Malik Tahir	Member
7. 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, the risk indication process and risk assessment;
3. To assess and approve the risk management plan; and
4. To report to the Board of Directors concerning potential risks, as well as, on their management and also to communicate with the Audit Committee about these issues as appropriate.

In managing risks, the Risk Management Committee has created risk management teams of managers headed by a Risk Officer to carry out day-to-day operations on behalf of the committee. Such teams will adhere to risk management policies, scope or framework and process and render support, advice or guidance on risk management to all Units.

Such teams will 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 will be planned monthly to review corporate risks, receive feedback and work towards continuous improvement.

Risk Factors

Risks Related to Finance

The Company, together with 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 exposure to any group of customers in 2010. 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 tenure loans while the Group maintains ample short-term trade and loan lines to support the high working capital needs for crude oil imports. In June 2010, the Company converted a Baht 1,500 million trade related loan into an 8 year term loan to reflect permanent working capital financing.

Currency risk: The Company and its subsidiaries are exposed to foreign currency risk. This occurs as the result of purchases of raw materials and export sales. The Group has 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 value of the inventory and all contracts have maturities of less than six months.

Risks Related to Sourcing Heavy Crude Oil

Tipco Asphalt refinery is designed to process heavy crude oil typically produced in Venezuela. Heavy crude oil is limited in terms of volume and availability, either of 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 leave the Company's refinery idle and prevent Tipco Asphalt from meeting market demands.

To avoid crude shortages, the Company continues to diversify its crude oil supply sources by identifying and qualifying other heavy crude oil sources that could be successfully processed. In 2010, the Company bought several new alternative feedstocks and was intensively active in qualifying new feedstocks and registering new crude oil suppliers. This diversification ensured continuous crude oil supply to Tipco Asphalt refinery in 2010 in a rather favourable market situation. Efforts will be pursued in 2011 to continue diversifying the Company's crude sources. In 2011, Tipco Asphalt refinery will also engage in various debottlenecking and upgrading programs aiming at ultimately having more flexibility on the sourcing of crude feedstocks.

Risks Related to Oil Price Fluctuation

Petroleum product markets remained volatile in 2010 with prices fluctuating within a narrow range for most of the year before showing more volatility toward the end of the year. In order to address and mitigate price fluctuation risks for both crude oil and finished products at all times, the Company adhered strictly to its existing hedging policies in order to protect the margins for each crude cargo. This minimized the risks inherent in these fluctuations.

Risk Related to Refinery Operations

Overall business risk, particularly technical and operational risk management, remains a high priority in the Tipco Asphalt refinery. During 2010, Tipco Asphalt refinery has conducted a number of technical and non-technical audits to

ensure that all risks were identified and reduction and control steps were taken. This included a technical integrity audit, a hazard and operability study (HAZOP) on plant changes, fire and oil spill drills and recertification of pressured and fired equipment by the Malaysian Department of Safety and Health.

In addition, Tipco Asphalt refinery also took up full insurance protection for its assets and crude stock at all times.

Risks Related to Supply

Fluctuations in raw material prices pose a major risk to the Group. The Group 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 Group's own subsidiary asphalt refinery in Malaysia. Expanding collaborative networks with key partners helps the Group to identify new sources of supply at competitive prices.

Risks Related to Domestic Market

The domestic market relies mainly on government budgets. Therefore, the stability of the government and the availability of the budget always play an important role in the success of the domestic market. In 2010, the Group marked historical high sales as a result of the government stimulus package, "Thai Khem Kaeng" or "Thai Strength" which dramatically increased the demand for asphalt in Thailand in the first half of the year.

Risks Related to International Market

Tipco Asphalt product sales to the international market have grown significantly and achieved a dramatic increase of over 60% during 2010. Efforts to diversify sales channels resulted in a balanced distribution of Company sales between available markets. Markets such as China, Indonesia, and Vietnam were heavily relied upon in 2010. This increased sales level increased the risk of being able to mobilize adequate logistics and systems support. The Company coped with this by strengthening the international marketing team with additional employees. This enabled adequate planning and increased communication with support departments to offset any problems.

Furthermore additional shipping resources were mostly secured by the Company's shipping department on-the-spot chartering market. Given the fluctuating availability of such shipping resources throughout the year, accurate and frequently updated planning was implemented.

Risks Related to Shipping

The 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 it is still affected by changes in the shipping industry. The biggest challenge facing the industry is a shortage of well-trained personnel.

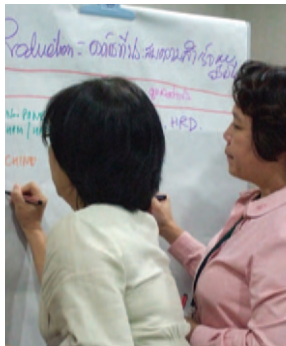


*All ship owning companies
in the Group operate with
mission of zero accidents,
zero injuries and zero oil spills*

With increase in the volume 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. The Group has increased sales activities in the Asia-Australia range and also the Indian Ocean area requires additional quality chartered tonnage which is not easily available. At times this can restrict trade to countries which have strict vessel quality monitoring systems.

Human Resources:

Number of Employees



We are open-minded to change to new opportunities and innovation

As at 31st December 2010, the total number of employees of the Tipco Asphalt Group was 698 (638 in 2009) including 564 permanent employees and 134 temporary staff. Of the total number of permanent employees, 157 work at the head office, 413 work at the factories and 128 are ship crews.

During the past four years, the Group did not experience any litigation resulting from labor disputes which is a reflection of employee satisfaction.

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 466 million in 2010, compared to Baht 421 million in 2009.

Employee Development Programs

To achieve Tipco Asphalt's 2015 vision, employee development in 2010 has been focusing on promoting five (5) core values.

These five TIPCO Asphalt Core Values, encompass the following qualities:

1. Teamwork for synergy
2. Integrity in conducting business with responsibility toward society and the community
3. Prudence in taking actions
4. Commitment to customers and to company goals
5. Open Mind to change to new opportunities and innovation

The TIPCO Asphalt Core Values aim to shape and streamline our diverse beliefs and behaviors, thereby creating a desired "Tipco Asphalt Culture" in our multi-cultural working environments. This Tipco culture lays the foundation in our employee development programs that drive the competency, capability and unity to a new level. As a result, our employees will be developed to take on new challenges, be innovative, enjoy change and take pride in their work performance.

One of the major competencies that evolves from TIPCO Asphalt Core Values is the Leadership Competency¹. The 360-degree assessment of Leadership Competency was conducted early 2010 to provide information for potential employees in middle and upper management to set up their individual development plans (IDP) according to our Corporate Strategies in Leadership Development and Investment in Human Capital.

Our intensive program on development and monitoring of the IDP was proceeded with throughout key positions in Thailand, Malaysia, China and Cambodia, covering both leadership and functional competencies.



*Our corporate strategies
emphasize on Leadership
Development and Investment
in Human Capital*

The Group has undertaken several initiatives towards the development of leadership and functional competencies including coaching by superiors, organizing of in-house workshops such as the 7 Habits for Highly Effective People, Effective Negotiation, and the Quality Circle Control (QCC) project in our five factories across Thailand and partly in Company headquarters.

Simultaneously the Group continues to emphasize TIPCO Asphalt Core Values via our various channels of communication e.g., the annual staff meeting across locations, walk-rally activities in each location in Thailand, and a regular dissemination of news and activities through the Group's intranet as well as by email.

This is part of our human resources long-term strategies which the Group will continue in 2011 and beyond, to support Tipco's Corporate Strategy, and hence, achievement of our 2015 Vision.

¹ LEADERSHIP COMPETENCY : Strategic Thinking & Visioning, Inspirational Leadership, Leading Change & Fostering Innovation, Customer Focus, Nurture Talent, Results Orientation, Problem Solving & Decision Making, Communication & Relationship Building, Effective Negotiation

Plan for 2011

In 2011, the Group's human resources strategy aims to support business expansion by improving organization structure, processes and people. The structural improvement involves career path development while the work process will be continuously upgraded. People development will cover a succession planning of key positions as well as the grooming of high potential employees.

The year 2011's action plans will be implemented under the theme of TIPCO Asphalt Core Values' Teamwork for Synergy. At Tipco Asphalt, Teamwork is interpreted into 4 Behavioral Competencies of Leadership² encouraged to be attained for by all employees.

² Four Behavioral Competencies of Leadership comprise of Inspirational Leadership, Communication and Relationship Building, Effective Negotiation and Strategic Thinking and Visioning

The Tipco Asphalt Company Role in Social Responsibility:

Tipco Asphalt has always been aware of the need of all Thai companies to follow the lead of His Majesty the King in consideration of the contribution of efforts of companies and business organizations for the benefit of all Thais and the future of the Nation. Incorporated in the Vision of our Company is a dedication to our commitment towards Thai society in general and towards the Thai communities in which we are located in particular.



We are also deeply committed to our valued stakeholders and we conduct our business transparently, ethically, and with genuine concern for their own growth and well-being. To achieve this commitment, we focus on 7 key areas: corporate governance, human rights, fair labor practices, environmental protection, fair business practices, consumer concerns, and community involvement and development.



Donation of good conditioned, second-hand computers and cafeteria renovation at Ban Bunwai Primary school, Ubonratchatani Province

In regard to corporate responsibility, in 2008, the Nakhonratchasima Plant participated in the certification for Corporate Social Responsibility, the Department of Industrial Works or CSR-DIW. This award placed Tipco Asphalt among one of the first 28 top Thai companies to receive such certification. Later in September 2009, plants in Phitsanulok, Phrapradaeng, Suratthani (Phunpin) and Rayong were also certified. Recently in January 2011, Suratthani (Thathong) has been accredited. Each year, each site has to undertake a self assessment report to maintain the CSR-DIW certification. The Company has strong intention and established a plan to be certified in an international standard ISO 26000 (Social Responsibility) within the year 2012.

The Environment

Production and Environmental Conscience

The entire world now recognizes the importance of environmental conservation and Tipco Asphalt has relentlessly worked to improve the environment, the quality of lives of employees, subcontractors and communities around the plants by using an international environmental management system, ISO 14001, as a standard. Since the year 2002, the Nakhonratchasima Plant has been certified in the system in the category of “Asphalt Production” and all production sites have been awarded this certification since 2003 as well as implementing policies in quality, health and safety. It has become an intrinsic part of the culture of the Company to strictly follow the laws with our minds and hearts to minimize and control pollution affecting the air, water and soil. A management system to effectively use and reuse natural resources has been implemented. We have endorsed such efforts for the benefit of the Company, the stakeholders and society.

Natural Resource Management

Fossil fuel is the main raw material used in the production of asphalt emulsion and the Company has developed plans to reduce reliance on fossil fuels where possible. Recently, there has been a development to use natural rubber, which is a natural product and replenishable, in the production of modified asphalt emulsion (EMA).

Additionally, the Company has introduced further measures. For instance, all the waste water from the cafeteria and offices is processed through a grease trap to be above the legal standard before being released to the sewers to reduce the impact on the surroundings.

Energy efficiency is another area to which Tipco Asphalt has always paid attention. In 2010, some of the projects to reduce energy consumption effectively during production are as follows:

- Production improvement that uses less asphalt but still maintains the same product quality by utilizing heat exchange equipment which subsequently reduces energy spent to heat up the product before and during transportation.
- The changeover to larger asphalt tankers helps reduce the number of trips necessary for delivery. This leads to less fuel consumption and less wear and tear on truck maintenance parts.
- The employment of LPG to be used with fuel oil in the production of asphalt, coupled together with electricity management to avoid the on peak demand, balance the generation of electricity by the government.
- Saving of heating energy in the production process by changing the physical form of some of the raw materials
- The switch to LPG from diesel oil to heat asphalt products.
- LPG is a cleaner energy and reduces carbon dioxide emission
- Improvement in production and logistics planning to match supply and demand reduces the heating for raw material and products inventory
- Effective preventive maintenance of machines, burners and heat exchange equipment increases the burn rate. This presents another example of revised work culture to prevent and reduce impact on the environment.

- Although the production process of the Company creates minimal water and air pollution, Tipco Asphalt is always committed to continuously avert and measure its effects on the environment as evident in the following examples:
 - The improvement of the waste water treatment process to be able to reuse waste water in the production of asphalt emulsion, and the reuse of the engine oil from the maintenance operations in the production of cutback asphalt or even the taking back of the expired products, spills and leftovers from the host of asphalt tankers to the production line.
 - The regular measurement of the air quality released from chimneys of the plants. Such measurements account for dust, sulfur dioxide and oxide of nitrogen. Findings have proven to be better than those required by the Ministry of Industry. The Company extends the practice further to measure the air quality of neighboring communities around each plant.
 - Phitsanulok and Suratthani (Phunpin) Plants are registered to be factory type 106. This enables them to buy used engine oil from the outside to use as raw material in the production line offering another alternative in recycling the used engine oil and generating income for the communities.

In fact, the shipping business of the Company makes its commitment apparent in preserving the atmosphere in its new construction contract with a Japanese shipyard specifying the type of engine to be of “Tier 2” standard. This standard mandates the reduction of NOX (nitrogen oxide) which is toxic to the air.

Future Plans and Efforts to Reduce Global Warming

Tipco Asphalt is well aware of the release of carbon dioxide (CO₂), one of the greenhouse gases, from the production process as a result of consuming fossil fuel such as natural gas or gasoline. The Company has established a long-term policy to reduce its impact on the environment. One of these policies is to increase the size of the asphalt tankers for product delivery to reduce the spending of fuel in transportation. Additionally, the Company has used more biodiesel to replace diesel fuel and has been successful in research and development findings to reduce heat in the production of asphalt (Warm Mix Asphalt). Finally, its factories always lead the nearby communities to plant more trees to absorb carbon dioxide.

The Company’s effort extends into product usage as well. All along, Tipco Asphalt has been trying to convince its customers to use water-based Asphalt Emulsion instead of oil-based Cutback. Not only does it help save the environment by being able to operate under the ambient temperature, it also has less composition of hydrocarbon, and, by enlarge, the cost to the customers is less.



*Replanting
mangrove forest at
Ban Kun Samut Jean,
Samutprakarn Province (Left)*

*Providing production
assistance of herbal
shampoo for the Vocational
Development Group of
Ban Tauoo, Suratthani
Province (Right)*

Consistent Community Involvement and Development

The philosophy of sustainable growth is the core belief of Tipco Asphalt in conducting strategic CSR in preserving the surroundings and engaging the surrounding community. Relying upon volunteer efforts, each and every employee is encouraged to reach out to the community. In 2010, employees participated in improving society in many aspects such as in education, sports, the environment, and cultural and community economic developments, as demonstrated by the following:

- Corporate visit by the MBA students of Stanford Graduate School of Business to learn of the successful business relationship between Tipco Asphalt and its strategic partner, Colas S.A.
- Company visits by students from various institutions and students' participation in the plants' safety week and further involvement in the fundamental fire extinguishment program from Suranaree University, Wat Thathong and Ban Bangjak High Schools
- Student scholarships and employee volunteers to provide English language training to students
- Support of Wat Thathong High School in several improvement programs, for instance, the installation of a fat-screening system in the water treatment in the cafeteria, segregation of waste to make bio-fertilizer, as well as, automatic light switching and energy conservation methods.
- Donation of a total of 24 second-hand computers in good condition to schools in many areas. To Ban Bunwai Primary School, Ubonratchatani Province, the Company donated 7 second-hand computers, built-in dish-washing and hand-washing sinks, as well as, tables and chairs to be used in the school's cafeteria.

- Donation of flood relief funds via the Office of the Prime Minister in the amount of Baht 500,000.
- Assisting communities to replant the mangrove forest along coastal areas such as Ban Kun Samut Jean in Samutprakarn Province and Ban Pum Reang in Suratthani Province.
- Release of 35,000 local fish varieties aided by locals and government officers at Ampor Panasnikom, Rayong Province.
- Organization of a Songkran Festival, and water pouring ceremony to pay respect to the elderly, also a boat racing ceremony, an October Festival and a Loy Kratong Festival.
- In conjunction with employees, customers and suppliers, the Company led the Katina Ceremony to help build the dharma teaching hall at Wat Pah Nanachat in Ubonratchatani Province. The amount of Baht 6,000,999 was reached.
- Using the Company's technical expertise to help increase the production of herbal shampoo for the Vocational Development Group of Ban Tauoo, Suratthani Province and to increase the production of brown rice by improving the efficiency of winnower at Ban Pong Mo Kao, Phitsanulok Province.



*Katina Ceremony at
Wat Pah Nanachat,
Ubonratchatani
Province (Left)*



*Phitsanulok Plant brought
rice and dry food to
Umgpang Primary School,
Tak Province (Right)*

To make an effort to continue to sustain the volunteer spirit as an integral part of the Company's culture, Tipco Asphalt has established a policy to instill the awareness, knowledge and capability of CSR to its employees and has set aside volunteering hours for its employees to reach out to surrounding communities.

Tipco Asphalt gives priority to strictly following the laws and workplace systems of the nation. In 2010, the Phitsanulok Plant has been selected as one of the outstanding workplaces in Thailand in health, safety and environment. This award has been won for 10 consecutive years.

Furthermore, the shipping business of the Company has been practiced according to international treaties, laws and national requirements. Actually, it is our corporate culture to be concerned and to care about the environment molded from the compliance of International Safety Management (ISM) and Tanker Management Self Assessment (TMSA). Both international standards are really the tools to measure development and improvement in marine safety, for protection of injuries and even loss of lives and damage to the environment.

Management System	ISO Standard	Thailand Standard	Remark
Quality	ISO 9001: 2008	TIS 9001 – 2552	Nakhonratchasima Plant Only
Environmental	ISO 14001: 2004	TIS 14001 – 2548	
Health and Safety		TIS 18001 – 2542	
Labor		TLS 8001 – 2546	
Energy		PROMOTION OF ENERGY CONSERVATION ACT, B.E. 2535 (1992)	
Laboratory	ISO/IEC 17025 : 2005	TIS 17025 – 2548	
Corporate Social Responsibility	CSR-DIW 2553		

Corporate Governance Report:

The Board recognizes the critical importance of corporate governance in supporting the Company's sustainable growth, creating shareholder value, and securing trust from all stakeholders, including shareholders, customers, employees, and the general public. The Board is determined to adhere to good corporate governance practices, for which the Company has been awarded a "very good" corporate governance rating by the Thai Institute of Directors. Such rating was based on OECD International Principles of Corporate Governance and was awarded for 3 years consecutively (2008, 2009 and 2010).



Tipco Awarded "Very Good" Rating by the Thai Institute of Directors for 3 consecutive years



Annual General Meeting of Shareholders No.1/2010

Corporate Governance Policy

The Board has formulated the Company's corporate governance policy with guidelines covering governance structure, including roles and duties of the Board of Directors and Board committees, stakeholder rights, shareholder meetings, codes of business conduct, conflict-of-interest management, internal controls, and disclosure policy:

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 shareholders, 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 has established a Code of Conduct for the Company that Directors, management and staff adhere to.

The Company's corporate governance practices in 2010, in accordance with the guidelines of the Stock Exchange of Thailand, were as follows:

Rights of Shareholders

Tipco Asphalt ensures that shareholders, both as investors and as owners of the Company, are entitled to all basic rights at acceptable and trusted standards, which include the right to freely trade or transfer their own shares, the right to receive dividends from the Company, the right to attend the shareholders' meeting, the right to propose the agenda of the meeting, the right to nominate a person to be a director, the right to express opinions independently, the right to make decisions on important affairs of the Company e.g. the election of directors, approval of significant transactions influencing the direction of the Company, amendment of Articles of Association and regulations of the Company, etc. Shareholders have the right to vote at meetings according to the number of shares owned by each shareholder, whereby one share is for one vote and no particular share allows them privilege to limit the rights of other shareholders.

Apart from the above mentioned rights of the shareholders, Tipco Asphalt has carried out additional tasks to encourage and facilitate shareholders in the exercising of their rights.

- Providing essential, clear and up-to-date information for shareholders regarding the Company's business. Even though some information is not required to be disclosed by law, if Tipco Asphalt considers that it is of significance to the shareholders, the Company will notify shareholders of the information through Tipco Asphalt's website and SET.
- All shareholders will receive significant and sufficient detailed information concerning the date and the agenda prior to the date of the shareholders' meeting. Such information will be posted on Tipco Asphalt's website around two months before the related documents are submitted to shareholders at least than 14 days prior to the meeting. The shareholders' right to attend the meetings and the right to vote on resolutions will be clearly stated in the notice of the meeting submitted by the Company.
- In a case where shareholders are unable to attend a meeting, they are entitled to appoint a representative e.g. an independent director or a person to act as their proxy, using any proxy form attached to the notice of the meeting. The Company has prepared the proxy forms in compliance with the specifications defined by the Ministry of Commerce in which the shareholders can exercise their voting rights as wished. These forms can also be downloaded from Tipco Asphalt's website. In addition, Tipco Asphalt provides shareholders with the duty stamp to be sealed on the proxy form for their convenience. Shareholders who arrive after the meeting has commenced are able to vote on the agenda item being considered provided that a resolution is not yet made. They will constitute part of the quorum starting from the agenda item that they are in attendance and may exercise their voting rights unless the meeting states otherwise.

- Prior to the meeting, shareholders of the Company have the right to suggest issues to be included in the agenda of the ordinary general meeting of shareholders for the year 2011. Shareholders have been allowed to exercise such right from 25th November 2010 to 31st January 2011 for the consideration of the Board of Directors. Should the proposed issue be included on the meeting agenda, the Company will specify in the notice of the meeting that such agenda was proposed by a shareholder. However, in case the proposed issue is rejected, the Company will inform shareholders of the reasons at the ordinary general meeting of shareholders. Moreover, any shareholder is entitled to nominate any qualified candidates for the election as a Board member in advance. The Nomination and Remuneration Committee will consider the proposed nominees together with other nominated persons according to the Company's criteria for the nomination of directors. The committee then presents the nominees to the Board for consideration before proposing them to the shareholders' meeting for approval.
- On the date of the meeting, the Company uses the barcode system for registration to ensure convenience of shareholders as each reference number is already included in the registration form and proxy form. In addition, for each agenda, the Company will collect the ballot paper from the shareholders who vote "disapprove" or "abstain" in order to deduct the votes from the total entitled voting rights. The Company also applies the barcode system to perform the calculation in order to ensure immediate voting results promptly for announcement right after the end of each agenda. Shareholders are entitled to verify each voting result after the meeting.
- One-third of the directors must retire from office on a rotation basis in each ordinary general meeting of shareholders and the election of directors to replace the retired directors takes place during the meeting. However, if the numbers of candidates exceed the number of directors required, each candidate is then elected individually. During the meeting, shareholders are entitled to freely propose the name of an individual for directorship of the Company.
- At the meetings, shareholders are allowed to freely express their opinions, give suggestions, and raise questions on any agenda item before casting votes to ensure that shareholders have sufficient detailed information on the matter. Should shareholders have questions or inquiries, specialists in specific fields are available to answer queries under the responsibility of the Board.
- An agenda on the Board's remuneration is included to inform the shareholders of the amount and type of remuneration received by each director including meeting allowance and the Board's bonus. The detailed information can be found on page 71.

Equitable Treatment of Shareholders

The Company is aware and will provide equitable treatment to every individual shareholder, major or minor, as well as institutional or foreign investors. To that effect, Tipco Asphalt strives to find means to ensure equality especially for minor shareholders. These means are:

- **Internal Information Control**

The Board of Directors has established measures to control the usage and prevent the misuse of internal information (insider trading) for the personal benefit of the concerned person, namely the Board of Directors, Tipco Asphalt top executives and employees working in related departments (including their spouses and children who are minors). All concerned persons are recommended to refrain from trading the Company shares for a one-month period prior to the release of the Company's quarterly and annual financial statements (blackout period). In addition, the Board of Directors will monitor all required actions in accordance with the related standards. Any changes in shareholding of directors must be reported in the Board of Directors' meetings. In this regard, it will be included in the agenda of the Board of Directors meeting on a quarterly basis.

- **Conflict of Interest Prevention**

The Board has established policies and measures as follows:

1. Tipco Asphalt has a clear and transparent shareholder structure. There is no cross-holding of major shareholders, thereby, preventing any conflict of interests or transfer of benefits to one party or another. The shareholder structure of Tipco Asphalt and its subsidiaries is published in the Company's annual report, also the Board member's ordinary shares.
2. There is a clear separation of duties and responsibilities of the Board, the management, and shareholders, thereby, ensuring no overlapping of their duties and responsibilities. The directors or executives who may have interests in any agenda under consideration must not attend the meeting nor vote on such an agenda. This is to ensure that the Board and executives make decisions in a fair manner for the utmost benefit of shareholders.

3. The Company has an established policy governing the use of internal information and has incorporated it into employee regulations with penalties for the executives or employees in the event the internal information is disclosed to the public or used for personal benefit.
4. Tipco Asphalt Code of Conduct includes the additional guidelines that prohibit employees from using the Company's assets or spending working hours to search, contact or conduct share-trading activities on a regular basis for personal gain or for others without justifiable reasons and not for Tipco Asphalt's interests.

The Role of Stakeholders in Corporate Governance

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.

Tipco Asphalt also believes that shareholders, as owners of the Company, have the right to make suggestions and comments on the affairs of the Company. It is a responsibility of the Independent Directors to receive such an 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 asset and is determined to ensure that every employee is proud of and confident in the organization. During 2010, 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, and price. A new Customer Support Office opened in 2010 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 2010.
- **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, completely 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. 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.



*One of the quarterly
meetings with
financial analysts*

Responsibilities of the Board

• 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. Parnchalerm Sutatam	Independent Director
5. Mr. Nipphon Suthimai	Independent Director
6. Mrs. Anne-Marie Machet	Independent Director
7. Mr. Hervé Le Bouc	Director
8. Mr. Jacques Pastor	Executive Director
9. Mr. Thierry Defrene	Executive Director
10. Mr. Emmanuel Scheer	Executive Director
11. Mr. Sitilarb Supsakorn	Executive Director
12. Mr. Somchit Serththin	Chief Executive Officer
13. Mr. Chaiwat Srivalwat	Managing Director

• 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 Pastor, Mr. Thierry Defrene, Mr. Hervé Le Bouc and Mr. Emmanuel Scheer. The Directors in Group B are Mrs. Anurat Tiamtan, Mr. Somchit Sertthin, Mr. Sittilarb Supsakorn and Mr. Chaiwat Srivalwat.



*At one of the Board
of Directors meetings
of the Company*

• 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 communication skills.
5. Demonstrate systematic business thinking and decision making.
6. Understand financial matters, commerce or industry, and show business management experience.
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

1. The term of office for Directors of the Board of Directors
 - 1.1 Retirement age is 75.
 - 1.2 A member will 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, and 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 interest.
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 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.

• Requirement for Appointment to 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 qualifications 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 an 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 will 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.

• Balance of Non-Executive Directors

The Board of Directors has 13 members, consisting of:

Executive Directors	6
Non-executive Directors	2
Independent Directors	5

• 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 2010, 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 of Board of Directors Meetings, Audit Committee Meetings and Nomination and Remuneration Committee Meetings for 2010 by the Directors is summarized as follows:

Names	Title	Number of Meetings Attended/Meetings Held		
		Board of Directors	Audit Committee	Nomination and Remuneration Committee
Mrs. Anurat Tiamtan	Chairperson	7/7	-	-
Mr. Pahol Chindakul	Independent Director, Chairman of the Audit Committee	7/7	11/11	2/2
Mr. Thaweesin Devahastin Na Ayudha	Independent Director, Chairman of the Nomination and Remuneration Committee	7/7	11/11	2/2
Mr. Parnchalerm Sutatam	Independent Director	7/7	11/11	-
Mr. Nipphon Suthimai	Independent Director	7/7	11/11	-
Mrs. Anne-Marie Machet ¹	Independent Director	5/5	-	-
Mr. Hervé Le Bouc ²	Director	1/7	-	-
Mr. Jacques Pastor ³	Executive Director	7/7	-	2/2
Mr. Thierry Defrene	Executive Director	4/7	-	-
Mr. Emmanuel Scheer	Executive Director	6/7	-	-
Mr. Sitilarb Supsakorn	Executive Director	7/7	-	-
Mr. Somchit Sertthin	Chief Executive Officer	7/7	-	2/2
Mr. Chaiwat Srivalwat	Managing Director	7/7	-	-

Remarks:

¹ Mrs. Anne-Marie Machet was appointed as the Company's Director in place of the resigned Mr. Jacques Marechal for the remaining term of office and as an independent director at the Board of Directors' Meeting No. 2/2010 held on 24th February 2010.

² Mr. Hervé Le Bouc is a Director who works and resides in France. The Company invites such person to be a Director of the Company to assist in promoting confidence with its trading partners overseas.

³ Mr. Jacques Pastor joined one of the meetings via video conference.

The Board of Directors has recorded the minutes of each meeting in writing and arranged for the safe keeping of such certified minutes at 25th Floor, Tipco Tower, 118/1 Rama 6 Rd., Samsen Nai, Phayathai, Bangkok 10400.

• Positions in Subsidiaries and Associated Companies

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

Name		Subsidiaries												Asso- ciated	Others					
	Tipco Asphalt Public Company Limited	Surat Bitumen Co., Ltd.	Tipco Maritime Co., Ltd.	Delta Shipping Co., Ltd.	Alpha Maritime Co., Ltd.	Thai Bitumen Co., Ltd.	Bitumen Marine 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.	Thai Slurry Seal Co., Ltd.
Mrs. Anurat Tiamtan	x														x	x			x	
Mr. Pahol Chindakul	/																			
Mr. Thaweesin Devahastin Na Ayudhya	/																			
Mr. Parnchalerm Sutatam	/																			
Mr. Nipphon Suthimai	/																			
Mr. Hervé Le Bouc	/																			
Mrs. Anne-Marie Machet	/																			
Mr. Jacques Pastor	//	/	/	/	/	/	/	x	/	/	/			/						/
Mr. Sitilarb Supsakorn	//	/	/	/	/	/										/				
Mr. Somchit Serththin	//	/	/	/	/	/	/		/	/				/	/		/	/		
Mr. Chaiwat Srivalwat	//	x	x	x	x	x	x	/	x		/	/	/							
Mr. Thierry Defrene	//	/	/	/	/	/	/	/	/		/	/	/							/
Mr. Emmanuel Scheer	//					/		/	/	/										
Mr. Chayongsak Pisitpong		/	/	/	/	/	/		/	/	/									
Ms. Auchcha Rattrakultip			/	/	/		/	/	/											/
Mr. Koh Lai Huat												/	/							

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

- **Independent Directors**

The Board of Directors has five Independent Directors as follows:

-
1. Mr. Pahol Chindakul
 2. Mr. Thaweesin Devahastin Na Ayudhya
 3. Mr. Parnchalerm Sutatam
 4. Mr. Nipphon Suthimai
 5. Mrs. Anne-Marie Machet
-

Notes: Mrs. Anne-Marie Machet was appointed as the fifth Independent Director in February 2010.

- **Guidelines for Selection of Independent Directors**

1. All Independent Directors have been appointed according to the Guidelines of SEC. Candidates must possess the requisite qualifications as stated by the Company. A 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 or herself.
2. A 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:
 - 2.1 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 with persons with possible conflict of interest (including connected persons as per Measure 258 of the Securities Act);
 - 2.2 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;

2.3 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;

2.4 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;

2.5 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 the SEC.

The Company has 5 Independent Directors. An Independent Director is a Director holding not more than 5 percent of paid - up capital of the Company; does not take part in the management of the Company; is not an employee, staff member or advisor who receives a regular salary from the Company or controlling persons or conflict persons; who have no business related to the Company such as customer, supplier, creditor, debtor; who has no direct or indirect benefit or interest in finance and management of the Company; who is not appointed as a representative to safeguard the interests of a Company director, majority shareholders or shareholders who are related to the Company's majority shareholders.

- **The Company Secretary**

The Board of Directors appointed Mr. Lloyd Vatanakovarun, Group Manager – Corporate Affairs and Planning, in August 2010 as Company Secretary to take responsibility as set forth by law. The Company Secretary reports functionally to the Chairperson of the Board of Directors and operationally to the Managing Director.

• Board Committees

The Board has appointed Board committees to study and review specific matters. At present, Tipco Asphalt has four committees appointed by the Board of Directors: the Executive Committee; the Audit Committee; the Nomination and Remuneration Committee and the Risk Management Committee.

1. 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 Serththin	Member
3. Mr. Jacques Pastor	Member
4. Mr. Thierry Defrene	Member
5. Mr. Chayongsak Pisitpong	Member
6. Mr. Chaiwat Srivalwat	Member
7. Mr. Koh Lai Huat	Member
8. Mr. Emmanuel Scheer	Secretary

Note: Mr. Koh Lai Huat was appointed by the Board of Directors to be the eighth member of the Executive Committee in August 2010.

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 the following:

1. Proposing agenda 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
3. Managing, making decisions and directing the business and affairs of the Company.

2. 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. Parnchalerm Sutatam	Member
4. Mr. Nipphon Suthimai	Member
Ms. Aree Kaewpringproed	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 will 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's management.
5. Consider the Company's interrelated business transactions or any potential conflict of interest in compliance with the relevant rules and regulations 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's Annual Report, which will 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's internal control system
 - 6.3 Compliance with 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 by the Company's Board of Directors.
7. Perform any tasks assigned by the Company's Board of Directors, with concurrence of the Audit Committee.

o **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 an Audit Committee member is three years.

3. The Audit Committee must be independent in carrying out the work and will be directly 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.

3. The Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of four 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 Serththin	Member
4. Mr. Jacques Pastor	Member

◦ 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 Directors and then make proposals to the Board of Directors for approval.

4. The Risk Management Committee

The detailed information can be found in Risk Management and Risk Factors section on page 36.

• 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" rating on the Board Self Assessment evaluation in 2010 (3.64 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.

• Succession Plan

The Nomination and Remuneration Committee has been assigned by the Board to be responsible for a succession plan, especially to ensure that the Company has an appropriate succession plan in place for the positions of the Chairman of the Executive Committee, CEO, MD and other senior executives, and to make recommendations to the Board for approval. Nomination for appropriate leaders has been recognized as a priority by the Board in order to strengthen the Company's management and ensure continued progress.

• Executive Officers

The Company's executive officers are as follows:

1. Mr. Somchit Serththin	Chief Executive Officer
2. Mr. Jacques Pastor	Executive Director
3. Mr. Chaiwat Srivalwat	Managing Director
4. Mr. Chayongsak Pisitpong	Executive Director - Finance
5. Mr. Sitilarb Supsakorn	Executive Director
6. Mr. Thierry Defrene	Director - International
7. Mr. Emmanuel Scheer	Director - Budgeting & International Legal Affairs
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
12. Mr. Vivek Dwivedi	Director - Shipping and Logistics

- **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 (Balanced Score Card) performance and the overall socio-economic 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**

1. Total cash remuneration in 2010 for the Board of Directors, Audit Committee and the Nomination and Remuneration Committee was Baht 6,890,667.

Name	Position	2009 (Baht)		2010 (Baht)	
		Fixed	Variable	Fixed	Variable
1. Mrs. Anurat Tiamtan	Chairperson	200,000	0	400,000	400,000
2. Mr. Pahol Chindakul	Independent Director, Chairman of the Audit Committee and Nomination and Remuneration Committee Member	230,000	0	590,000	200,000
3. Mr. Thaweesin Devahastin Na Ayudhya	Independent Director, Audit Committee Member and Chairman of the Nomination and Remuneration Committee	200,000	0	518,000	200,000
4. Mr. Parnchalerm Sutatam	Independent Director and Audit Committee Member	190,000	0	488,000	200,000
5. Mr. Niphon Suthimai	Independent Director and Audit Committee Member	190,000	0	488,000	200,000
6. Mrs. Anne-Marie Machet	Independent Director	0	0	200,000	166,667
7. Mr. Hervé Le Bouc	Director	0	0	200,000	200,000
8. Mr. Jacques Pastor	Executive Director and Nomination and Remuneration Committee Member	0	0	220,000	200,000
9. Mr. Thierry Defrene	Executive Director and Director - International	0	0	200,000	200,000
10. Mr. Sitilarb Supsakorn	Executive Director	0	0	200,000	200,000
11. Mr. Emmanuel Scheer	Executive Director and Director - Budgeting & International Legal Affairs	0	0	200,000	200,000
12. Mr. Somchit Sertthin	Chief Executive Officer and Nomination and Remuneration Committee Member	0	0	220,000	200,000
13. Mr. Chaiwat Srivalwat	Managing Director	0	0	200,000	200,000
Total		1,010,000	0	4,124,000	2,766,667

Note: A total of Bath 20,000 payable in 2009 was deferred to 2010 for 2 members of Nomination and Remuneration Committee, Mr. Pahol Chindakul and Mr. Thaweesin Devahastin Na Ayudhya.

2. There was no non - financial remuneration for Directors in 2010.

3. Other remuneration – None

4. Total remuneration in 2009 and 2010 for Executive Directors and 18 members of senior management, which included salary, bonus and retirement fund was Baht 51.8 Million and Baht 65.7 Million respectively.

- **Litigation against the Board of Directors**

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

Internal Controls 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 a 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 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 Transactions:

Name of Related Party	Nature of Business	Relationship [% holding end of 2010]	Transaction	Condition	Amount 2009 (Million Baht)	Amount 2010 (Million Baht)
Thanomwongse Service Co., Ltd.	Road construction and maintenance contractor; general contractor	Common directors	Office lease	Contract price	26	27
			Buyer of asphalt and oil products	Market price	162	142
			Rental and service income	Contract price	2	0
Ekachai Container Terminal Co.,Ltd.	Inland Container Depot (LCD)	Common directors	Customs clearance services	Market price	1	0
			Service - transportation and custom clearance	Contract price	2	12
Tipco Foods (Thailand) PCL	Processed fruit exporter	24.33% shareholding in Tipco Asphalt PCL	Buyer of oil products	Market price	25	15
Thai Slurry Seal Co., Ltd.	Road construction and maintenance contractor	Common directors	Buyer of asphalt products and oil products	Market price	129	66
Colas S.A.	Road construction and maintenance contractor headquartered in France	30.70% shareholding in Tipco Asphalt PCL	Technical assistance expense	Contract price	37	42
			Freight charge	Contract price	128	10
			Buyer of asphalt products	Market price	1,135	1,852
			Service and insurance	Contract price	3	5

Name of Related Party	Nature of Business	Relationship (% holding end of 2010)	Transaction	Condition	Amount 2009 (Million Baht)	Amount 2010 (Million Baht)
Thai Crushing Plant Co., Ltd.	Distributor of road aggregates	Common directors	Buyer of oil products	Market price	18	17
Tipco F&B Co., Ltd.	Distributor of ready to drink fruit juices and beverages	Common directors	Fruit juices	Contract price	1	2
			Buyer of oil products	Market price	18	8
Tipco Biotec Co., Ltd.	Herbal extraction substance and agriculture business	Common directors	Buyer of oil products	Market price	-	2

Report of the Audit Committee:

The Board of Directors of Tipco Asphalt Public Company Limited has appointed the Audit Committee comprising of 4 members with Mr. Pahol Chindakul as the Chairman; and Mr. Thaweesin Devahastin Na Ayudhya, Mr. Parnchalerm Sutatam and Mr. Niphon Suthimai as members, whose qualifications comply to the requirement and good practices of the Audit Committee laid out by the Stock Exchange of Thailand. Secretary of the Audit Committee is Ms. Aree Kaewpringroed.

The Audit Committee has conducted in accordance to the scope, role and responsibility assigned by the Board of Directors. During 2010, 11 Audit Committee meetings have been held, comprising of 7 monthly meetings with the Senior Manager of Internal Audit; 3 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 and Mr. Parnchalerm Sutatam who were unable to attend 1 monthly meeting each. 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 2010 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 2010 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 while other findings have been corrected. 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. Appropriateness of external auditor** – The Audit Committee has considered, nominated and reviewed the external auditor's fee of 2011 for proposing to the Board of directors to be approved in the Annual General Meeting

of 2011. In consideration for the Company's external auditor for 2011 based on performances and independence, the Audit Committee has proposed to appoint Ernst & Young as the Company's external auditor for another year. The Audit Committee has also reviewed the proposed audit-fee for 2011 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.



(Pahol Chindakul)

Chairman of the Audit Committee

Report of the Board of Directors' 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.

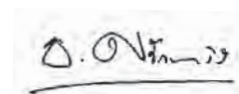
The Board of Directors had appointed the Audit Committee, comprised of independent directors whose qualifications are in accordance to requirements of the Stock Exchange of Thailand, to review the accuracy and sufficiency of the Company's financial reports and the disclosures of related transactions 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 2010 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

Management Discussion and Analysis:

OPERATIONAL ANALYSIS

The Company and its subsidiaries, “the Group” reported a 2010 consolidated net profit of Baht 1,008 million compared to a net profit of Baht 494 million in 2009; representing an increase of 104%. The primary driver of profit was attributable to a significant jump in revenue of both asphalt and non asphalt products derived from a consistent operation of the Tipco’s asphalt refinery in Malaysia with heavy crude oil processed in 2010 doubling the volume of 2009.

Consolidated sales for the year 2010 stood at Baht 25,791 million, an increase of 83 % from the previous year, marking another milestone in terms of sales since the inception of the Tipco Asphalt Public Co. Ltd, “the Company”. Incremental supply from Tipco Asphalt refinery was exported to 18 countries mainly in the Asia Pacific region whose demand was strong from various stimulus packages to cushion their economy, notably in China and Indonesia. Through our corporate shareholder, namely Colas S.A., we have successfully penetrated the Australian market, which is becoming one of our top 5 export countries. Domestic sales also witnessed a significant growth with improved market shares and attributable to Thailand’s Thai Strength Project, the Government’s stimulus package.

The Group’s consolidated gross profit margin in 2010 was 6.22% compared to 7.69% in 2009, while not taking into account the reversal of allowance for diminution in value of inventory. The reduction of gross profit margin was due to the product-mixed sale revenue and also the effect of FX conversion rate as mentioned below. Overall improvement in the consolidated margin was attributable to the doubling heavy crude oil volume processed by Tipco Asphalt refinery and higher sales volume both in domestic and international markets.

Weather through oil price volatility during 2010 was quite a challenge with the help of various hedging products offered by top notched foreign and local commercial banks. The WTI was trading at USD 81.50 in the beginning of Jan 10, touched below USD 68.00 briefly during the year but ended high at USD 91.38 for the year 2010. The hedging gain/loss reflects the volatility of crude stocks marked to market valuation in hand and the overall result of active commodity hedging was a small gain of Baht 2 million.

In addition, the Group also protects its working capital from FX volatility exposure where the Group’s majority sales revenue is denominated in USD. All crude shipments are protected or hedged against its future USD cashflow receivables. As a consequence, the Group recorded substantial FX gain of Baht 431 million attributable to the volatility

of Baht/USD rate during the year. Baht/USD rate was trading at Baht 33.2 in the beginning of January 2010, touched the lowest at Baht 29.50 in November, and recovered back to Baht 30.06 at the year ended December 2010. This FX gain should be viewed as compensating the lower gross profit margin as a result of lower equivalent Baht revenue (reporting currency) after conversion from USD billings.

In 2010, selling, administrative and management/Director remuneration expenses stood at Baht 123.7 million, Baht 478.7 million and Baht 77.0 million, representing 0.48%, 1.86% and 0.30% of sales, respectively. Comparatively, these expenses in 2009 stood at Baht 108.7 million, Baht 428.6 million and 59.8 million or 0.96%, 5.59% and 0.57% of sales. These expenses were controlled and reduced from the previous year attributable to the productivity drives and cost control programs put in place by the Group throughout 2010.

The Net Profit After Tax and Minority Interest for the year 2010 was Baht 1,008 million compared to Baht 494 million in 2009, representing Baht 6.61 and Baht 3.24 earnings per share respectively, attributable to the equity shareholders of the Company.

FINANCIAL ANALYSIS

Financial status of the Group at the end of 2010 can be summarized as follows:

The management of the Company fully recognizes the high investment CAPEX and working capital in the Group's new refinery business. Effective working capital management has been one of the key challenges in 2010. With the doubling volume of heavy crude intake in 2010, efforts were made to shorten "asset to cash conversion" cycle to reduce trade debt associated with each crude cargo purchased. As a result, cash flow in 2010 was strong and the Company continues to manage cash and trade collection closely in order to minimize external borrowings and interest expenses. The Group continues to receive full support from commercial banks in both stock and other working capital financing. In order to mitigate the liquidity risk, in June 2010 the Company also refinanced its short term trade debt with an 8 year long term loan in the amount of Baht 1,500 million.

With proactive effort in cashflow management and consistent profitable operations, the Group's consolidated debt to equity ratio (D/E ratio) markedly improved from 3.38 to 1.96.

Report of Independent Auditor:

To the Shareholders of Tipco Asphalt Public Company Limited

I have audited the accompanying consolidated balance sheet of Tipco Asphalt Public Company Limited and its subsidiaries as at 31 December 2010, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of Tipco Asphalt Public Company Limited for the same period. 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 audit. I did not audit the financial statements of certain overseas subsidiaries and an associate which were included in the consolidated financial statements and whose total assets as at 31 December 2010 amounted to Baht 906 million, and total revenues and net income for the year then ended amounted to Baht 1,431 million and Baht 70 million, respectively. Those 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 audit 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 audit 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 audit 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 2010, and the results of their operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

The consolidated financial statements of Tipco Asphalt Public Company Limited and its subsidiaries and the separate financial statements of Tipco Asphalt Public Company Limited as at 31 December 2009 and for the year then ended, as presented herein for comparative purposes, were audited by another auditor in the same office who, under his report dated 16 February 2010, expressed an unqualified opinion on those financial statements. His report, insofar as it related to the amounts recorded for certain overseas subsidiaries and an associate, which were audited by other auditors, was based solely on the reports of those auditors. These subsidiaries and associate had total assets as at 31 December 2009 amounting to Baht 796 million, and total revenues and net income for the year then ended amounting to Baht 756 million and Baht 19 million, respectively.



Siraporn Ouaanunkun

Certified Public Accountant (Thailand) No. 3844

Ernst & Young Office Limited
Bangkok: 14 February 2011

Tipco Asphalt Public Company Limited and its subsidiaries**Balance sheets****As at 31 December 2010 and 2009**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Assets					
Current assets					
Cash and cash equivalents	6	299,920,234	107,477,606	20,319,068	19,745,719
Current investments	7	52,106,331	51,063,240	1,341,120	2,467,240
Trade accounts receivable					
Related parties	9	189,762,471	181,201,353	115,045,231	219,899,973
Unrelated parties		1,856,358,158	2,132,927,422	991,558,716	1,217,028,327
Less: Allowance for doubtful accounts		(97,891,333)	(89,904,210)	(69,971,466)	(65,201,612)
Trade accounts receivable - net	8	1,948,229,296	2,224,224,565	1,036,632,481	1,371,726,688
Amounts due from related parties	9	8,098,358	5,053,699	1,010,272,540	3,557,078,168
Short-term loans to related parties and accrued interest income	9	-	-	5,161,084	85,732,491
Inventories - net	10	3,531,813,724	4,610,504,058	308,695,600	129,752,922
Other current assets					
Price hedging contracts	29	-	42,858,910	-	-
Forward exchange contracts	29	33,191,002	332,006	1,652,256	112,259
Advance for purchase of goods and services		62,639,889	46,334,741	11,952,408	3,672,300
Others		67,501,240	75,089,070	13,808,649	11,391,632
Total current assets		6,003,500,074	7,162,937,895	2,409,835,206	5,181,679,419

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 2010 and 2009**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Non-current assets					
Deposits with financial institutions with restrictions	18	72,572,960	64,911,243	-	-
Investments in subsidiaries	11	-	-	4,576,753,996	4,576,753,996
Investment in associate	12	26,728,900	23,813,484	18,403,580	18,403,580
Other long-term investments - net	13	-	1,341,120	-	1,341,120
Property, plant and equipment - net	14	4,235,614,150	4,821,502,460	691,822,323	719,626,663
Intangible assets					
Computer software - net		10,489,063	16,405,365	1,908,243	2,914,195
Other non-current assets					
Goodwill	11	146,293,504	146,293,504	-	-
Leasehold rights - net	15	212,589,564	226,818,453	4,558,043	4,785,945
Deferred charges - net		28,255,793	39,291,807	8,997,205	1,882,064
Others		12,567,048	10,510,436	8,860,584	9,688,988
Total non-current assets		4,745,110,982	5,350,887,872	5,311,303,974	5,335,396,551
Total assets		10,748,611,056	12,513,825,767	7,721,139,180	10,517,075,970

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 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from					
financial institutions	16	2,338,748,570	5,619,295,996	574,542,431	4,962,433,348
Trade accounts payable					
Related parties	9	902,029	27,074,703	168,142,273	163,324,419
Unrelated parties		487,179,910	474,775,672	168,158,182	233,290,133
Amounts due to related parties	9	7,674,512	3,281,076	5,036,897	1,367,164
Short-term loans from related parties and					
accrued interest payable	9	-	-	94,466,576	2,032,627
Current portion of liabilities under					
hire-purchase agreements		10,645,976	12,434,417	5,384,365	7,480,036
Current portion of long-term loans	17	440,672,549	458,817,608	203,633,480	180,753,480
Cash received from former co-venturer	11	50,765,211	49,823,016	-	-
Other current liabilities					
Corporate income tax payable		36,846,145	42,306,083	18,535,705	27,868,622
Accrued expenses		156,275,049	167,798,608	60,835,453	62,024,402
Accounts payable from					
price hedging contracts	29	1,348,787	99,622,554	-	-
Price hedging contracts	29	143,635,479	83,182,553	-	-
Forward exchange contracts	29	7,112,334	9,721,003	171,888	249,816

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 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Advance from customers		169,417,929	159,021,248	12,279,820	24,860,772
Accounts payable from purchase of equipment		26,373,500	73,578,175	-	-
Other payable		55,774,706	131,280,591	16,123,507	8,226,677
Others		50,193,937	33,597,457	19,469,627	23,254,749
Total current liabilities		3,983,566,623	7,445,610,760	1,346,780,204	5,697,166,245
Non-current liabilities					
Liabilities under hire-purchase agreements - net of current portion		14,593,707	18,162,409	5,392,791	9,684,581
Long-term loans - net of current portion	17	3,095,327,506	2,158,028,431	2,468,175,306	1,314,768,786
Interest rate swap contracts	17	27,112,769	38,828,263	14,510,105	12,144,385
Total non-current liabilities		3,137,033,982	2,215,019,103	2,488,078,202	1,336,597,752
Total liabilities		7,120,600,605	9,660,629,863	3,834,858,406	7,033,763,997

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 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Shareholders' equity					
Share capital	19				
Registered, 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):					
Minority interest in subsidiary					
acquired by the Company at					
price lower than book value	2	6,237,755	6,237,755	-	-
Fair value of interest rate swap contract	17	(14,510,105)	(12,144,385)	(14,510,105)	(12,144,385)
Translation adjustments		(229,599,244)	(45,964,005)	-	-
Retained earnings					
Appropriated - statutory reserve	20	94,203,000	73,803,000	94,203,000	73,803,000
Unappropriated (Deficit)		778,249,405	(209,015,826)	1,395,020,112	1,010,085,591
Equity attributable to the					
Company's shareholders		3,046,148,578	2,224,484,306	3,886,280,774	3,483,311,973
Minority interest - equity					
attributable to minority					
shareholders of subsidiaries		581,861,873	628,711,598	-	-
Total shareholders' equity		3,628,010,451	2,853,195,904	3,886,280,774	3,483,311,973
Total liabilities and shareholders' equity		10,748,611,056	12,513,825,767	7,721,139,180	10,517,075,970

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 2010 and 2009**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Revenues					
Sales and service income		25,790,959,610	14,088,595,277	8,332,872,129	5,930,895,302
Other income					
Interest income		3,996,921	5,961,015	1,837,522	33,259,322
Dividend income from subsidiaries	11	-	-	92,127,493	-
Dividend income from associate	12	-	-	1,471,560	3,574,723
Gain on exchange rate		431,000,474	-	45,254,589	2,063,870
Others		72,310,339	89,992,233	81,075,668	85,078,957
Total revenues		26,298,267,344	14,184,548,525	8,554,638,961	6,054,872,174
Expenses					
Cost of sales and services		24,185,256,425	13,004,850,650	7,604,607,899	5,044,132,020
(Gain) loss from price hedging contracts	29	(1,918,585)	308,255,338	-	-
Reversal of allowance for diminution in value of inventories		(7,716,731)	(610,110,504)	(273,546)	(3,763,050)
		24,175,621,109	12,702,995,484	7,604,334,353	5,040,368,970
Selling expenses		123,746,934	108,726,326	51,797,930	55,293,968
Administrative expenses		478,716,559	428,646,671	247,736,033	239,799,813
Management's remunerations	9	77,048,530	59,823,463	65,727,742	51,797,810
Other expenses					
Bad debts / doubtful debts (reversal)		8,754,940	(13,481,562)	4,769,854	(3,300,008)
Loss from claim under bank guarantee	14	5,313,374	-	-	-
Loss on exchange rate		-	21,710,693	-	-

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 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Reversal of allowance for impairment loss of land and equipment not used in operation	14	-	[8,717,039]	-	-
Total expenses		24,869,201,446	13,299,704,036	7,974,365,912	5,383,960,553
Share of income from investment in associate	12	5,069,659	1,878,541	-	-
Income before finance cost and corporate income tax		1,434,135,557	886,723,030	580,273,049	670,911,621
Finance cost		[280,935,403]	[279,244,236]	[118,423,540]	[111,267,510]
Income before corporate income tax		1,153,200,154	607,478,794	461,849,509	559,644,111
Corporate income tax	22	[118,735,498]	[119,343,127]	[56,514,988]	[87,450,391]
Net income for the year		1,034,464,656	488,135,667	405,334,521	472,193,720
Net income attributable to:					
Equity holders of the parent		1,007,665,231	493,819,677	405,334,521	472,193,720
Minority interest of the subsidiaries		26,799,425	[5,684,010]		
		1,034,464,656	488,135,667		
Basic earnings per share	25				
Net income attributable to equity holders of the parent		6.61	3.24	2.66	3.10

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 2010 and 2009

(Unit: Baht)

Consolidated financial statements													
Note	Issued and paid-up share capital	Premium on share capital	Minority interest in subsidiary acquired by the Company at price lower than book value	Surplus on change in fair value of interest rate swap contract	Translation adjustments	Retained earnings		Minority interest - equity attributable to minority shareholders of subsidiaries	Total				
						Appropriated - statutory reserve	Unappropriated						
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	2,366,950,434				
Income and expenses recognised directly in shareholders' equity:													
Translation adjustments	-	-	-	-	21,615,447	-	-	(12,262,386)	9,353,061				
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)	21,615,447	-	-	12,262,386)	(2,791,324)				
Net income for the year	-	-	-	-	-	-	493,819,677	(5,684,010)	488,135,667				
Total income and expenses for the year	-	-	-	-	-	-	493,819,677	(5,684,010)	488,135,667				
Unappropriated retained earnings transferred to statutory reserve	20	-	-	-	-	23,660,000	(23,660,000)	-	-				
Dividend paid to minority shareholders of subsidiary		-	-	-	-	-	-	(5,663,907)	(5,663,907)				
Minority interest increase from additional investments in subsidiaries by the Company and subsidiaries		-	-	-	-	-	-	6,565,034	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	2,853,195,904				

the accompanying notes are an integral part of the financial statements

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 2010 and 2009

(Unit: Baht)

Consolidated financial statements									
Note	Issued and paid-up share capital	Premium on share capital	Minority interest in subsidiary acquired by the Company at price lower than book value	Surplus on change in fair value of interest rate swap contract	Translation adjustments	Retained earnings		Minority interest - equity attributable to minority shareholders of subsidiaries	Total
						Appropriated - statutory reserve	Unappropriated		
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	2,853,195,904
Income and expenses recognised directly in shareholders' equity:									
Translation adjustments	-	-	-	-	(183,635,239)	-	-	(36,727,935)	(220,363,174)
Change in fair value of interest rate swap contract	-	-	-	(2,365,720)	-	-	-	-	(2,365,720)
Total income and expenses recognised in shareholders' equity	-	-	-	(2,365,720)	(183,635,239)	-	-	(36,727,935)	(222,728,894)
Net income for the year	-	-	-	-	-	-	1,007,665,231	26,799,425	1,034,464,656
Total income and expenses for the year	-	-	-	-	-	-	1,007,665,231	26,799,425	1,034,464,656
Unappropriated retained earnings transferred to statutory reserve						20,400,000	(20,400,000)	-	-
20	-	-	-	-	-	-	-	-	-
Dividend paid to minority shareholders of subsidiary						-	-	(36,921,215)	(36,921,215)
Balance as at									
31 December 2010	1,525,476,630	886,091,137	6,237,755	(14,510,105)	(229,599,244)	94,203,000	778,249,405	581,861,873	3,628,010,451

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 2010 and 2009

	Risk Management and Risk Factors	Human Resources	Corporate Social Responsibility	Corporate Governance Report	Management Discussion and Analysis	Financial Statements	Company Information
	Separate financial statements						(Unit: Baht)
	Note	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 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:							
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	20	-	-	-	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
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
Income and expenses recognised directly in shareholders' equity:							
Change in fair value of interest rate swap contract		-	-	(2,365,720)	-	-	(2,365,720)
Total income and expenses recognised in shareholders' equity		-	-	(2,365,720)	-	-	(2,365,720)
Net income for the year		-	-	-	-	405,334,521	405,334,521
Total income and expenses for the year		-	-	-	-	405,334,521	405,334,521
Unappropriated retained earnings transferred to statutory reserve	20	-	-	-	20,400,000	(20,400,000)	-
Balance as at 31 December 2010		1,525,476,630	886,091,137	(14,510,105)	94,203,000	1,395,020,112	3,886,280,774

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

(Unit: Baht)

Tipco Asphalt Public Company Limited and its subsidiaries**Cash flow statements****For the years ended 31 December 2010 and 2009**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash flows from operating activities:				
Net income before tax	1,153,200,154	607,478,794	461,849,509	559,644,111
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	379,389,133	366,668,725	88,529,040	88,743,760
Write-off withholding tax	142,676	103,180	-	-
Bad debts / doubtful debts (reversal)	8,754,940	(13,481,562)	4,769,854	(3,300,009)
Reversal of allowance for diminution in value of inventories	(7,716,731)	(610,110,504)	(273,546)	(3,763,050)
Reversal of allowance for impairment loss of land not used in operation	-	(8,717,039)	-	-
Dividend income from subsidiaries and associate	-	-	(93,599,053)	(3,574,723)
Unrealised (gain) loss on exchange rate	425,560	(1,078,663)	(1,595,935)	(1,703,376)
Accrued interest receivable from related parties	-	-	-	2,411,909
Gain on sales of equipment	(8,366,101)	(15,212,677)	(6,249,423)	(12,347,370)
Loss from claim under bank guarantee	5,313,374	-	-	-
Share of income from investment in associate	(5,069,659)	(1,903,162)	-	-
Unrealised gain on forward exchange contracts	(35,467,665)	-	(1,617,925)	-
Accounts payable from price hedging contracts	1,348,787	99,622,554	-	-
Unrealised loss on price hedging contracts	103,311,836	118,694,462	-	-
Interest expenses	241,853,929	234,611,835	108,718,639	94,081,722

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 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Income from operating activities before changes in operating assets and liabilities	1,837,120,233	776,675,943	560,531,160	720,192,974
(Increase) decrease in operating assets				
Trade accounts receivable	269,978,440	(948,822,831)	332,404,972	(683,789,773)
Amounts due from related parties	(1,720,384)	4,257,816	1,069,782	14,235,115
Inventories	1,086,407,065	(2,396,995,910)	(178,669,132)	84,747,105
Other current assets	(44,304,418)	88,600,690	(27,864,609)	(2,831,303)
Other non-current assets	(12,710,123)	(40,667,056)	(9,935,909)	16,837,579
Increase (decrease) in operating liabilities				
Trade accounts payable	(9,310,119)	170,050,641	(56,599,003)	9,295,989
Other current liabilities	(165,780,294)	329,505,422	(2,773,883)	74,990,538
Cash flows from (used in) operating activities	2,959,680,400	(2,017,395,285)	618,163,378	233,678,224
Cash paid for interest expenses	(255,072,130)	(257,864,272)	(108,668,294)	(97,548,030)
Cash paid for corporate income tax	(125,322,689)	(91,237,538)	(75,153,528)	(59,816,070)
Net cash from (used in) operating activities	2,579,285,581	(2,366,497,095)	434,341,556	76,314,124

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 2010 and 2009**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash flows from investing activities:				
(Increase) decrease in restricted bank deposits	(8,305,208)	240,162,337	-	-
Cash receipt from redemption of investment in debenture	2,467,240	2,204,940	2,467,240	2,204,940
(Increase) decrease in amounts due from related parties	-	-	2,545,205,808	(3,549,535,424)
Cash paid for investment in subsidiary	-	-	-	(162,759,881)
Cash received from liquidation of subsidiary	-	-	-	67,902,181
Dividend income from subsidiaries and associate	-	3,574,723	93,599,053	3,574,723
Decrease in short-term loans to related parties and accrued interest income	-	-	80,571,408	-
Increase in long-term loans to related parties and accrued interest income	-	-	-	(165,703,679)
Acquisition of equipment	(514,421,880)	(499,727,404)	(39,574,217)	(5,008,513)
Acquisition of computer software	(12,453,809)	(558,100)	(421,190)	(558,100)
Proceeds from sales of equipment	12,376,220	21,492,316	10,255,704	17,501,784
Cash received from claim under bank guarantee	492,453,117	-	-	-
Net cash from (used in) investing activities	(27,884,320)	(232,851,188)	2,692,103,806	(3,792,381,969)

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 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash flows from financing activities:				
Increase (decrease) in short-term loans from financial institutions	(3,270,339,075)	2,736,979,477	(4,387,890,917)	3,878,268,108
Increase in short-term loan from related party and accrued interest payable	-	-	92,433,949	2,032,627
Cash paid for hire-purchase payables	(12,696,525)	(25,322,435)	(6,701,565)	(14,746,469)
Cash drawdown from long-term loans	1,868,982,850	179,284,376	1,500,000,000	18,167,376
Repayment of long-term loans	(888,602,013)	(529,562,668)	(323,713,480)	(179,845,110)
Dividend paid to minority shareholders of subsidiary	(36,921,215)	(5,663,907)	-	-
Net cash from (used in) financing activities	(2,339,575,978)	2,355,714,843	(3,125,872,013)	3,703,876,532
Translation adjustments	(19,382,655)	7,309,737	-	-
Net increase (decrease) in cash and cash equivalents	192,442,628	(236,323,703)	573,349	(12,191,313)
Cash and cash equivalents at beginning of year	107,477,606	343,801,309	19,745,719	31,937,032
Cash and cash equivalents at end of year	299,920,234	107,477,606	20,319,068	19,745,719
Supplemental cash flows information				
Non-cash transactions				
Conversion of loans to subsidiaries to investments in subsidiaries	-	-	-	1,324,511
Acquisition of assets through hire-purchase	8,275,616	4,887,033	1,187,800	4,887,033

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 2010 and 2009

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, a company 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 2010, 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			
<u>Domestic subsidiaries</u>								
Surat Bitumen Co., Ltd.	Manufacture and distribution of asphalt products	Thailand	99.99	99.99	3.33	3.55	6.26	6.48
Raycol Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	Thailand	41.44	41.44	2.00	2.19	3.00	4.65
Thai Bitumen Co., Ltd.	Holding company and manufacture and distribution of asphalt products	Thailand	99.99	99.99	29.41	34.17	50.40	38.97
Tipco Maritime Co., Ltd.	Shipping management and agency	Thailand	99.97	99.97	0.07	0.03	0.03	0.05
Alpha Maritime Co., Ltd.	Marine transportation	Thailand	99.93	99.93	0.07	0.08	0.03	0.03
Bitumen Marine Co., Ltd.	Marine transportation	Thailand	99.99	99.99	4.14	3.69	0.12	0.28
Delta Shipping Co., Ltd.	Marine transportation	Thailand	99.99	99.99	0.60	0.67	-	-
Tasco Shipping Co., Ltd.	Marine transportation (has not yet commenced business operations)	Thailand	99.99	99.99	2.94	3.96	-	-

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	
			2010	2009	2010	2009
Overseas subsidiaries						
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	0.91	1.35
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)	Manufacture and distribution of asphalt products	Malaysia	83.03	83.03	26.46	26.79
KBC Energy Pte. Ltd. (Owned by KOC)	Dormant	Singapore	65.26	65.26	-	0.01
Tipco Asphalt (Cambodia) Co., Ltd.	Manufacture and distribution of asphalt products	Cambodia	100.00	100.00	1.00	0.77
Tasco International (Hong Kong) Ltd.	Holding company	Hong Kong	100.00	100.00	0.03	0.02
					-	-

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			
<u>Subsidiaries owned by</u>								
<u>Tasco International</u>								
<u>(Hong Kong) Ltd.</u>								
Langfang Tongtai Road Material Co., Ltd.	Manufacture and distribution of asphalt products	China	51.00	51.00	1.27	1.40	1.65	1.25
Zhenjiang Tipco Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	China	51.00	51.00	1.49	1.30	0.69	0.78
Tipco Asphalt (Xinhui) Co., Ltd.	Manufacture and distribution of asphalt products	China	100.00	100.00	5.64	2.42	3.08	3.38

- b) Subsidiaries are fully consolidated as from 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 using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the balance sheet date, and revenues and expenses translated using monthly average exchange rates. The resulting 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 41.44 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 “Minority interest in subsidiary acquired by the company at 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

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements (revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. This includes an entity have to evaluate and make a provision for post-employment benefits according to labour law or liabilities arising from other defined benefit plans using actuarial techniques. Currently, the Company and its subsidiaries accounts for such employee benefits when they are incurred.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates

This accounting standard requires an entity to identify its functional currency in accordance with certain conditions in the standard and to record transactions and report its financial position and operating results in this functional currency, which may not be Baht.

At present, the management is still evaluating the impact on the financial statements in the year when the three standards are adopted.

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 at 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 to 47 years
Building improvements	20 to 30 years
Machinery and equipment	5 to 20 years
Furniture and office equipment	5 years
Computer and equipment	3 to 5 years
Motor vehicles	5 to 10 years
Vessels	10 to 30 years

Depreciation is included in determining income.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the income statement when the asset is derecognised.

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 allowance for impairment loss (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 recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in the income statement.

Goodwill is carried at cost less allowance for impairment loss (if any). 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 group of cash-generating units that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each 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 amortisation and less allowance for impairment loss 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 periods are in accordance with the periods 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.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

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 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.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount and reverse an impairment loss not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

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 at the amount expected to be paid to the taxation authorities, 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 gain or loss 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 gain or loss 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. Unrealised gain or loss on interest rate swap contract of the Company deferred in shareholders' equity of the Company until realised and those of the subsidiary, recognised 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 from these estimates. Significant judgments and estimates are as follows:

Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

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.

Impairment of investments

The Company treats investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement.

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 not used in operations

The land 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.

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 and to choose a suitable discount rate in order to calculate the present value of those cash flows.

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.

Contingent liabilities

As discussed in Note 11 to the financial statements, currently, the Appeal Court in Malaysia is in the midst of 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. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash	3,267,245	3,329,338	1,977,853	1,974,533
Bank deposits	296,652,989	104,148,268	18,341,215	17,771,186
Total	299,920,234	107,477,606	20,319,068	19,745,719

As at 31 December 2010, bank deposits in saving accounts and fixed deposits carried interests between 0.05 and 2.20 percent per annum (2009: between 0.05 and 1.20 percent per annum).

7. Current investments

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Current portion of investment in debt security	1,341,120	2,467,240	1,341,120	2,467,240
Deposits with financial institutions - cash received from Aras (Note 11)	50,765,211	48,596,000	-	-
Total current investments	52,106,331	51,063,240	1,341,120	2,467,240

8. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due dates, are summarised below:

(Unit: Baht)

Age of receivables	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Trade accounts receivable - related parties				
Not yet due	173,939,814	123,412,748	70,165,098	174,535,294
Past due				
Up to 3 months	15,150,589	57,552,972	41,409,274	45,364,679
3 - 6 months	672,068	-	3,470,859	-
9 - 12 months	-	235,633	-	-
Total	189,762,471	181,201,353	115,045,231	219,899,973

(Unit: Baht)

Age of receivables	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Trade accounts receivable - unrelated parties				
Not yet due	1,224,756,305	1,608,627,458	752,691,576	1,001,059,161
Past due				
Up to 3 months	321,915,588	293,401,605	78,285,891	86,358,962
3 - 6 months	139,911,495	80,344,887	51,660,362	30,853,034
6 - 9 months	46,718,262	27,337,872	25,817,124	13,440,498
9 - 12 months	21,929,393	12,110,674	14,421,926	5,661,298
Over 12 months	101,127,115	111,104,926	68,681,837	79,655,374
Total	1,856,358,158	2,132,927,422	991,558,716	1,217,028,327
Total trade accounts receivable	2,046,120,629	2,314,128,775	1,106,603,947	1,436,928,300
Less: Allowance for doubtful accounts	(97,891,333)	(89,904,210)	(69,971,466)	(65,201,612)
Trade accounts receivable - net	1,948,229,296	2,224,224,565	1,036,632,481	1,371,726,688

9. 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
	2010	2009	2010	2009	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales and service income	-	-	639.6	582.4	Cost plus certain margin
Margin on sales of raw materials	-	-	5.1	6.8	Cost plus certain margin
Rental and service income	-	-	22.3	26.8	Contract price
Technical assistance fee income	-	-	18.0	21.0	Contract price
Loans to (weighted average balance of loan outstanding during the year)	-	-	35.4	681.7	
Interest income	-	-	1.5	32.5	4.0 and 5.0 percent per annum (2009: 4.9 and 5.0 percent per annum)
Dividend income	-	-	92.1	-	
Purchases of goods	-	-	2,680.4	861.0	Cost plus certain margin
Rental and service expenses	-	-	95.5	116.8	Contract price
<u>Transactions with associate</u>					
Dividend income	1.5	3.6	1.5	3.6	
<u>Transactions with related companies</u>					
Sales and service income	2,121.7	1,615.0	439.6	534.9	Market price/contract price
Rental and service income	7.1	5.1	2.2	5.1	Contract price
Purchases	-	1.2	-	1.2	Market price
Rental and service expenses	41.8	28.5	32.9	23.0	Contract price
Technical assistance fee expenses	41.8	37.2	25.2	20.6	Contract price

The balances of the accounts between the Company and its subsidiaries and those related companies as at 31 December 2010 and 2009 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<u>Trade accounts receivable - related parties</u>				
<u>Subsidiaries</u>				
Surat Bitumen Co., Ltd.	-	-	-	35,295,275
Thai Bitumen Co., Ltd.	-	-	9,137,734	11,583,686
Alpha Maritime Co., Ltd.	-	-	2,098,794	-
Bitumen Marine Co., Ltd.	-	-	1,358,600	-
Raycol Asphalt Co., Ltd.	-	-	-	394,830
Kemaman Oil Corporation Sdn Bhd	-	-	-	-
Tipco Asphalt (Cambodia) Co., Ltd.	-	-	60,499,965	45,230,755
<u>Related companies</u>				
Thai Slurry Seal Co., Ltd	19,749,106	52,878,809	3,059,902	14,205,425
Thai Crushing Plant Co., Ltd.	7,634,664	6,556,618	7,634,664	6,556,618
Thanomwongse Service Co., Ltd.	22,547,425	85,966,936	22,547,425	85,966,936
Tipco Foods (Thailand) Public Company Limited	1,505,490	7,751,989	1,505,490	7,751,989
Tipco F&B Co., Ltd.	-	1,943,655	-	1,943,655
Highway Resources Pte. Ltd.	15,399,109	-	-	-
Colas Vietnam Co., Ltd.	1,050	-	1,050	-
Hindustan Colas Ltd.	2,422,287	-	2,422,287	-
Sami Bitumen Technologies Pty. Ltd.	4,779,320	-	4,779,320	-
Sami Bitumen Technologies (QLD) Pty. Ltd.	115,303,932	14,116,759	-	-
Colas Madagascar	-	10,970,804	-	10,970,804
AB1 Shipping Pte. Ltd.	180,038	199,324	-	-
AD Shipping Pte. Ltd.	240,050	816,459	-	-
Total trade accounts receivable – related parties	189,762,471	181,201,353	115,045,231	219,899,973

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<u>Amounts due from related parties</u>				
<u>Subsidiaries</u>				
Surat Bitumen Co., Ltd.	-	-	243,275	1,940,612
Thai Bitumen Co., Ltd.	-	-	993,337,355	3,537,951,738
Tipco Maritime Co., Ltd.	-	-	358,135	56,235
Delta Shipping Co., Ltd.	-	-	194,295	36,915
Alpha Maritime Co., Ltd.	-	-	188,188	24,610
Bitumen Marine Co., Ltd.	-	-	202,847	32,635
Raycol Asphalt Co., Ltd.	-	-	378,366	314,534
Tasco Shipping Co., Ltd.	-	-	73,604	6,420,749
Tasco International (Hong Kong) Ltd.	-	-	2,883,254	2,918,908
Langfang Tongtai Road Material Co., Ltd.	-	-	294,465	41,427
Zhenjiang Tipco Asphalt Co., Ltd.	-	-	55,105	61,024
Tipco Asphalt (Xinhui) Co., Ltd.	-	-	64,147	-
Kemaman Oil Corporation Sdn Bhd	-	-	1,772,149	1,964,994
Kemaman Bitumen Company Sdn Bhd	-	-	2,404,283	827,152
Tipco Asphalt (Cambodia) Co., Ltd.	-	-	705,585	168,591
<u>Related companies</u>				
Thai Slurry Seal Co., Ltd.	162,463	40,938	162,463	40,938
Thai Crushing Plant Co., Ltd.	90,261	40,928	90,261	40,928
Ekachai Container Terminal Co., Ltd.	47,267	4,869	47,267	4,869
Siam Container Transport and Terminal Co., Ltd.	59,123	1,070	59,123	1,070
Thanomwongse Service Co., Ltd.	7,255,278	4,711,661	6,274,407	3,976,006
Tipco Foods (Thailand) Public Company Limited	199,892	107,696	199,892	107,696
Tipco F&B Co., Ltd.	281,934	146,537	281,934	146,537
Tipco Biotech Co., Ltd.	2,140	-	2,140	-
Total amounts due from related parties	8,098,358	5,053,699	1,010,272,540	3,557,078,168

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<u>Short-term loans to related parties and accrued interest income</u>				
<u>Short-term loans to related parties</u>				
<u>Subsidiaries</u>				
Alpha Maritime Co., Ltd.	-	-	-	14,000,000
Bitumen Marine Co., Ltd.	-	-	-	28,800,000
Tasco Shipping Co., Ltd.	-	-	-	10,900,000
Kemaman Oil Corporation Sdn Bhd	-	-	5,161,084	5,713,960
Tipco Asphalt (Cambodia) Co., Ltd.	-	-	-	24,915,525
	-	-	5,161,084	84,329,485
<u>Accrued interest income from related parties</u>				
<u>Subsidiaries</u>				
Surat Bitumen Co., Ltd.	-	-	-	40,411
Tipco Maritime Co., Ltd.	-	-	-	11,918
Alpha Maritime Co., Ltd.	-	-	-	626,575
Bitumen Marine Co., Ltd.	-	-	-	121,904
Thai Bitumen Co., Ltd.	-	-	-	245,644
Tasco Shipping Co., Ltd.	-	-	-	115,438
Tipco Asphalt (Cambodia) Co., Ltd.	-	-	-	241,116
	-	-	-	1,403,006
Total short-term loans to related parties and accrued interest income				
	-	-	5,161,084	85,732,491

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Trade accounts payable - related parties				
<i>Subsidiaries</i>				
Surat Bitumen Co., Ltd.	-	-	1,539,583	1,952,220
Thai Bitumen Co., Ltd.	-	-	162,526,195	124,885,963
Tipco Maritime Co., Ltd.	-	-	991,733	326,250
Delta Shipping Co., Ltd.	-	-	775,539	21,920,029
Bitumen Marine Co., Ltd.	-	-	408,178	1,883,614
Raycol Asphalt Co., Ltd.	-	-	494,498	2,066,794
Kemaman Oil Corporation Sdn Bhd	-	-	916,188	398,310
Kemaman Bitumen Company Sdn Bhd	-	-	-	34,529
<i>Related companies</i>				
Ekachai Container Terminal Co., Ltd.	342,609	1,124,754	85,229	609,080
Thanomwongse Service Co., Ltd.	333,661	409,346	280,746	371,048
Tipco F&B Co., Ltd.	172,139	701,192	70,764	701,192
Tipco Foods (Thailand) Public Company Limited	53,620	264,236	53,620	240,215
Colas S.A.	-	24,575,175	-	7,935,175
Total trade accounts payable - related parties	902,029	27,074,703	168,142,273	163,324,419
Amounts due to related parties				
<i>Subsidiaries</i>				
Tasco International (Hong Kong) Ltd.	-	-	28,036	-
Kemaman Bitumen Company Sdn Bhd	-	-	902,171	670,744
<i>Related companies</i>				
Thanomwongse Service Co., Ltd.	2,487,254	709,467	2,168,149	605,148
Tipco F&B Co., Ltd.	1,004,005	178,541	873,492	91,272
AB1 Shipping Pte. Ltd.	1,558,911	-	-	-
AD Shipping Pte. Ltd.	1,559,293	-	-	-
Colas S.A.	1,065,049	2,393,068	1,065,049	-
Total amounts due to related parties	7,674,512	3,281,076	5,036,897	1,367,164

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<u>Short- term loans from related parties and accrued interest payable</u>				
<u>Short-term loans from related parties</u>				
<i>Subsidiary</i>				
Surat Bitumen Co., Ltd.	-	-	-	2,004,747
Tipco Maritime Co., Ltd.	-	-	16,300,000	-
Delta Shipping Co., Ltd.	-	-	1,000,000	-
Tasco Shipping Co., Ltd.	-	-	77,000,000	-
	-	-	94,300,000	2,004,747
<u>Accrued interest payable to related parties</u>				
<i>Subsidiaries</i>				
Surat Bitumen Co., Ltd.	-	-	-	5,344
Thai Bitumen Co., Ltd.	-	-	-	22,536
Tipco Maritime Co., Ltd.	-	-	21,542	-
Delta Shipping Co., Ltd.	-	-	815	-
Tasco Shipping Co., Ltd.	-	-	144,219	-
Total short-term loans from related parties and accrued interest payable	-	-	166,576	27,880
	-	-	94,466,576	2,032,627

Management's remunerations

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 18 and 28.4 to the financial statements.

10. Inventories

(Unit: Baht)

Consolidated financial statements						
	Cost		Allowance for diminution in value of inventories		Inventories - net	
	2010	2009	2010	2009	2010	2009
Finished goods	1,234,093,920	424,091,512	(945,255)	(8,491,105)	1,233,148,665	415,600,407
Raw materials	2,249,995,862	2,563,111,267	-	-	2,249,995,862	2,563,111,267
Packaging materials, spare parts and factory supplies	49,074,627	104,405,767	(2,334,905)	(2,505,786)	46,739,722	101,899,981
Goods in transit	1,929,475	1,529,892,403	-	-	1,929,475	1,529,892,403
Total	3,535,093,884	4,621,500,949	(3,280,160)	(10,996,891)	3,531,813,724	4,610,504,058

(Unit: Baht)

Separate financial statements						
	Cost		Allowance for diminution in value of inventories		Inventories - net	
	2010	2009	2010	2009	2010	2009
Finished goods	214,340,336	63,947,150	(148,082)	(254,962)	214,192,254	63,692,188
Raw materials	75,260,861	49,457,708	-	-	75,260,861	49,457,708
Packaging materials, spare parts and factory supplies	18,837,801	18,212,272	(1,524,792)	(1,691,458)	17,313,009	16,520,814
Goods in transit	1,929,475	82,212	-	-	1,929,475	82,212
Total	310,368,473	131,699,342	(1,672,874)	(1,946,420)	308,695,600	129,752,922

11. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Investment cost of the Company		Dividend received during the year by the Company	
	2010	2009	2010	2009	2010	2009	2010	2009
	(Million Baht)	(Million Baht)	(%)	(%)				
	(Unit: Baht)							
	(Except for other specified currency)							
Domestic subsidiaries								
Surat Bitumen Co., Ltd.	100	100	99.99	99.99	99,999,300	99,999,300	39,999,720	-
Raycol Asphalt Co., Ltd.	111	111	41.44	41.44	193,200,000	193,200,000	26,128,000	-
Thai Bitumen Co., Ltd.	2,300	2,300	99.99	99.99	2,299,917,340	2,299,917,340	-	-
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	-	-
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	-	-
Delta Shipping Co., Ltd.	80	80	99.99	99.99	79,999,400	79,999,400	25,999,773	-
Tasco Shipping Co., Ltd.	160	160	99.99	99.99	159,999,300	159,999,300	-	-

(Unit: Baht)

Company's name	Paid-up capital		Shareholding percentage		Investment cost of the Company		Dividend received during the year by the Company	
	2010	2009	2010	2009	2010	2009	2010	2009
	(Million Baht)	(Million Baht)	(%)	(%)				
(Except for other specified currency)								
Overseas subsidiaries								
Tasco International (Hong Kong) Ltd.	30.97	30.97	100.00	100.00	130,005,700	130,005,700	-	-
Add: Additional investment cost from the acquisition of subsidiary under common control	Million HKD	Million HKD			115,849,321	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	305.55	83.03	83.03	1,231,719,281	1,231,719,281	-	-
(41.98% owned by the Company, 11.82% owned by Thai Bitumen Co., Ltd. and 44.80% owned by KOC)	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	4,576,753,996	92,127,493	-

Surat Bitumen Company Limited

On 13 December 2010, the Board of Directors approved the entire business transfer of Surat Bitumen Company Limited to Thai Bitumen Company Limited. The transaction of the entire business transfer will occur in 2011.

Thai Bitumen Company Limited (Thai Bitumen)

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

Tasco International (Hong Kong) Limited (TI(HK))

During 2009, a subsidiary transferred all of its investments to TI(HK) and completed liquidation process, then repaid the remaining cash to the Company. The cash recovered by the Company was Baht 115.8 million less than the book value of the investment in the liquidated subsidiary 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”.

Kemaman Bitumen Company Sdn Bhd (KBC)

During 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.

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) 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 2009, 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 KOC 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 in the midst of 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.

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
	2010	2009	
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
	100.0	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

12. Investment in associate

12.1 Details of associate:

(Unit: Baht)

Consolidated financial statements						
Company's name	Shareholding percentage		Cost		Carrying amounts based on equity method	
	2010 [%]	2009 [%]	2010	2009	2010	2009
Colasie Co., Ltd. (Registered under the law of France) (Holding company)	40	40	18,403,580	18,403,580	26,728,900	23,813,484
Total investment in associate			18,403,580	18,403,580	26,728,900	23,813,484

(Unit: Baht)

Separate financial statements						
Company's name	Shareholding percentage		Cost		Carrying amounts based on equity method	
	2010 [%]	2009 [%]	2010	2009	2010	2009
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

12.2 Share of income/loss and dividend received

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Company's name	Share of income from investment associate during the year		Dividend received during the year by the Company	
	2010	2009	2010	2009
Colasie Co., Ltd.	5,069,659	1,878,541	1,471,560	3,574,723
Total	5,069,659	1,878,541	1,471,560	3,574,723

12.3 Summarised financial information of associate

Financial information of the associate is summarised below.

(Unit: Million Euro)

Company's name	Paid-up 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	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Colasie Co.,Ltd.	1.04	1.04	1.45	1.23	0.01	0.01	0.32	0.10	0.31	0.10

13. Other long-term investment

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Investment in debenture (interest at the rate of 11.5625 percent per annum)	1,341,120	3,808,360	1,341,120	3,808,360
Less: Current portion	(1,341,120)	(2,467,240)	(1,341,120)	(2,467,240)
Investment in debt security - net of current portion	-	1,341,120	-	1,341,120

14. Property, plant and equipment

Consolidated financial statements										(Unit: Thousand Baht)
	Land	Land improve- ment	Buildings comple- ments	Machinery and equipment	Furniture and office equipment	Computer and equipment	Motor vehicles	vehicles	Construction in progress and equipment under installation	Total
Cost										
31 December 2009	492,335	654,225	677,330	3,282,745	76,819	32,129	627,609	791,721	905,791	7,540,704
Additions	-	1,533	50,082	78,547	7,081	4,714	31,096	965	300,909	474,927
Disposals/write-off	-	-	-	(25,663)	(3,465)	(2,515)	(17,708)	-	-	(49,351)
Transfer in (transfer out)	-	-	453	382,925	(6)	(160)	549	3,033	(390,629)	(3,835)
Transfer out from the cancellation of vessel construction contract	-	-	-	-	-	-	-	-	(497,766)	(497,766)
Interest capitalised	-	-	-	-	-	-	-	-	580	580
31 December 2010	492,335	655,758	727,865	3,718,554	80,429	34,168	641,546	795,719	318,885	7,465,259
Accumulated depreciation										
31 December 2009	-	265,171	375,158	1,116,300	71,960	29,009	533,897	237,743	-	2,629,238
Depreciation for the year	-	21,419	31,173	200,142	3,543	5,588	25,315	29,502	-	316,682
Accumulated depreciation on disposal/write-off	-	-	-	(25,490)	(2,884)	(2,428)	(13,872)	-	-	(44,674)
Transfer in (transfer out)	-	-	-	(307)	15	(49)	-	307	-	(34)
31 December 2010	-	286,590	406,331	1,290,645	72,634	32,120	545,340	267,552	-	2,901,212
Allowance for impairment loss										
31 December 2009	-	110,158	-	-	-	-	-	-	-	110,158
31 December 2010	-	110,158	-	-	-	-	-	-	-	110,158
Translation adjustments										
31 December 2009	-	-	(3,993)	37,522	857	93	(834)	-	(13,451)	20,194
Translation adjustments during the year	-	-	(2,708)	(220,246)	(376)	(253)	(1,624)	-	(13,264)	(238,471)
31 December 2010	-	-	(6,701)	(182,724)	481	(160)	(2,458)	-	(26,715)	(218,277)
Net book value										
31 December 2009	492,335	278,896	298,179	2,203,967	5,716	3,213	92,878	553,978	892,340	4,821,502
31 December 2010	492,335	259,010	314,834	2,245,185	8,278	1,888	93,748	528,167	292,170	4,235,614
Depreciation for the year										
2009 (Baht 244.6 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)										316,000
2010 (Baht 244.2 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)										316,682

(Unit: Thousand Baht)

Separate financial statements

	Land	Land improve- ment	Buildings comple- ments	Machinery and equipment	Furniture and office equipment	Computer and equipment	Motor vehicles	vessels	Construction in progress and equipment under installation	Total
Cost										
31 December 2009	329,938	319,596	331,803	501,441	59,236	24,865	457,673	90,922	661	2,116,135
Additions	-	1,137	816	4,410	664	1,376	19,915	-	12,444	40,762
Disposals/write-off	-	-	-	[17,201]	[810]	[1,946]	[14,941]	-	-	[34,898]
Transfer in (transfer out)	-	-	453	25	-	[132]	183	-	[661]	[132]
31 December 2010	329,938	320,733	333,072	488,675	59,090	24,163	462,830	90,922	12,444	2,121,867
Accumulated depreciation										
31 December 2009	-	193,453	210,895	485,530	56,040	17,620	399,055	33,915	-	1,396,508
Depreciation for the year	-	16,533	16,035	5,829	1,294	3,999	17,209	3,661	-	64,560
Accumulated depreciation on disposal/ write-off	-	-	-	[17,127]	[767]	[1,865]	[11,265]	-	-	[31,024]
Transfer in (transfer out)	-	-	-	-	21	[21]	-	-	-	-
31 December 2010	-	209,986	226,930	474,232	56,588	19,733	404,999	37,576	-	1,430,044
Net book value										
31 December 2009	329,938	126,143	120,908	15,911	3,196	7,245	58,618	57,007	661	719,627
31 December 2010	329,938	110,747	106,142	14,443	2,501	4,430	57,831	53,346	12,444	691,822
Depreciation for the year										
2009 (Baht 20.0 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)										67,119
2010 (Baht 20.0 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)										64,560

During 2007, a subsidiary entered into a USD 23 million vessel building contract with an overseas company, under which payment was to be made in five installments of USD 4.6 million each, with the last installment to be paid upon delivery of the vessel. This overseas company was unable to deliver the vessel to the subsidiary in accordance with the contract, which is guaranteed by an overseas bank. On 28 April 2010, the subsidiary cancelled the contract and on 5 May 2010, the subsidiary exercised its right under the bank guarantee and submitted a letter to the overseas bank in order to claim the installments paid by the subsidiary to the counterparty, totaling USD 13.8 million, plus interest thereon. The subsidiary received the installment refunded from the bank in June 2010.

Following the receipt of the refund, the subsidiary recorded loss from claim under bank guarantee amounting to Baht 5.3 million as an expense in the consolidated income statement for 2010.

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)

	2010	2009
Land and land improvement	383,607,742	383,607,742
Less: Allowance for impairment loss	(110,157,742)	(110,157,742)
Land not used in operation - net	273,450,000	273,450,000

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 2009. The management of the subsidiary believes that the fair value of the land as at 31 December 2010 is not materially different from that appraised value.

As at 31 December 2010, certain building and equipment items had been fully depreciated but were still in use. The original cost of those assets amounted to approximately Baht 1,421 million (2009: Baht 1,249 million) (The Company Only: Baht 870 million, 2009: Baht 876 million).

15. Leasehold rights

The Company and subsidiaries entered into agreements to lease buildings 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 China	China	45	2055	2.5 million renminbi
5. A subsidiary in Malaysia	Malaysia	50	2055	19.8 million ringgit

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Balance as at 1 January	242,287,572	242,287,572	6,837,063	6,837,063
Acquisition during the year	12,010,959	-	-	-
Balance as at 31 December	254,298,531	242,287,572	6,837,063	6,837,063
Less: Accumulated amortisation	(28,253,812)	(22,620,552)	(2,279,020)	(2,051,118)
Translation adjustments	(13,455,155)	7,151,433	-	-
Net	212,589,564	226,818,453	4,558,043	4,785,945
Amortisation expenses included in the income statements for the year	5,633,260	5,461,050	227,902	227,902

16. Short-term loans from financial institutions

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Promissory notes	200,000,000	1,105,000,000	200,000,000	1,010,000,000
Trust receipts	1,997,444,370	4,276,336,324	374,542,431	3,952,433,348
Loans in renminbi	141,304,200	149,233,450	-	-
Loans in US Dollars	-	88,726,222	-	-
Total	2,338,748,570	5,619,295,996	574,542,431	4,962,433,348

As at 31 December 2010, the Company and its domestic subsidiaries had short-term Baht loans from local banks, which carry interest at the rates ranging from 1.8 to 2.5 percent per annum (2009: 1.9 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 4.8 to 6.7 percent per annum (2009: 4.4 to 6.4 percent per annum).

17. Long-term loans

							(Unit: Baht)																				
Loan	Loaner	Lender	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements																				
					2010	2009	2010	2009																			
Long-term loans in Baht																											
(1)	The Company	Thailand branch of an overseas bank	Fixed rate for the first two years and for the third to the seventh years at a rate referenced to the Minimum Loan Rate	Semi-annual installments of Baht 28.56 million each, commencing August 2006 to February 2013	-	200,080,000	-	200,080,000																			
(2)	The Company	Local bank	Fixed rate	Monthly installments of Baht 0.3 million each, commencing April 2009 to March 2014	11,808,786	15,442,266	11,808,786	15,442,266																			
(3)	The Company	Local bank	Rate referenced to THBFX	Quarterly installments of Baht 200 million for 2011 and Baht 240 million for 2012 to 2015	1,160,000,000	1,280,000,000	1,160,000,000	1,280,000,000																			
(4)	The Company	Local bank	Fixed rate for the first two years and for the third to the eighth years at a rate referenced to Minimum Loan Rate	Quarterly installments, summarised below: <table><tr><th>Year</th><th>Million</th></tr><tr><td>2012</td><td>60</td></tr><tr><td>2013</td><td>150</td></tr><tr><td>2014</td><td>180</td></tr><tr><td>2015</td><td>180</td></tr><tr><td>2016</td><td>360</td></tr><tr><td>2017</td><td>360</td></tr><tr><td>2018</td><td>210</td></tr><tr><td colspan="2"><hr/></td></tr><tr><td></td><td>1,500</td></tr></table>	Year	Million	2012	60	2013	150	2014	180	2015	180	2016	360	2017	360	2018	210	<hr/>			1,500	-	1,500,000,000	-
Year	Million																										
2012	60																										
2013	150																										
2014	180																										
2015	180																										
2016	360																										
2017	360																										
2018	210																										
<hr/>																											
	1,500																										

								(Unit: Baht)
Loan	Loaner	Lender	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
					2010	2009	2010	2009
(5)	Bitumen Marine Company Limited	Local bank	Fixed rate for the first three years and for the fourth to the eighth years at a rate referenced to the Minimum Loan Rate	Monthly installments of Baht 3.0 million each, commencing October 2003	-	134,000,000	-	-
(6)	Bitumen Marine Company Limited	Local bank	Rate referenced to THBFX	Quarterly installments of Baht 9.2 million each, commencing December 2010 to September 2013	100,830,000	-	-	-
(7)	Tasco Shipping Company Limited	Local bank	Fixed rates for the first three years and for the fourth to the eighth years at a rate referenced to the bank prime rate	Quarterly installments of Baht 16.6 million each, commencing September 2010 to June 2018	-	321,539,000	-	-
Long-term loans in Yen								
(8)	Tasco Shipping Company Limited	Local bank	Rate referenced to Japanese Yen LIBOR (Please refer to Note below)	Please refer to Note below	261,952,600	-	-	-
Long-term loans in USD								
(9)	Kemaman Bitumen Company Sdn Bhd	Bank in Malaysia	Rate referenced to Lender's Cost of Funds	Quarterly installments of USD 2.08 million each, commencing September 2010 to June 2013	501,408,669	665,784,773	-	-
Total					3,536,000,055	2,616,846,039	2,671,808,786	1,495,522,266
Less: Current portion					(440,672,549)	(458,817,608)	(203,633,480)	(180,753,480)
Long-term loans – net of current portion					3,095,327,506	2,158,028,431	2,468,175,306	1,314,768,786

Note

Loan No. [8] of Tasco Shipping Company Limited: In October 2010, Tasco Shipping Company Limited received two long-term credit facilities from a local bank for the purpose of funding the vessel construction. The credit facilities are summarised below.

1) Facility of JPY 1,440.0 million or Baht 532.0 million, whichever is lower

The subsidiary can draw down this facility in accordance with the payment schedule of the five installments for vessel construction discussed in Note 28.1 to the financial statements. The subsidiary has an option to specify the loan currency as Yen or Baht each time a draw down is made. In this regard, on the date of the fifth draw down, which must be made not later than 30 November 2012, the loan facility in Yen is to be converted to Baht. If the balance of the loan after conversion into Baht amounts to more than Baht 532.0 million, the subsidiary is to repay any excess amount on that date in order to retain the loan balance to be not exceeding of Baht 532.0 million.

The loan is subject to interest at a rate referenced to Japanese Yen LIBOR if the loan currency is Yen and to THBFX if the loan currency is Baht, and is repayable on a quarterly basis. The first scheduled payment date is three months after the fifth draw down date and not later than 30 November 2012. The payment schedule is summarised below.

(Unit: Million Baht)

Installment	Amount per installment
1-12	Baht 13.0 million
13-20	Baht 15.0 million
21-23	Baht 18.0 million
24	Balance of the loan

2) Facility of JPY 350.0 million

The subsidiary can draw down this facility in accordance with the payment schedule of the five installments for vessel construction discussed in Note 28.1 to the financial statements. The loan is subject to interest at a rate referenced to Japanese yen LIBOR and is repayable within 30 November 2012.

Loan covenants

The Company's loan agreements contain certain restrictive covenants pertaining to, among others things, the maintenance of financial ratios, the prohibition on the Company creating lien over its property, plant and

equipment, the loan to related parties, the maintenance of trade accounts receivable and inventory balance, the maintenance of shareholders and the limitation on creation of additional long-term debt. The loan agreements of subsidiaries contain certain restrictive covenants pertaining to, among other things, the maintenance of financial ratios.

Long-term loan securities

Please refer to Note 18 to the financial statements.

Interest rate swap agreements

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 2010, the notional amount of Baht 1,160.0 million (2009: 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 (3) starting from May 2009 and matures in November 2015.

As at 31 December 2010, Kemaman Bitumen Company Sdn. Bhd. had outstanding interest rate swap agreement amounting to USD 16.6 million (2009: USD 19.9 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.

Early loan repayments

During 2010, the Company made early repayment in full of the long-term loan No. (1), of which the balance as of the repayment date amounted to Baht 134.0 million.

During 2010, Bitumen Marine Company Limited made early repayment in full of the long-term loan No. (5), of which the balance as of the repayment date amounted to Baht 110.0 million.

During 2010, Tasco Shipping Company Limited made early repayment in full of the long-term loan No. (6), of which the balance as of the repayment date amounted to Baht 321.5 million.

18. 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 and subsidiaries.

b) Pledges/mortgages by the assets of the borrower subsidiary and a subsidiary who guaranteed the loan, of which the net book value as at 31 December 2010 and 2009 of the assets are summarised below.

(Unit: Million Baht)

	Consolidated financial statements	
	2010	2009
Assets of the borrower subsidiary		
Deposits with financial institutions with restrictions	73	43
Trade accounts receivable – net	147	1
Inventories – net	183	210
Other current assets	70	48
Leasehold rights – net	197	222
Property, plant and equipment – net	2,706	2,670
Computer software – net	8	13
Assets of the guarantor subsidiary		
Vessel	393	–

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

19. Registered share capital

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.

20. 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.

21. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Salary and wages and other employee benefits	465.7	421.2	237.5	210.1
Depreciation and maintenance expenses	382.1	364.8	89.2	87.3
Costs related to production of goods and services (excluding of staff cost and depreciation)	23,785.7	11,578.4	7,506.6	4,959.5

22. 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 dividend and income which are exempted for tax computation purposes.

23. 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 for 5 years commencing from
Tipco Asphalt Public Company Limited			
Manufacture of asphalt	-	13 August 1998	14 August 2006
	-	1 December 2000	2 December 2008
Surat Bitumen Company Limited			
Manufacture of asphalt	-	24 August 1998	25 August 2006
Raycol Asphalt Company Limited			
Manufacture of asphalt	-	13 August 1997	14 August 1997
	-	2 May 2001	3 May 2009
Bitumen Marine Company Limited			
Marine transportation	-	24 June 2003*	-
	-	9 February 2006*	-

*Exemption of corporate income tax not exceeding of the stipulated amount.

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

24. 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.

25. Earnings per share

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

26. 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 2010 and 2009, the Company and its subsidiaries did not have significant business transactions and 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	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	23,020	12,449	2,771	1,640	-	-	25,791	14,089
Inter segment revenues	2,071	1,342	895	346	(2,966)	(1,688)	-	-
Total revenue	25,091	13,791	3,666	1,986	(2,966)	(1,688)	25,791	14,089
Segment operating income	929	723	94	(231)	(15)	2	1,008	494

(Unit: Million Baht)

	Thailand		Overseas		Elimination of inter-segment revenues		Consolidation	
	2010	2009	2010	2009	2010	2009	2010	2009
Property plant and equipment	1,821	2,119	2,415	2,703	-	-	4,236	4,822
Other assets							6,513	7,692
Total assets							10,749	12,514

Transfer prices between the segments are as set out in Note 9 to the financial statements.

27. 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 CIMB-Principal Asset Management Co.,Ltd., will be paid to employees upon termination in accordance with the fund rules. During 2010, the Company and its subsidiaries contributed Baht 7.2 million (2009: Baht 5.0 million) to the fund (Separate financial statements: Baht 5.8 million, 2009: Baht 4.0 million).

28. Commitments and contingent liabilities

28.1 Capital commitment

As at 31 December 2010, the Company's subsidiaries had capital commitments, due within one year, totaling approximately 5.9 million ringgit related to the purchase of machinery and equipment.

Other than the above capital commitment, in October 2010, Tasco Shipping Company Limited entered into a JPY 1,790 million vessel building contract with an overseas company, under which payment is to be made in five installments. The first to the third installments are to be paid in October 2010, December 2010 and February 2012, at JPY 350.0 million each, while the fourth installment of JPY 350.0 million is to be paid upon receipt of the vessel confirmation letter from the Classification Society. The last installment, amounting to JPY 390.0 million, is to be paid upon the contractor delivering the vessel. Under the agreement, the contractor is to make delivery by August 2012.

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 2010 were as follow:

	Consolidated financial statements		Separate financial statements
	Million Baht	Million US dollars	Million Baht
Payable within:			
1 year	31.1	1.4	31.0
2 to 5 years	21.3	0.9	18.7

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 three years, expiring on 31 December 2011, 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 130,000 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. The fees for 2010 amounted to approximately Baht 25.2 million (2009: Baht 20.6 million).

In addition, 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, expiring on 2 October 2012, 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. The fee for 2010 amounted to approximately Baht 16.6 million (2009: Baht 16.6 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 2010 and 2009 is USD 2.5 million.

28.4 Guarantees

Other than the guarantees by the Company and its subsidiaries as discussed in Note 18 to the financial statements, the guarantee of the Company and its subsidiaries can be summarised below.

- (1.) The Company has entered into financial support agreement with banks to provide financial support to subsidiaries.
- (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 2010, there were outstanding bank guarantees of approximately Baht 3.7 million, USD 1.4 million and 1.7 million ringgit 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 2.8 million and USD 1.4 million).

29. Financial instruments

29.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "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 banks 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 2010 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.

(Unit: Million Baht)

Consolidated 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	0.2	-	81.9	217.8	299.9	0.05 to 2.2
Current investments	1.3	-	50.8	-	52.1	1.7 to 11.6
Trade accounts receivable – net	-	-	-	1,948.2	1,948.2	-
Amounts due from related parties	-	-	-	8.1	8.1	-
Deposits with financial institutions with restrictions	54.7	-	17.9	-	72.6	1.3 to 1.7
Financial liabilities						
Short-term loans from financial institutions	2,338.8	-	-	-	2,338.8	1.8 to 6.7
Trade accounts payable	-	-	-	488.1	488.1	-
Amounts due to related parties	-	-	-	7.7	7.7	-
Cash received from former co-venturer	-	-	-	50.8	50.8	-
Liabilities under hire-purchase agreements	10.6	14.6	-	-	25.2	3.4 to 10.6
Long-term loans	203.6	968.2	2,364.2	-	3,536.0	As discussed in Note 17

(Unit: Million Baht)

Separate financial statements						
	Fixed interest rates		Floating	Non-		
	Within		interest	interest		
	1 year	1-5 years	rate	bearing	Total	Interest rate
						(% p.a.)
Financial Assets						
Cash and cash equivalents	0.2	-	3.5	16.6	20.3	0.13 to 1.25
Current investments	1.3	-	-	-	1.3	11.6
Trade accounts receivable - net	-	-	-	1,036.6	1,036.6	-
Amounts due from related parties	-	-	-	1,010.3	1,010.3	-
Short-term loans to related parties and accrued interest income	-	-	-	5.2	5.2	-
Financial liabilities						
Short-term loans from financial institutions	574.5	-	-	-	574.5	1.8 to 2.1
Trade accounts payable	-	-	-	336.3	336.3	-
Amounts due to related parties	-	-	-	5.0	5.0	-
Short-term loans from related parties and accrued interest payable	94.5	-	-	-	94.5	1.8
Liabilities under hire-purchase agreements	5.4	5.4	-	-	10.8	5.0 to 10.6
Long-term loans	203.6	968.2	1,500.0	-	2,671.8	As discussed in Note 17

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 and its subsidiaries seek 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 2010 are summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements		Average exchange rate as at 31 December 2010 (Baht per 1 foreign currency unit)
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	
	(Million)	(Million)	(Million)	(Million)	
US Dollar	15.0	9.0	7.7	0.9	30.15
Yen	0.1	709.2	-	2.3	0.37

Foreign exchange contracts of the Company and its subsidiaries outstanding at 31 December 2010 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	5.1	102.9	0.1	3.5	29.8 to 30.2	29.7 to 32.6
Yen	2.3	-	2.3	-	0.3	-
Pound Sterling	0.3	-	-	-	47.0 to 47.2	-

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

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

As at 31 December 2010, the subsidiary has outstanding price hedging contracts which is summarised below.

	(Unit: Million Baht)	
	2010	2009
Contracts presented as assets		
Contracts to purchase raw materials	-	39.1
Contracts to sell finished goods	-	3.8
Total price hedging contracts presented as assets	-	42.9
Contracts presented as liabilities		
Contracts to purchase raw materials	-	17.6
Contracts to sell raw materials	132.1	-
Contracts to sell finished goods	11.5	65.6
Total price hedging contracts presented as liabilities	143.6	83.2

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 2010, the Group's debt-to-equity ratio was 1.96:1 (2009: 3.39:1) and the Company's was 0.99:1 (2009: 2.02:1).

No changes were made in the objectives, policies or processes during 2010 and 2009.

31. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 14 February 2011.

The confirmation for the complete correctness of the payment to auditor for the year ended 31 December 2010:

Audit fee

No.	Company	Name of auditor	Audit fee (Baht)
1	Tipco Asphalt Public Company Limited	Ernst & Young Office Limited (by Ms. Siraporn Ouaanunkun)	1,700,000
2	Surat Bitumen Company Limited	Ernst & Young Office Limited (by Ms. Siraporn Ouaanunkun)	530,000
3	Raycol Asphalt Company Limited	Ernst & Young Office Limited (by Ms. Siraporn Ouaanunkun)	450,000
4	Thai Bitumen Company Limited	Ernst & Young Office Limited (by Ms. Siraporn Ouaanunkun)	520,000
5	Bitumen Marine Company Limited	Ernst & Young Office Limited (by Ms. Siraporn Ouaanunkun)	270,000
6	Tipco Maritime Company Limited	Ernst & Young Office Limited (by Ms. Siraporn Ouaanunkun)	220,000
7	Alpha Maritime Company Limited	Ernst & Young Office Limited (by Ms. Siraporn Ouaanunkun)	200,000
8	Delta Shipping Company Limited	Ernst & Young Office Limited (by Ms. Siraporn Ouaanunkun)	220,000
9	Tasco Shipping Company Limited	Ernst & Young Office Limited (by Ms. Siraporn Ouaanunkun)	170,000
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
10	Bitumen Marine Company Limited	Agreed-upon procedures- Compliance with conditions stipulated in the investment promotion certificate	Ernst & Young Auditing Office Limited (By Ms. Siraporn Ouuanunkun)	70,000	-
11	Tipco Asphalt Public Company Limited	Tax consult	Ernst & Young Corporate Services Limited	704,480	-
12	Tipco Asphalt Public Company Limited	Consultant for conversion to International Financial Reporting Standards	Ernst & Young Corporate Services Limited	740,000	2,160,000
13	Surat Bitumen Company Limited	Tax consult	Ernst & Young Corporate Services Limited	46,400	-
14	Thai Bitumen Company Limited	Tax consult	Ernst & Young Corporate Services Limited	129,200	-
Total non-audit fee				1,690,080	2,160,000

Above information:

(x) 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



Ms. Siraporn Ouuanunkun

Ernst & Young Auditing Office Limited

The auditor of TIPCO ASPHALT PUBLIC COMPANY LIMITED

Company Information:

Head Office

Our head office is located at the Tipco Tower, 118/1 Rama 6 Road, Samsen Nai, Phayathai District, Bangkok 10400, Thailand. Tel. +66 2273 6000 Fax. +66 2273 6030

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, +66 2273 6000 Ext. 5361-3 Fax.+66 55 371 461-2 Ext. 360
Phunphin (subsidiary)	>> 139/5 Moo 3, Suratthani-Takuapa Road, Tharongchang, Phunphin District, Suratthani 84130 Tel. +66 77 357 214-6, +66 2273 6000 Ext. 5318-3 Fax.+66 2273 6000 Ext. 5380
Thathong (subsidiary)	>> 123 Moo 3, Suratthani-Kanchanadit Road, Bangkung, Muang District, Suratthani 84000 Tel. +66 77 224 683-5, +66 2273 6000 Ext. 5341-3 Fax.+66 2273 6000 Ext. 5340
Rayong (subsidiary)	>> 93 Moo 5 Makumkoo, Nikompattana District, Rayong 21180 Tel. +66 38 893 641-5 Fax.+66 38 893 640

Oil and Asphalt Depots

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

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

Thathong
(subsidiary)

>> 123 Moo 3, Suratthani-Kanchanadit Road, Bangkung, Muang District, Suratthani 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
 Head Office >> 118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400
 Tel. +66 2273 6000
 Fax.+66 2273 6030

Phunphin Plant

>> 139/5 Moo 3, Suratthani-Takuapa Road, Tharongchang, Phunphin District, Suratthani 84130
 Tel. +66 77 357 214-6, +66 2273 6000 Ext. 5318-3
 Fax.+66 2273 6000 Ext. 5380

Thathong Plant

>> 123 Moo 3, Suratthani-Kanchanadit Road, Bangkung, Muang District, Suratthani 84000
 Tel. +66 77 224 683-5, +66 2273 6000 Ext. 5341-3
 Fax.+66 2273 6000 Ext. 5340

Ordinary shares >> 1,000,000
 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.
 Head Office >> 118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400
 Tel. +66 2273 6000
 Fax.+66 2273 6030
 Ordinary shares >> 23,000,000
 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
Head Office	>> 118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Fax.+66 2273 6030
Ordinary shares	>> 1,500,000
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
Head Office	>> 118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Fax.+66 2273 6030
Ordinary shares	>> 800,000
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
Head Office	>> 118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Fax.+66 2273 6030
Ordinary shares	>> 10,000
Registered capital	>> Baht 1 million
Percentage holding	>> 99.93%

Tipco Maritime Co., Ltd.

Nature of business	>> Ship management and chartering
Head Office	>> 118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Fax.+66 2273 6030
Ordinary shares	>> 20,000
Registered capital	>> Baht 2 million
Percentage holding	>> 99.97%

Raycol Asphalt Co., Ltd.

Nature of business	>> Producer and distributor of asphalt products
Head Office	>> 118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Fax.+66 2273 6030
Rayong	>> 93 Moo 5 Makumkoo, Nikompattana District, Rayong 21180 Tel. +66 38 893 641-5 Fax.+66 38 893 640
Ordinary shares	>> 11,100,000
Registered capital	>> Baht 111 million
Percentage holding	>> 41.44%

TASCO Shipping Co., Ltd.

Nature of business	>> Ship owner (new vessel yet to be delivered)
Head Office	>> 118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Fax.+66 2273 6030
Ordinary shares	>> 1,600,000
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, 1 st 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	>> A-06-3A, Empire Tower, Empire Subang Jalan SS16/1,SS16 47500 Subang Jaya Selangor, Malaysia >> Tel. +603 5635 0998 >> Fax.+603 5635 0993
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	>> A-06-3A, Empire Tower, Empire Subang Jalan SS16/1,SS16 47500 Subang Jaya Selangor, Malaysia >> Tel. +603 5635 0998 >> Fax.+603 5635 0993 >> Email: info@kbc.com.my >> Website: www.kbc.com.my
Refinery address	>> Plot PT 7195, Telok Kalong Industrial Area 24000 Kemaman Terenqqanu, 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	>> 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

Stock Code	>> TASC0 (Listed on the Stock Exchange of Thailand - SET)
Registration No.	>> 0107535000044
Authorized Capital	>> Baht 1,525,476,630
Paid Up Capital	>> Baht 1,525,476,630
Home Page	>> www.tipcoasphalt.com

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

- >> Ms. Siraporn Ouuanunkun
Certified Public Accountant Registration No. 3844 and/or
- >> Mr. Termphong Opanaphan
Certified Public Accountant Registration No. 4501 and/or
- >> Mr. Khitsada Lerd wana
Certified Public Accountant Registration No. 4958
- >> Ernst & Young 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

- >> None



Tipco Asphalt Public Company Limited

Tipco Tower, 118/1 Rama 6 Road, Samsen Nai, Phayathai, Bangkok 10400, Thailand
Tel: +66 2273 6000 Fax: +66 2278 0043

www.tipcoasphalt.com