

Bor. Hor. 003/2011

22<sup>nd</sup> February 2011

**Subject: Report of 2010 Audited Consolidated Financial Performance**

To: President  
The Stock Exchange of Thailand

The Company is pleased to report the 2010 audited consolidated financial performance of its Group in the following details:

1. Tipco Asphalt Public Company Limited, "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 Asphalt's refinery in Malaysia with heavy crude oil processed in 2010 almost doubling the volume of 2009.
2. 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 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 Colas S.A., one of the Group's major shareholders, Tipco Asphalt has 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.
3. 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 products-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.

4. The WTI was trading at USD 81.50 in the beginning of January 2010, 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.
5. 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.
6. 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.
7. 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.

Please circulate the above information to the public accordingly.

Sincerely yours,

Mr. Chaiwat Srivalwat  
Managing Director