

No.006/2008

February 20, 2008

Subject : Effect from the change in accounting policy on investments

To : President
The Stock Exchange of Thailand

Tipco Asphalt Public Company Limited has changed the accounting policy for recording the investment under the cost method therefore as.

Change in accounting policy for recording investments in subsidiaries, jointly controlled entity and associates in the separate financial statements

During the current year, the Company changed its accounting policy for recording investments in subsidiaries, jointly controlled entities and associates in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method.

In this regard, the Company has restated the previous period’s separate financial statements as though the investments in the subsidiaries, jointly controlled entities and associates had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the year ended 31 December 2007 by Baht 35.7 million (Baht 0.2 per share) and increasing net income for the year ended 31 December 2006 by Baht 46.7 million (Baht 0.3 per share). The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiaries, jointly controlled entity and associates” in the separate statements of changes in shareholders’ equity.

Such change in accounting policy affects only the accounts related to investments in subsidiaries, jointly controlled entity and associates in the Company’s separate financial statements, with no effect to the consolidated financial statements.

Change in accounting policy for recording investments in jointly controlled entity in the consolidated financial statements

During the current year, the Company changed its accounting policy for recording investments in jointly controlled entity in the consolidated financial statements from the proportionate method to the equity method, in compliance with Accounting Standard No. 46 (revised 2007) regarding

“Interest in Joint Ventures”, under which investments in jointly control entity can be presented under the equity method as an alternative to the proportionate method. In this regard, the Company has restated the prior year’s consolidated financial statements as though investment in jointly control entity had originally been recorded using the equity method. The change has the effect of decreasing assets liabilities and shareholders’ equity in the consolidated financial statements as at 31 December 2006 by Baht 667.5 million, Baht 643.9 million and Baht 23.6 million, respectively. The cumulative effect of the change in accounting policy for investment in jointly control entity has been presented under the heading of “Cumulative effect of the change in accounting policy for investment in jointly controlled entity” in the consolidated statements of changes in shareholders’ equity.

However, such change in the accounting policy did not affect the net income of prior year.

Such change in accounting policy affects only the accounts related to investments in subsidiaries, joint ventures and associates in the Company’s separate financial statements, with no effect to the consolidated financial statements.

Please be informed accordingly.

Sincerely yours,

Chayongsak Pisitpong
Executive Director