

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

AND SUBSIDIARY

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

AND AS AT DECEMBER 31, 2011 AND 2010

AUDITOR'S REPORT

To The Shareholders of

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

I have audited the consolidated statements of financial position of UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARY and separate statements of financial position of UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED as at December 31, 2011 and 2010, the related consolidated statements of comprehensive income and separate statements of comprehensive income, consolidated statements of changes in shareholders' equity and separate statements of changes in shareholders' equity, and consolidated statements of cash flows and separate statements of cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. I did not audit the financial statements for the years ended December 31, 2011 and 2010 of an associate which included in these financial statements. Investment in associate by using equity method reflected at 32.52 per cent and 30.29 per cent of total assets as at December 31, 2011 and 2010 and share of profit (loss) from investment in associate for the years ended December 31, 2011 and 2010 at 2.30 per cent and 9.79 per cent of total revenues respectively. Those financial statements were audited by the other auditor whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for associate, is based solely on the report of the other auditor.

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

In my opinion, the consolidated and separate financial statements referred to above present fairly in all material respects, the consolidated financial position of UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARY and the separate financial position of UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED as at December 31, 2011 and 2010, the results of consolidated and separate operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

As explained in notes 2, 4 and 5 to the financial statements for the year ended December 31, 2011, the Company adopted the revised financial reporting standards issued by the Federation and Accounting Professions and in accordance with the notification of the Department of Business Development regarding the condensed form should be included in the financial statements B.E. 2554, that the adoption is effective for the financial statements for the accounting periods beginning on or after January 1, 2011 for preparation and presentation these financial statements. Accordingly the comparative consolidated and separate financial statements for the year ended December 31, 2010 have been presented in new format for corresponding with the financial statements for the year ended December 31, 2011.

D I A International Audit Co., Ltd.

(Mrs. Suvimol Krittayakiern)

C.P.A. (Thailand)

Registration No. 2982

February 20, 2012

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2011 AND 2010

Assets	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2011	2010	2011	2010
Current assets					
Cash and cash equivalents	6	70,600,067.44	57,644,142.31	68,232,511.14	57,644,142.31
Current investments - cash at banks		28,020,041.74	0.00	28,020,041.74	0.00
Trade and other receivables	7	110,576,622.92	122,969,280.88	110,463,821.57	122,969,280.88
Prepayment for purchasing goods		5,961,514.40	13,727,336.70	5,961,514.40	13,727,336.70
Inventories	8	92,524,285.32	109,546,405.99	91,405,601.92	109,546,405.99
Total current assets		307,682,531.82	303,887,165.88	304,083,490.77	303,887,165.88
Non-current assets					
Pledged bank deposit	9	12,561,874.99	98,289,997.30	12,561,874.99	98,289,997.30
Investment in associate	10	168,470,379.84	182,231,627.08	111,051,487.00	111,051,487.00
Investment in subsidiary	11	0.00	0.00	4,999,700.00	0.00
Equipment	12	25,317,468.92	12,140,396.69	25,266,824.41	12,140,396.69
Other non-current assets		4,044,901.45	5,160,390.30	4,044,901.45	5,160,390.30
Total non-current assets		210,394,625.20	297,822,411.37	157,924,787.85	226,642,271.29
Total assets		518,077,157.02	601,709,577.25	462,008,278.62	530,529,437.17

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2011 AND 2010

Liabilities and shareholders' equity	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2011	2010	2011	2010
Current liabilities					
Bank overdrafts and short - term loans					
from financial institutions	13	16,793,237.16	139,392,084.68	16,793,237.16	139,392,084.68
Trade and other payables		64,156,133.14	83,882,484.49	64,068,372.34	83,882,484.49
Current portion of long - term					
debts	14	823,245.67	1,341,744.91	823,245.67	1,341,744.91
Corporate income tax payable		11,506,127.31	8,059,799.33	11,506,127.31	8,059,799.33
Total current liabilities		<u>93,278,743.28</u>	<u>232,676,113.41</u>	<u>93,190,982.48</u>	<u>232,676,113.41</u>
Non - current liabilities					
Liabilities under financial lease					
agreement	14	1,550,877.38	2,336,462.05	1,550,877.38	2,336,462.05
Employee benefits obligation		5,693,751.00	0.00	5,693,751.00	0.00
Total non - current liabilities		<u>7,244,628.38</u>	<u>2,336,462.05</u>	<u>7,244,628.38</u>	<u>2,336,462.05</u>
Total liabilities		<u>100,523,371.66</u>	<u>235,012,575.46</u>	<u>100,435,610.86</u>	<u>235,012,575.46</u>

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2011 AND 2010

Liabilities and shareholders' equity	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2011	2010	2011	2010
Shareholders' equity					
Share capital					
Authorized share capital					
172,500,000 ordinary	15				
shares of Baht 1 each		<u>172,500,000.00</u>		<u>172,500,000.00</u>	
150,000,000 ordinary					
shares of Baht 1 each	15		<u>150,000,000.00</u>		<u>150,000,000.00</u>
Issued and paid-up share capital					
172,499,988 ordinary					
shares of Baht 1 each	15	172,499,988.00		172,499,988.00	
150,000,000 ordinary					
shares of Baht 1 each	15		150,000,000.00		150,000,000.00
Premium on ordinary shares		83,266,474.59	83,266,474.59	83,266,474.59	83,266,474.59
Retained earnings					
Appropriated - legal reserve	16	12,940,393.95	6,169,337.00	12,940,393.95	6,169,337.00
Unappropriated	17	148,846,780.04	127,261,190.20	92,865,811.22	56,081,050.12
Total owners of the Company		<u>417,553,636.58</u>	<u>366,697,001.79</u>	<u>361,572,667.76</u>	<u>295,516,861.71</u>
Non-controlling interests		148.78	0.00	0.00	0.00
Total shareholders' equity		<u>417,553,785.36</u>	<u>366,697,001.79</u>	<u>361,572,667.76</u>	<u>295,516,861.71</u>
Total liabilities and shareholders' equity		<u>518,077,157.02</u>	<u>601,709,577.25</u>	<u>462,008,278.62</u>	<u>530,529,437.17</u>

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2011	2010	2011	2010
Sales		949,063,294.36	767,076,004.91	949,997,873.80	767,076,004.91
Cost of sales		(797,322,081.97)	(649,041,628.06)	(798,330,765.37)	(649,041,628.06)
Gross profit		151,741,212.39	118,034,376.85	151,667,108.43	118,034,376.85
Others income					
Dividend income		0.00	0.00	35,968,370.14	0.00
Others		15,478,226.14	6,566,305.13	15,472,199.36	6,542,379.60
Selling expenses		(26,088,856.03)	(22,958,210.65)	(26,088,856.03)	(22,958,210.65)
Administrative expenses		(55,211,863.12)	(50,722,522.44)	(53,693,657.14)	(50,722,522.44)
Finance costs		(5,490,184.94)	(3,981,115.22)	(5,490,184.94)	(3,981,115.22)
Share of profit from investment					
in associate		22,207,122.90	75,723,063.90	0.00	0.00
Profit before income tax		102,635,657.34	122,661,897.57	117,834,979.82	46,914,908.14
Income tax expenses	18	(22,413,840.77)	(14,528,168.09)	(22,413,840.77)	(14,528,168.09)
Profit for the year		80,221,816.57	108,133,729.48	95,421,139.05	32,386,740.05
Other comprehensive income		0.00	0.00	0.00	0.00
Total comprehensive income for the year		80,221,816.57	108,133,729.48	95,421,139.05	32,386,740.05
Total comprehensive income attributable to :					
Owners of the Company		80,221,967.79	108,133,729.48	95,421,139.05	32,386,740.05
Non-controlling interests		(151.22)	0.00	0.00	0.00
		80,221,816.57	108,133,729.48	95,421,139.05	32,386,740.05
Earnings per share					
Basic earnings per share	4.15	0.47	0.72	0.55	0.22
Weighted average number of					
ordinary shares	4.15	172,499,988	149,989,988	172,499,988	149,989,988

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

		Consolidated financial statements (Baht)					(Unit : Baht)	
		Owners of the Company						
		Issued and paid-up share capital	Premium on share capital	Retained earnings		Owners of the Company	Non-controlling interests	Total shareholders' equity
				Appropriated	Unappropriated			
Note				Legal reserve				
	Balance as at December 31, 2009	120,000,000.00	0.00	4,550,000.00	35,746,797.72	160,296,797.72	0.00	160,296,797.72
	The changes in shareholders' equity for the year 2010 :							
	Ordinary shares increase	30,000,000.00	83,266,474.59	0.00	0.00	113,266,474.59	0.00	113,266,474.59
	Total comprehensive income for the year	0.00	0.00	0.00	108,133,729.48	108,133,729.48	0.00	108,133,729.48
	Interim dividend paid	17.2	0.00	0.00	(15,000,000.00)	(15,000,000.00)	0.00	(15,000,000.00)
	Legal reserve	16	0.00	0.00	1,619,337.00	(1,619,337.00)	0.00	0.00
	Balance as at December 31, 2010	150,000,000.00	83,266,474.59	6,169,337.00	127,261,190.20	366,697,001.79	0.00	366,697,001.79
	Effects of adoption the new accounting policy-employee benefits	5	0.00	0.00	0.00	(4,360,321.00)	0.00	(4,360,321.00)
	Balance as at December 31, 2010 - after restatement	150,000,000.00	83,266,474.59	6,169,337.00	122,900,869.20	362,336,680.79	0.00	362,336,680.79
	The changes in shareholders' equity for the year 2011 :							
	Ordinary shares	15	0.00	0.00	0.00	0.00	300.00	300.00
	Dividend paid	17.2	0.00	0.00	0.00	(22,500,000.00)	0.00	(22,500,000.00)
	Total comprehensive income for the year	0.00	0.00	0.00	80,221,967.79	80,221,967.79	(151.22)	80,221,816.57
	Dividend paid by cash and ordinary shares	17.1	0.00	0.00	0.00	(25,005,000.00)	0.00	(2,505,012.00)
	Legal reserve	16, 17.2	0.00	0.00	6,771,056.95	(6,771,056.95)	0.00	0.00
	Balance as at December 31, 2011	150,000,000.00	83,266,474.59	12,940,393.95	148,846,780.04	417,553,636.58	148.78	417,553,785.36

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

(Unit : Baht)

	Separate financial statements					
	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings		Total shareholders' equity
				Appropriated	Unappropriated	
				Legal reserve		
Balance as at December 31, 2009		120,000,000.00	0.00	4,550,000.00	40,313,647.07	164,863,647.07
The changes in shareholders' equity						
for the year 2010 :						
Ordinary shares increase		30,000,000.00	83,266,474.59	0.00	0.00	113,266,474.59
Total comprehensive income						
for the year		0.00	0.00	0.00	32,386,740.05	32,386,740.05
Interim dividend paid	17.2	0.00	0.00	0.00	(15,000,000.00)	(15,000,000.00)
Legal reserve	16	0.00	0.00	1,619,337.00	(1,619,337.00)	0.00
Balance as at December 31, 2010		150,000,000.00	83,266,474.59	6,169,337.00	56,081,050.12	295,516,861.71
Effects of adoption the new accounting						
policy-employee benefits	5	0.00	0.00	0.00	(4,360,321.00)	(4,360,321.00)
Balance as at December 31, 2010						
- after restatement		150,000,000.00	83,266,474.59	6,169,337.00	51,720,729.12	291,156,540.71
The changes in shareholders' equity						
for the year 2011 :						
Dividend paid	17.2	0.00	0.00	0.00	(22,500,000.00)	(22,500,000.00)
Total comprehensive income						
for the year		0.00	0.00	0.00	95,421,139.05	95,421,139.05
Dividend paid by cash and						
ordinary shares	17.1	22,499,988.00	0.00	0.00	(25,005,000.00)	(2,505,012.00)
Legal reserve	16, 17	0.00	0.00	6,771,056.95	(6,771,056.95)	0.00
Balance as at December 31, 2011		172,499,988.00	83,266,474.59	12,940,393.95	92,865,811.22	361,572,667.76

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2011	2010	2011	2010
Cash flows from operating activities				
Profit before corporate income tax	102,635,657.34	122,661,897.57	117,834,979.82	46,914,908.14
Adjustment				
Depreciation	2,803,830.41	2,833,734.27	2,798,540.34	2,833,734.27
Loss on devaluation of inventories	727,103.06	110,187.50	727,103.06	110,187.50
Unrealized loss on exchange rate	239,721.45	329,989.72	239,721.45	329,989.72
Gain on sales of investment in associate	0.00	(23,925.53)	0.00	0.00
Share of (profit) loss from investment in associate	(22,207,122.90)	(75,723,063.90)	0.00	0.00
(Gain) loss on disposal of fixed assets	21,557.79	(229,971.31)	21,557.79	(229,971.31)
Amortization of prepaid expenses	800,052.41	534,405.68	800,052.41	534,405.68
Employee benefits obligation	1,333,430.00	0.00	1,333,430.00	0.00
Dividend income	0.00	0.00	(35,968,370.14)	0.00
Interest expenses	4,719,085.45	2,918,788.84	4,719,085.45	2,918,788.84
	<u>91,073,315.01</u>	<u>53,412,042.84</u>	<u>92,506,100.18</u>	<u>53,412,042.84</u>
(Increase) Decrease in changes of operating assets				
Trade and other receivables	11,722,181.04	57,959,445.28	11,834,922.13	57,959,445.28
Prepayment for purchasing goods	7,765,822.30	(13,727,336.70)	7,765,822.30	(13,727,336.70)
Inventories	16,295,017.61	(27,631,610.23)	17,413,701.01	(27,631,610.23)
Other non-current assets	3,357,414.83	(4,095,092.30)	3,357,414.83	(4,095,092.30)
Increase (Decrease) in changes of operating liabilities				
Trade and other payables	(25,809,713.18)	(28,409,910.41)	(25,897,473.98)	(28,409,910.41)
Cash generated (paid for) from operations	104,404,037.61	37,507,538.48	106,980,486.47	37,507,538.48
Interest paid	(4,719,085.45)	(2,929,336.79)	(4,719,085.45)	(2,929,336.79)
Corporate income tax paid	(18,967,573.05)	(15,347,117.22)	(18,967,512.79)	(15,347,117.22)
Net cash provided by (used in) operating activities	<u>80,717,379.11</u>	<u>19,231,084.47</u>	<u>83,293,888.23</u>	<u>19,231,084.47</u>

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2011	2010	2011	2010
Cash flows from investing activities				
Increase in current investment	(28,020,041.74)	0.00	(28,020,041.74)	0.00
(Increase) decrease in pledged bank deposit	85,728,122.31	(67,169,507.91)	85,728,122.31	(67,169,507.91)
(Increase) decrease in investment in				
associate	0.00	124,925.00	0.00	124,925.00
Dividend received from associate	35,968,370.14	0.00	35,968,370.14	0.00
Increase in investment in subsidiary	0.00	0.00	(4,999,700.00)	0.00
Proceeds from sales of fixed assets	34,040.19	289,719.63	34,040.19	289,719.63
Payments for purchase of fixed assets	(10,162,788.56)	(6,297,404.74)	(10,106,853.98)	(6,297,404.74)
Prepayment for purchase of fixed assets	(2,355,000.00)	0.00	(2,355,000.00)	0.00
Net cash provided by (used in) investing activities	<u>81,192,702.34</u>	<u>(73,052,268.02)</u>	<u>76,248,936.92</u>	<u>(73,052,268.02)</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and				
short-term loans from financial institutions	(122,645,360.41)	10,483,600.59	(122,645,360.41)	10,483,600.59
Payments for liabilities under financial				
lease agreements	(1,304,083.91)	(942,901.04)	(1,304,083.91)	(942,901.04)
Proceeds from non-controlling interests	300.00	0.00	0.00	0.00
Proceeds from share capital increase	0.00	113,266,474.59	0.00	113,266,474.59
Dividend paid	(25,005,012.00)	(15,000,000.00)	(25,005,012.00)	(15,000,000.00)
Net cash provided by (used in) financing activities	<u>(148,954,156.32)</u>	<u>107,807,174.14</u>	<u>(148,954,456.32)</u>	<u>107,807,174.14</u>
Increase (decrease) in cash and cash equivalents	12,955,925.13	53,985,990.59	10,588,368.83	53,985,990.59
Cash and cash equivalents as at January 1	57,644,142.31	3,658,151.72	57,644,142.31	3,658,151.72
Cash and cash equivalents as at December 31	<u>70,600,067.44</u>	<u>57,644,142.31</u>	<u>68,232,511.14</u>	<u>57,644,142.31</u>

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2011 AND 2010

1. GENERAL INFORMATION

1.1 The Company was registered as a company limited on April 1, 1985 and on April 22, 2010, the Company has registered to change its status to public company limited and is listed company in the Market for Alternative Investment (MAI) on October 11, 2010.

1.2 The Company's registered address is No.1 TP&T Tower, Floor 19th, Soi Vibhavadirangsit 19, Vibhavadirangsit Road, Chatuchak Sub-District, Chatuchak District, Bangkok 10900 and the branch office's addresses as follows :

Branch 1 : Warehouse is located at 999 Moo 4, Soi Tesaban Bangpoo 99 (Sermmitra), Sukhumvit Road, Muang Samutphakan, Samutprakan.

Branch 2 : Sale office is located at 267/77 Sukhumvit Road, Maptaput, Muang Rayong, Rayong.

Branch 3 : Warehouse is located at 613/13 Moo 2, Songkla-Jana Road, Pawong, Songkla, Songkla.

1.3 The Company has engaged in business of import and distribution of chemicals and equipment used in various industries i.e. off-shore natural gas exploration and production, oil refinery and upstream petrochemicals, engine oil lubricant manufacturing plant, polymer and plastic manufacturing plant, chemical industrial plant, power plant and utilities system and investment in alternative energy business.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION AND PRESENTATION

2.1 BASIS OF FINANCIAL STATEMENTS

The financial statements have been prepared in conformity with generally accepted accounting principles enunciated under the Accounting Professions Act B.E. 2547 and presented in accordance with the notification of Department of Business Development by Ministry of Commerce dated September 28, 2011 regarding the condensed form should be included in the financial statements B.E. 2554 and in accordance with the regulations of the Securities and Exchange Commission regarding the preparation and presentation of financial reporting under the Securities and Exchange Act B.E. 2535.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

2.2 PRESENTATION OF FINANCIAL STATEMENTS

The Company and subsidiary has applied TAS 1 (Revised 2009) "Presentation of Financial Statements".

Under the revised standards, a set of financial statements comprises:

- Statement of financial position
- Statement of comprehensive income
- Statement of changes in shareholders' equity
- Statement of cash flows
- Notes to the financial statements

2.3 ISSUED AND REVISED FINANCIAL REPORTING STANDARDS

The Federation of Accounting Professions issued various revised financial reporting standards which certain standards are relevant to the Company and subsidiary's operations and effective for the accounting period beginning on or after January 1, 2011. The Company and subsidiary applied those standards as below:

<u>Financial reporting standards</u>	<u>Contents</u>
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)	Statements 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 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 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
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

The adoption of newly issued and revised financial reporting standards in these financial statements resulted to the changes in the Company and subsidiary's accounting policy. The effects have been disclosed in notes 5 to financial statements.

In addition the above newly issued and revised financial reporting standards, the other standards are expected to be effective for the financial statements beginning on or after January 1, 2013 and have not been adopted in the preparation of these financial statements. The details are following:

<u>Financial reporting standards</u>	<u>Contents</u>
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 Rate
TSIC 10	Government Assistance-No Specific Relation to Operating Activities
TSIC 21	Income Taxes- Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes- Changes in the Tax Status of an Enterprises or its Shareholders

At present, the Company and subsidiary are being evaluated the effects of those standards on the financial statements in the year in which they are initially applied.

3. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements incorporate the financial statements of Universal Adsorbents & Chemicals Public Company Limited and its subsidiary, control is achieved where the Company has the power to govern the financial and operating policies until the control is ceased as follows :

	Incorporated in	Percentage of investment (%)		Type of business
		2011	2010	
Subsidiary				
UAC Utilities Co., Ltd.	Thailand	99.99	0.00	Water production and distribution including related equipment distribution and installation

These financial statements have been prepared in conformity with the same accounting policy for the same accounts and accounting events of the Company and subsidiary.

The inter-company transactions, balances of accounts between Universal Adsorbents & Chemicals Public Company Limited and its subsidiary, unrealized gain between of the Company and net assets of subsidiary have been eliminated from the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Income and Expenses Recognition

4.1.1 Revenues and expenses are recognized on an accrual basis.

4.1.2 Revenues from sales are recognized when the goods are delivered, the significant risk and rewards have been transferred to the customers.

4.2 Cash and Cash Equivalents

Cash and cash equivalents included cash on hand and at bank of which are due within three months from the deposit date and without restriction on withdrawal.

4.3 Allowance for Doubtful Accounts

The Company and subsidiary provide the allowance for doubtful accounts for the possible loss incurred from receivable. The estimated loss are based on historical collection experience and a review of the current status of existing receivable.

4.4 Inventory

Supplies are valued at the lower of cost on a first - in first - out (FIFO) basis or net realizable value.

4.5 Investment

Investment in subsidiary is stated at cost net of provision for impairment (if any).

Investment in separate financial statements is stated at cost net of provision for impairment of investment (if any).

4.6 Equipment

Equipment is stated at cost less relevant accumulated depreciation and provision for impairment of assets (if any).

Equipment are depreciation on a straight-line basis over the estimated useful lives of the assets as follows :

	Number of years
Building improvement	5
Office equipment	3, 5
Office furniture and fixture	5
Vehicles	5

TAS 16 (Revised 2009) required the entity to include cost of assets dismantlement, removal and restoration as parts of cost of property, plant and equipment, the depreciation charge has to be determined separately for each significant parts of property, plant and equipment with the cost that is significant in relation to the total cost of the item. In addition, the entity is required to review the useful lives, residual value and depreciation method at least at each financial year end. Nevertheless, the Company assessed and found that the revised accounting standards have no material impact on property, plant and equipment.

4.7 Impairment of Assets

The Company and subsidiary have assessed the impairment of assets whenever events or changes indicated that the carrying amount of an assets exceeds its recoverable value (net selling price of the assets under current operation or its utilization value whichever is higher). The Company will consider the impairment for each asset item or each assets unit generating cash flows, whichever is practical. In case of the carrying amount of an asset exceeds its recoverable value, the Company and subsidiary will recognize an impairment loss in the statements of comprehensive income for the period. The Company and subsidiary will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment.

4.8 Transactions in Foreign Currencies

The Company and subsidiary record its transactions in foreign currencies converting into Thai Baht by using the exchange rates ruling on the transaction dates. The outstanding balances of accounts in foreign currencies as at the statements of financial position date are converted into Thai Baht by using the exchange rates ruling on the same date.

Gains or Loss on exchange rate are taken into income or expense in the results of operation.

4.9 Financial Instruments

Financial instruments are presented in statements of financial position, consist of cash and cash equivalents, current investment, trade and other receivables, restricted fixed deposit and long-term investment, bank overdrafts and short - term loans from financial institution, trade and other payables and liabilities under financial lease agreement. The basis of recognition and measurement of each item is separately disclosed in the related transactions.

4.10 Long-Term Lease Agreement

4.10.1 Financial lease agreement

The Company and subsidiary record vehicles under hire purchase agreement/lease agreement as assets and liabilities in an amount equal to the fair value of the leased assets or the present value of the minimum payments under the agreements. Interest expenses are recorded to each period over the term of the agreement.

4.10.2 Operating lease agreement

The Company and subsidiary have recorded long - term lease land agreement to be paid over the term of the agreement under operating lease agreement as rental expenses since the inception date in the statements of comprehensive income, amortized on a straight-line basis.

4.11 Employees Benefit

Provident fund

The Company and subsidiary have established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the outsider fund manager. The Company and employees made contribution into such provident fund. The Company's contribution payments to the provident fund were recorded as expenses in the statements of comprehensive income in the period in which they are incurred.

Employee benefits for past - employment benefits

The Company and subsidiary provide for post employment benefits, payable to employees under the Thai Labor Law. The present value of employee benefit liabilities recognized in the statements of financial position is estimated on an actuarial basis using Projected Unit Credit Method by the independent actuary. The calculation was made by utilizing various assumptions about future events. The Company is responsible for the selection of appropriate assumptions.

The principal actuarial assumptions were as follows;

Discount rate	4.0490% per annum
Employee turnover	Age-related scale and kind of employees
Mortality	According to Thailand TMO2008 male and female tables

4.12 Income Tax

The Company and subsidiary recorded income tax by calculating from taxable net profit as prescribed in the Revenue Code.

4.13 Accounting Estimates

Preparation of financial statements in conformity with generally accepted accounting principles required the management to make several estimation and assumption which affect the reported amounts in the financial statements and notes related thereto. Consequent actual results may differ from those estimates.

The Company and subsidiary made estimates and assumptions concerning the future factors. The results of accounting estimates may be differed from the related actual results. The estimates and assumptions that may have a risk of causing an adjustment to the assets in the next financial year related to allowance for doubtful accounts, allowance for devaluation of inventories at the statements of financial position date. Other estimates are described in the corresponding disclosures.

4.14 Provisions

The Company and subsidiary recognize a provision when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company settles the obligation. The amount recognized should not exceed the amount of the provision.

4.15 Basic Earnings per Share

Earnings (Loss) per share as presented in the statements of comprehensive (expense) income is the basic earnings per share which is determined by dividing the net profit (loss) for the year by the weighted average number of common shares issued and paid-up during the year using the number of shares including the number of shares dividend issued to the shareholders (note 15) and was made retroactively adjustment the earnings per share of year 2010 as below :

	Consolidated financial statements			
	Before share dividend payment		After share dividend payment	
	Earnings per share	Number of share	Earnings per share	Number of share
For the year 2011	-	-	0.47	172,499,988
For the year 2010	0.85	127,500,000	0.72	149,999,988
	Separate financial statements			
	Before share dividend payment		After share dividend payment	
	Earnings per share	Number of share	Earnings per share	Number of share
For the year 2011	-	-	0.55	172,499,988
For the year 2010	0.25	127,500,000	0.22	149,999,988

5. EFFECTS FROM INITIAL ADOPTION FINANCIAL REPORTING STANDARDS

5.1 Changes in accounting policy

During the year 2011, the Company applied TAS 19 "Employee Benefits", in accordance with the FAP's notification, the Company thus taken employee benefits obligation to adjust the beginning of 2011 retained earnings. From apply such accounting standards, the financial statements for the year ended December 31, 2011 represented the decrease in beginning retained earnings and increase in non-current liabilities at the same amount of Baht 4.36 million as follows :

	Consolidated financial statements (Baht)	Separate financial statements (Baht)
Retained earnings - unappropriated as at December 31, 2010	127,261,190.20	56,081,050.12
Employee benefits obligation	(4,360,321.00)	(4,360,321.00)
Retained earnings - unappropriated as at January 1, 2011	122,900,869.20	51,720,729.12

5.2 Financial statements presentation

The reclassification for the financial statements as at December 31, 2010 are as follows:

	Before reclassify	Reclassify	After reclassify
(Unit : Baht)			
<u>Consolidated and separate statements of financial position</u>			
Trade and other receivables	119,755,781.67	3,213,499.21	122,969,280.88
Other current assets	3,213,499.21	(3,213,499.21)	0.00
Trade and other payables	65,137,698.42	18,744,786.07	83,882,484.49
Other current liabilities	18,744,786.07	(18,744,786.07)	0.00

6. ADDITIONAL DISCLOSURE OF CASH FLOWS INFORMATION

6.1 Cash and cash equivalents

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2011	2010	2011	2010
Cash	45,547.00	17,146.00	42,392.00	17,146.00
Current accounts	1,059,783.73	1,020,241.62	1,032,175.73	1,020,241.62
Savings deposit	16,159,332.97	6,606,754.69	13,822,539.67	6,606,754.69
Fixed deposits	23,335,403.74	0.00	23,335,403.74	0.00
Bills of exchange	30,000,000.00	50,000,000.00	30,000,000.00	50,000,000.00
Total	70,600,067.44	57,644,142.31	68,232,511.14	57,644,142.31

6.2 Non - cash transaction

For the year ended December 31, 2011

- 1) The Company has paid ordinary share dividend amount of Baht 22.50 million (22.50 million shares at par value of Baht 1 each) to the shareholders (note 17.1).
- 2) The Company has purchased fixed assets amount of Baht 5.87 million with payment maturity in 2012 which is presented as other payables.

For the year ended December 31, 2010

The Company entered into leasing agreement for vehicles of Baht 4.07 million which was paid initial amount of Baht 1.02 million. The remaining is presented as liabilities under financial lease agreement.

7. TRADE AND OTHER RECEIVABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2011	2010	2011	2010
Trade accounts receivable	104,481,143.90	119,834,161.31	104,481,143.90	119,834,161.31
Other receivables	6,173,858.66	3,213,499.21	6,061,057.31	3,213,499.21
Total	110,655,002.56	123,047,660.52	110,542,201.21	123,047,660.52
Less Allowance for doubtful accounts - trade accounts receivable	(78,379.64)	(78,379.64)	(78,379.64)	(78,379.64)
Net	110,576,622.92	122,969,280.88	110,463,821.57	122,969,280.88

	Consolidated and Separate financial statements (Baht)	
	2011	2010
Trade accounts receivable are aged as follows :		
Trade accounts receivable under Credit Term	64,094,489.57	88,655,442.54
Trade accounts receivable due for payment		
- Less than 3 months	40,308,274.69	30,431,885.60
- Over 3 but less than 6 months	0.00	384,374.47
- Over 6 but less than 12 months	0.00	224,159.06
- Over 12 months	78,379.64	138,299.64
Total	<u>104,481,143.90</u>	<u>119,834,161.31</u>

8. INVENTORIES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2011	2010	2011	2010
Finished goods	89,925,256.28	104,206,521.32	88,806,572.88	104,206,521.32
Goods in transit	3,326,132.10	5,878,799.15	3,326,132.10	5,878,799.15
Total	<u>93,251,388.38</u>	<u>110,085,320.47</u>	<u>92,132,704.98</u>	<u>110,085,320.47</u>
Less Allowance for devaluation				
of finished goods	(727,103.06)	(538,914.48)	(727,103.06)	(538,914.48)
Net	<u>92,524,285.32</u>	<u>109,546,405.99</u>	<u>91,405,601.92</u>	<u>109,546,405.99</u>

9. PLEDGED BANK DEPOSIT

	Consolidated and separate financial statements (Baht)	
	2011	2010
Fixed deposits	12,561,874.91	63,289,997.30
Bills of exchange	0.00	35,000,000.00
Total	<u>12,561,874.91</u>	<u>98,289,997.30</u>

As at December 31, 2011 and 2010, the Company has fixed deposit and bills of exchange with the several banks amount of Baht 12.56 million and Baht 98 million respectively for using as guarantee against overdrafts and short-term loans from financial institutions (note 13) and commitment and contingent liabilities (note 25).

10. INVESTMENT IN ASSOCIATE

Name	Nature of business	Relationship	Authorized	Shareholding percentage		Investment (Baht)			
			share capital			Equity method		Cost method	
			(Baht)	2011	2010	2011	2010	2011	2010
Associate									
Bangchak Biofuel Co., Ltd.	Manufacturing and distribution biodiesel	Director and shareholders	281,500,000.00	30.00	30.00	168,470,379.84	182,231,627.08	111,051,487.00	111,051,487.00

In during the year 2011, the Company received dividend from Bangchak Biofuel Co., Ltd. amount of Baht 35.97 million (844,498 ordinary shares of Baht 42.59 each).

The financial statements for the year ended December 31, 2011 and 2010 of the above associate were taken to prepare the consolidated financial statements which were audited by the other auditor.

11. INVESTMENT IN SUBSIDIARY

Name	Nature of business	Incorporated in	Paid-up share		Separate financial statement (Baht)				
			capital (Baht)	Percentage of shareholding	Cost method				
				2011	2010	2011	2010		
UAC Utilities Co., Ltd.	Utilities	Thailand	5,000,000.00	99.99	0.00	4,999,700.00	0.00		

Subsidiary was incorporated on April 8, 2011, has registered share capital amount of Baht 5 million divided into 50,000 ordinary shares of Baht 100.00 each. The Company has percentage of shareholding at 99.99 per cent (49,997 shares of Baht 100.00 each). The subsidiary is engaged in business of water production and distribution for using in industry and consumption including distribution and installation the related equipment.

The financial statements for the year ended December 31, 2011 of the above subsidiary were taken to prepare the consolidated financial statements which were audited by the auditor.

12. EQUIPMENT

Consolidated financial statements (Baht)						
	Building	Office equipment	Office	Vehicles	Building under	Total
	improvement		furniture		construction	
Assets - Cost						
As at December 31, 2010	3,165,397.81	7,007,752.44	622,912.93	17,143,314.38	0.00	27,939,377.56
Purchase	400,000.00	1,653,365.84	123,132.61	0.00	13,860,002.17	16,036,500.62
Disposal	0.00	(306,163.46)	(7,009.35)	0.00	0.00	(313,172.81)
As at December 31, 2011	<u>3,565,397.81</u>	<u>8,354,954.82</u>	<u>739,036.19</u>	<u>17,143,314.38</u>	<u>13,860,002.17</u>	<u>43,662,705.37</u>
Accumulated depreciation						
As at December 31, 2010	369,296.03	4,460,860.44	391,979.63	10,576,844.77	0.00	15,798,980.87
Depreciation for the year	633,079.55	764,920.44	56,822.58	1,349,007.84	0.00	2,803,830.41
Depreciation - write off	0.00	(250,566.48)	(7,008.35)	0.00	0.00	(257,574.83)
As at December 31, 2011	<u>1,002,375.58</u>	<u>4,975,214.40</u>	<u>441,793.86</u>	<u>11,925,852.61</u>	<u>0.00</u>	<u>18,345,236.45</u>
Net book value						
As at December 31, 2010	<u>2,796,101.78</u>	<u>2,546,892.00</u>	<u>230,933.30</u>	<u>6,566,469.61</u>	<u>0.00</u>	<u>12,140,396.69</u>
As at December 31, 2011	<u>2,563,022.23</u>	<u>3,379,740.42</u>	<u>297,242.33</u>	<u>5,217,461.77</u>	<u>13,860,002.17</u>	<u>25,317,468.92</u>

Separate financial statements (Baht)						
	Building	Office equipment	Office	Vehicles	Building under	Total
	improvement		furniture		construction	
Assets - Cost						
As at December 31, 2010	3,165,397.81	7,007,752.44	622,912.93	17,143,314.38	0.00	27,939,377.56
Purchase	400,000.00	1,597,431.26	123,132.61	0.00	13,860,002.17	15,980,566.04
Disposal	0.00	(306,163.46)	(7,009.35)	0.00	0.00	(313,172.81)
As at December 31, 2011	<u>3,565,397.81</u>	<u>8,299,020.24</u>	<u>739,036.19</u>	<u>17,143,314.38</u>	<u>13,860,002.17</u>	<u>43,606,770.79</u>
Accumulated depreciation						
As at December 31, 2010	369,296.03	4,460,860.44	391,979.63	10,576,844.77	0.00	15,798,980.87
Depreciation for the year	633,079.55	759,630.37	56,822.58	1,349,007.84	0.00	2,798,540.34
Depreciation - write off	0.00	(250,566.48)	(7,008.35)	0.00	0.00	(257,574.83)
As at December 31, 2011	<u>1,002,375.58</u>	<u>4,969,924.33</u>	<u>441,793.86</u>	<u>11,925,852.61</u>	<u>0.00</u>	<u>18,339,946.38</u>
Net book value						
As at December 31, 2010	<u>2,796,101.78</u>	<u>2,546,892.00</u>	<u>230,933.30</u>	<u>6,566,469.61</u>	<u>0.00</u>	<u>12,140,396.69</u>
As at December 31, 2011	<u>2,563,022.23</u>	<u>3,329,095.91</u>	<u>297,242.33</u>	<u>5,217,461.77</u>	<u>13,860,002.17</u>	<u>25,266,824.41</u>

Building under construction is structured on leased land (note 25.3).

13. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	Consolidated and separate financial statements (Baht)	
	2011	2010
Bank overdrafts	0.00	21,639,698.07
Short-term loans	0.00	60,000,000.00
Trust receipt payable	16,793,237.16	57,752,386.61
Total	16,793,237.16	139,392,084.68

As at December 31, 2011, the Company has overdrafts line with bank amount of Baht 20 million interest of MOR per annum. And as at December 31, 2010, the Company has overdrafts line with 2 banks amount of Baht 40 million divided into amount of Baht 20 million with the 1st bank was charged interest at the rate of MOR per annum, and amount of Baht 10 million with the 2nd bank charged interest of bills of exchange rate plus 1.25% per annum and Baht 10 million at the interest of MOR per annum.

As at December 31, 2010, the Company has short-term loans with 2 banks amount of Baht 60 million by issuing promissory notes 1) amount of Baht 50 million is due within January 2011, amount of Baht 25 million charged interest at the rate of bills of exchange 4 months plus 1.125% per annum and Baht 25 million at the interest of MLR per annum and 2) amount of Baht 10 million is due within February 2011 at interest rate of 3.55% per annum.

As at December 31, 2011 and 2010, the Company has credit line for import goods from overseas with several banks amount of Baht 210 million and Baht 150 million respectively, at the agreed interest rate on the loan agreement date.

Such overdrafts and loans are guaranteed by bank deposit and bills of exchange (note 9) and the Company's director.

14. LIABILITIES UNDER FINANCIAL LEASE AGREEMENT

1) Liabilities under financial lease agreement excluded future interest are as follows :

	Consolidated and separate financial statements (Baht)	
	2011	2010
Payable under hire-purchase agreement	75,000.00	682,270.00
Payable under lease agreement	2,299,123.05	2,995,936.96
Total	2,374,123.05	3,678,206.96
Less Current portion of long-term debt	(823,245.67)	(1,341,744.91)
Net	1,550,877.38	2,336,462.05

As at December 31, 2011 and 2010, vehicles at cost of Baht 5.29 million and Baht 10.21 million respectively is under the repayment to such payable under the agreement.

2) The minimum to be paid under financial lease agreement as follows :

	Consolidated and separate financial statements (Baht)	
	2011	2010
Within 1 year	946,824.00	1,526,926.00
Over 1 year not over 3 years	1,656,621.00	1,811,148.00
Over 3 year not over 5 years	0.00	792,297.00
Total	2,603,445.00	4,130,371.00
Less Future interest of financial agreement	(229,321.95)	(452,164.04)
Present value of liabilities under financial lease agreement	2,374,123.05	3,678,206.96

15. SHARE CAPITAL

For the year 2011

According to the minutes of shareholders' extraordinary meeting no.1/2011 held on September 14, 2011, passed the resolution to increase the Company's share capital for the another amount of Baht 22.50 million to the registered share capital amount of Baht 172.50 million (172.50 ordinary shares at par value of Baht 1 each) by issuing newly ordinary share for share dividend payment (note 17). The Company has registered the increase with the Ministry of Commerce on September 28, 2011. Subsequent, on October 6, 2011, the Company has paid share dividend to the shareholders and already registered the changes in share capital from increasing with the Ministry of Commerce.

For the year 2010

According to the minutes of general shareholders meeting for the year 2010 held on April 22, 2010, the Company has resolution as follows :

1. To change it status from company limited to public company limited and changed its name to "Universal Adsorbents & Chemicals Public Company Limited.
2. To change par value of share capital from Baht 100 per share to Baht 1 per share, as a result, the Company has 120 million ordinary shares of Baht 1 each.

3. To increase the Company share capital amount of Baht 30 million to be registered share capital amount of Baht 150 million (150 million ordinary shares at par of Baht 1 each) by offering to the public.

On April 22, 2010, the Company has registered the change of No.1 and No. 2 with the Ministry of Commerce.

On October 5, 2010, the Company has received the payment of ordinary shares which offered to the public amount of Baht 120 million (30 million shares at offering price of Baht 4 each) of No. 3. The Company has registered the change of paid-up share capital from such increase share capital with the Ministry of Commerce on October 6, 2010.

16. LEGAL RESERVE

According to the Public Company Act., the Company has to appropriate its reserve as a legal reserve net less than 5% of the annual net profit after deduction with deficit brought forward (if any) until the reserve not less than 10% of the authorized share capital. The reserve is not available for dividend distribution.

17. RETAINED EARNINGS APPROPRIATION

17.1 According to the minutes of shareholders' extraordinary meeting no.1/2011 held on September 14, 2011, passed the resolution to pay dividend to the shareholders in the amount of Baht 0.1667 per share for 150 million shares, amounting to Baht 25.005 million. The dividend payment can be divided into 1) pay by ordinary share of the Company not exceeds Baht 22.50 million (22.50 million shares at par value of Baht 1 each) or equal to dividend payment at Baht 0.15 per share to the shareholders at 20 old shares for 3 shares dividend, and 2) pay by cash dividend at Baht 0.0167 per share amount not exceeds Baht 2.51 million and the Company has paid such dividend on October 6, 2011.

17.2 According to the minutes of general shareholders' meeting for the year 2011 held on April 29, 2011, passed the resolution to pay dividend to the shareholders for 150 million shares at Baht 0.25 each, totally Baht 37.50 million, and legal reserve amount of Baht 2 million. The Company had already paid interim dividend amount of Baht 15 million in 2010, remain dividend to be paid for another Baht 22.50 million. The Company has already paid such dividend on May 26, 2011.

18. INCOME TAX

Parent Company

The Company calculated corporate income tax at the rate of 25 - 30% of profit (loss) before deducting with tax expenses and added back by other expenses which shall not be allowed as expenses in tax calculation (if any)

Subsidiary

The corporate income tax is calculated at the rate of 15-30 per cent of profit (loss) before deducting with tax expenses and added by other expenses which shall not be allowed as expenses in tax calculation (if any).

19. TRANSACTION WITH RELATED PERSONS AND PARTIES

The Company's assets, liabilities, revenues and expenses arose from the transaction with related persons and parties. Those transactions are determined on the basis of the company concerned and in the normal course of business.

19.1 General information

<u>Name/Related persons and parties</u>	<u>Relationship</u>	<u>Description</u>	<u>Pricing policy</u>
<u>Related companies</u>			
UAC Utilities Co., Ltd.	Subsidiary	Revenue from sales of goods	Market price
Bangchak Biofuel Co., Ltd.	Associated company and common director	Revenue from sales of goods Purchase of goods	Market price Market price
K & N Commercial Co., Ltd.	Intimate of director is a director of such company	Revenue from sales of goods	Market price
Appliance Technology Supply Co., Ltd.	Common directors	Purchase of goods Fixed assets construction cost	Market price Market price
P & P Ordinary Partnership	Intimates of director are partners of that party	Warehouse rental	Rental fee of Baht 0.13 million per month
Phu Khieo Bio-Energy Co., Ltd.	Common directors	Revenue from sales of goods	Market price

On April 21, 2010, the Company's director has resigned from the director of Appliance Technology Supply Company Limited.

19.2 Assets and liabilities transaction with related persons and parties consist of :

	Consolidated and separate financial statements (Baht)	
	2011	2010
Trade accounts payable		
Bangchak Biofuel Co., Ltd.	2,623,326.27	1,570,602.94
Appliance Technology Supply Co., Ltd.	0.00	493,133.58
Total	<u>2,623,326.27</u>	<u>2,063,736.52</u>

19.3 Revenues and expenses transaction with related persons and parties

	Consolidated and separate financial statements (Baht)	
	2011	2010
Sales		
Bangchak Biofuel Co., Ltd.	0.00	10,505,113.60
UAC Utilities Co., Ltd.	934,579.44	0.00
K & N Commercial Co., Ltd.	0.00	380,500.00
Phukieo Bio-Energy Co., Ltd.	0.00	36,500.00
Total	<u>934,579.44</u>	<u>10,922,113.60</u>

	Consolidated and separate financial statements (Baht)	
	2011	2010
Purchase		
Bangchak Biofuel Co., Ltd.	11,435,266.60	12,491,836.68
Appliance Technology Supply Co., Ltd.	0.00	197,910.00
Total	<u>11,435,266.60</u>	<u>12,689,746.68</u>

Administrative expenses (rental fee)

P & P Ordinary Partnership	<u>1,528,421.04</u>	<u>1,528,421.04</u>
----------------------------	---------------------	---------------------

19.4 Fixed assets transaction with related persons and parties

	Consolidated and separate financial statements (Baht)	
	2011	2010
Equipment		
Appliance Technology Supply Co., Ltd.	0.00	318,724.00

20. DIRECTORS REMUNERATION

Directors' remuneration is the benefits being paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive salaries and related benefits payable to the executive.

21. MANAGEMENT BENEFIT EXPENSES

Management benefit is expenses relating to salaries, remunerations and other benefits to being paid the directors who are holding management position, in accordance with the definitions of the Office of Securities and Exchange Commission. The Management under this definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in position comparable to these fourth executive levels.

22. EXPENSES ANALYZED BY NATURE AS FOLLOWS :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2011	2010	2011	2010
Changes in inventories	14,281,265.04	(30,250,329.98)	15,399,948.44	(30,250,329.98)
Employees benefit expenses	21,843,735.25	15,151,031.75	20,926,258.48	15,151,031.75
Depreciation	2,803,830.41	2,833,734.27	2,798,540.34	2,833,734.27
Commission for sale of goods	3,764,430.00	3,373,148.79	3,764,430.00	3,373,148.79
Directors' remuneration	2,180,000.00	1,888,425.00	2,180,000.00	1,888,425.00
Management benefit expenses	14,887,341.50	12,457,951.50	14,887,341.50	12,457,951.50

23. SEGMENT INFORMATION

The Company's operation involve virtually in import and distribution of chemicals and equipment for using in industry in both domestic and overseas geographical segment.

The subsidiary's operation involve virtually in water production and distribution for using in industry and consumption purposes including distribution and installation the related equipment only in domestic geographical segment.

Therefore, the Company and subsidiary have not presented the financial information by segment caused by the geographical segment of the Company and business segment of subsidiary had revenues less than 10% of their total revenues.

24. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

24.1 Accounting policy

The significant accounting policies and method adopted including the basis of recognition and measurement relating to each class of financial assets and liabilities have been disclosed in notes to financial statements no. 4.9.

24.2 Credit risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company and subsidiary. The Company and subsidiary have policy to hedge this credit risk by reviewing the financial status of customers. Financial assets shown in statements of financial position at the book value deducted by allowance for doubtful accounts is maximum value of credit risk.

24.3 Interest rate risk

Interest rate risk from changes in market interest rate will affect the results of the Company and subsidiary operations and cash flows. The Company and subsidiary exposed the interest rate risk to its cash equivalents, restricted fixed deposit, bank overdrafts and short-term loans from financial institution, and liabilities under financial lease agreement. The Company do not use derivative financial instruments to hedge such risk.

24.4 Exchange rate risk

The Company and subsidiary exposed to exchange rate risk due to their purchasing and selling denominated in foreign currencies which were entered into forward contract against exchange rate risk hedging. The contract period is not exceeded 1 year.

The Company has financial assets and liabilities denominated in foreign currency as follows :

	2011	2010
Financial assets		
Deposit account in US Dollar	124,885.65	129,641.15
Trade accounts receivable in US Dollar	59,764.50	0.00
Financial liabilities		
Trust receipt payable in US Dollar	527,560.00	1,481,817.00
Trust receipt payable in Yen	0.00	34,363,480.00
Trade accounts payable in US Dollar	573,325.54	686,961.30
Trade accounts payable in EURO	73,690.86	105,419.22
Trade accounts payable in Yen	0.00	49,729,204.00

The Company has remaining forward contract as follows :

	Exchange rate per Baht			
	2011	2010	2011	2010
US Dollar	31.21 - 31.34	29.97 - 30.93	61,765.00	1,001,376.28
EURO	42.03 - 42.28	39.56 - 40.08	281,506.98	174,013.76
Yen	0.00	0.3683	0.00	34,363,480.00

25. COMMITMENT AND CONTINGENT LIABILITIES

25.1 The Company is liable on payment under office building lease and services agreement with the several lessors by making monthly rental and services fee amount of Baht 0.15 million. As at December 31, 2011 and 2010 the Company has to pay the rental fee until the completion amount of Baht 4.27 million and Baht 3.92 million respectively.

25.2 The Company is liable on payment under 2 warehouses lease agreement with the monthly rental amount of Baht 0.16 million for the 3 years period. As at December 31, 2011 and 2010 the Company has to pay the rental fee until the completion amount of Baht 2.29 million and Baht 2.54 million respectively.

25.3 The Company is liable on payment rental under lease of 3 plots of land agreement for the plant construction of bio energy manufacturing purpose with the agreement periods of 18 years, in the monthly rental amount of Baht 0.01 million for the 1st-10th year, Baht 0.02 million for the 11th-18th year. As at December 31, 2011, the Company is liable on payment rental until the completion amount of Baht 2.88 million.

25.4 The Company also is liable on payment under chemical storage tanks lease agreement with monthly rental amount of Baht 0.93 million for the 3 years period, commencing on October 15, 2009. On December 1, 2010, the Company has already cancelled such lease agreement which effective on May 31, 2011. As at December 31, 2010, the Company has to pay the rental fee until the completion amount of Baht 4.63 million.

25.5 The Company is liable on payment under goods purchasing agreement and hire a contractor as at December 31, 2011 amount of US Dollar 0.92 million, EURO 0.16 million and Baht 32.14 million and as at December 31, 2010 amounting to US Dollar 0.65 million and Baht 7.45 million respectively.

25.6 The Company is liable on payment under letter of credit agreement with two banks relating to goods purchasing as follows :

	2011	2010
US Dollar	674,364.00	118,600.00
EURO	163,849.40	174,013.76

25.7 Commitment on Employee Joint Investment Program (EJIP)

On October 1, 2011, the Company has signed in the covenants of Employee Joint Investment Program between employer and employees of the Company and subsidiary for the objective to build the persuasion in work procedures and feeling to be joint owners of the Company as well as to maintain the employees' services for the Company. The project period is 3 years. The employee who is intended to be a member, should pay contribution to the project at the rate of 5% of basic salaries, the Company and subsidiary have to pay contribution at the rate of 5-7% of employee's salaries. Every month, such contribution will be taken to purchase the Company's share capital ("UAC") which traded in the Stock Exchange of Thailand on the indicated date. Membership employees can gradually sell "UAC" share capital when matured 1 year at the stipulated ratio. The Employee Joint Investment Program was authorized to manage by Tisco Securities Company Limited.

The Company and subsidiary recognized contribution payment to such project as expenses in the statements of comprehensive income for the fiscal period of contribution payment.

25.8 The Company has contingent liabilities with several banks from issuance of letter of goods quality guarantee to some of customers and guarantee duties and taxes for import of goods from an overseas as at December 31, 2011 and 2010 total amount of Baht 31.85 million and Baht 41.15 million respectively. Such letter of guarantee is secured by bank deposit (note 9) and the Company's director.

26. PROVIDENT FUND

The Company and subsidiary has joined to be a member of provident fund named "K Master Pool Fund Registered Provident Fund" which registered in accordance with the Provident Fund Act B.E. 2530 and the amendment by appointing the fund management to be fund manager. The fund is contributed to both by the employees, and the Company and subsidiary at the same rate of 3-5% of employees' salaries based on length of works. The accumulation and benefits will be paid to the members upon their retirement, death or resignation.

27. CAPITAL MANAGEMENT

The objective of financial management of the Company and subsidiary is to preserve the ability to continue their operations and capital structure to be properly appropriated.

28. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Company's Board of Directors on February 20, 2012.