

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

AND SUBSIDIARIES

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

AND AS AT DECEMBER 31, 2012

## **AUDITOR'S REPORT**

To the Shareholders of

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and separate financial statements of UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED, which comprise consolidated and separate statements of financial position as at December 31, 2012, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the year then ended, including notes of summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED as at December 31, 2012, and their financial performance and cash flows for the year then ended in accordance with the Thai financial reporting standards.

**Other matter**

I did not audit the financial statements for the years ended December 31, 2012 of an associate which included in these financial statements. Investment in associate by using equity method reflected at 19.51 per cent of total assets as at December 31, 2012 and share of profit from investment in associate for the year ended December 31, 2012 at 3.69 per cent of total revenues. 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.

D I A International Audit Co., Ltd.

( Mrs. Suvimol Krittayakiern )

C.P.A. (Thailand)

Registration No. 2982

February 20, 2013

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012 AND 2011

Assets	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2012	2011	2012	2011
<b>Current assets</b>					
Cash and cash equivalents	6	32,454,383.69	70,600,067.44	27,960,593.99	68,232,511.14
Current investments - cash at banks		0.00	28,020,041.74	0.00	28,020,041.74
Trade and other receivables	7	185,984,792.57	110,576,622.92	184,703,445.90	110,463,821.57
Prepayment for wages and purchasing goods		25,941,042.79	5,961,514.40	11,786,042.79	5,961,514.40
Inventories	8	117,777,367.73	92,524,285.32	117,724,617.73	91,405,601.92
<b>Total current assets</b>		<b>362,157,586.78</b>	<b>307,682,531.82</b>	<b>342,174,700.41</b>	<b>304,083,490.77</b>
<b>Non-current assets</b>					
Pledged bank deposit	9	0.00	12,561,874.99	0.00	12,561,874.99
Investment in associate	10	198,778,073.04	168,470,379.84	111,051,487.00	111,051,487.00
Investment in subsidiaries	11	0.00	0.00	5,249,625.00	4,999,700.00
Plant and equipment	12	425,213,939.87	25,317,468.92	424,444,645.26	25,266,824.41
Prepayment for purchase of fixed assets		28,588,055.05	0.00	28,588,055.05	0.00
Other non-current assets		4,221,677.28	4,044,901.45	3,774,209.82	4,044,901.45
<b>Total non-current assets</b>		<b>656,801,745.24</b>	<b>210,394,625.20</b>	<b>573,108,022.13</b>	<b>157,924,787.85</b>
<b>Total assets</b>		<b>1,018,959,332.02</b>	<b>518,077,157.02</b>	<b>915,282,722.54</b>	<b>462,008,278.62</b>

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2012 AND 2011

Liabilities and shareholders' equity	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2012	2011	2012	2011
<b>Current liabilities</b>					
Short-term loans from					
financial institutions	13	170,650,116.03	16,793,237.16	170,650,116.03	16,793,237.16
Trade and other payables	14	115,742,115.75	64,156,133.14	115,163,007.22	64,068,372.34
Current portion of long-term debts	15, 16	9,669,858.81	823,245.67	9,669,858.81	823,245.67
Advance received under agreement		14,900,000.00	0.00	0.00	0.00
Corporate income tax payable		15,853,024.74	11,506,127.31	15,853,024.74	11,506,127.31
<b>Total current liabilities</b>		<b>326,815,115.33</b>	<b>93,278,743.28</b>	<b>311,336,006.80</b>	<b>93,190,982.48</b>
<b>Non-current liabilities</b>					
Long-term loans	15	42,226,875.00	0.00	42,226,875.00	0.00
Financial lease liabilities	16	4,359,590.84	1,550,877.38	4,359,590.84	1,550,877.38
Employee benefit obligations		6,148,982.00	5,693,751.00	6,097,336.00	5,693,751.00
<b>Total non-current liabilities</b>		<b>52,735,447.84</b>	<b>7,244,628.38</b>	<b>52,683,801.84</b>	<b>7,244,628.38</b>
<b>Total liabilities</b>		<b>379,550,563.17</b>	<b>100,523,371.66</b>	<b>364,019,808.64</b>	<b>100,435,610.86</b>

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2012 AND 2011

Liabilities and shareholders' equity	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2012	2011	2012	2011
Shareholders' equity					
Share capital					
Authorized share capital					
552,949,478 ordinary					
shares of Baht 0.50 each	17	<u>276,474,739.00</u>		<u>276,474,739.00</u>	
172,500,000 ordinary					
shares of Baht 1 each	17		<u>172,500,000.00</u>		<u>172,500,000.00</u>
Issued and paid-up share capital					
436,449,478 ordinary					
shares of Baht 0.50 each	17	218,224,739.00		218,224,739.00	
172,499,988 ordinary					
shares of Baht 1 each	17		172,499,988.00		172,499,988.00
Premium on ordinary shares		181,830,224.59	83,266,474.59	181,830,224.59	83,266,474.59
Retained earnings					
Appropriated - legal reserve	18	17,366,731.06	12,940,393.95	17,366,731.06	12,940,393.95
Unappropriated	19	<u>218,528,894.43</u>	<u>148,846,780.04</u>	<u>133,841,219.25</u>	<u>92,865,811.22</u>
Total owners of the Company		<u>635,950,589.08</u>	<u>417,553,636.58</u>	<u>551,262,913.90</u>	<u>361,572,667.76</u>
Non-controlling interests		<u>3,458,179.77</u>	<u>148.78</u>	<u>0.00</u>	<u>0.00</u>
Total shareholders' equity		<u>639,408,768.85</u>	<u>417,553,785.36</u>	<u>551,262,913.90</u>	<u>361,572,667.76</u>
Total liabilities and shareholders' equity		<u>1,018,959,332.02</u>	<u>518,077,157.02</u>	<u>915,282,722.54</u>	<u>462,008,278.62</u>

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2012	2011	2012	2011
Sales and services		811,818,137.12	957,592,980.84	811,818,137.12	958,527,560.28
Cost of sales and services		(617,670,655.33)	(797,322,081.97)	(617,670,655.33)	(798,330,765.37)
Gross profit		194,147,481.79	160,270,898.87	194,147,481.79	160,196,794.91
Other income					
Dividend income		0.00	0.00	0.00	35,968,370.14
Others		8,906,067.45	6,948,539.66	9,060,342.12	6,942,512.88
Selling expenses		(27,262,034.67)	(26,088,856.03)	(27,262,034.67)	(26,088,856.03)
Administrative expenses		(61,174,599.16)	(55,211,863.12)	(58,185,850.13)	(53,693,657.14)
Finance costs		(2,736,676.58)	(5,490,184.94)	(2,736,669.43)	(5,490,184.94)
Share of profit from investment					
in associate		30,307,693.20	22,207,122.90	0.00	0.00
Profit before income tax		142,187,932.03	102,635,657.34	115,023,269.68	117,834,979.82
Income tax expenses	20	(26,496,527.54)	(22,413,840.77)	(26,496,527.54)	(22,413,840.77)
Profit for the year		115,691,404.49	80,221,816.57	88,526,742.14	95,421,139.05
Other comprehensive income		0.00	0.00	0.00	0.00
Total comprehensive income for the year		115,691,404.49	80,221,816.57	88,526,742.14	95,421,139.05
Total comprehensive income attributable to :					
Owners of the Company		117,233,448.50	80,221,967.79	88,526,742.14	95,421,139.05
Non-controlling interests		(1,542,044.01)	(151.22)	0.00	0.00
		115,691,404.49	80,221,816.57	88,526,742.14	95,421,139.05
Earnings per share					
Basic earnings per share	21	0.29	0.20	0.22	0.24
Weighted average number of					
ordinary shares	21	400,057,811	396,749,478	400,057,811	396,749,478

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

		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, 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)	(4,360,321.00)	0.00	(4,360,321.00)
	Balance as at January 1, 2011	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	
	Changes in shareholders' equity for the year 2011 :								
	Ordinary shares	11	0.00	0.00	0.00	0.00	300.00	300.00	
	Dividend paid	19	0.00	0.00	0.00	(22,500,000.00)	(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, 19	22,499,988.00	0.00	0.00	(25,005,000.00)	(2,505,012.00)	0.00	(2,505,012.00)
	Legal reserve	18	0.00	0.00	6,771,056.95	(6,771,056.95)	0.00	0.00	0.00
	Balance as at December 31, 2011	172,499,988.00	83,266,474.59	12,940,393.95	148,846,780.04	417,553,636.58	148.78	417,553,785.36	
	Changes in shareholders' equity for the year 2012 :								
	Ordinary shares increase	11, 17	19,850,000.00	98,563,750.00	0.00	0.00	118,413,750.00	5,000,075.00	123,413,825.00
	Total comprehensive income for the year		0.00	0.00	0.00	117,233,448.50	117,233,448.50	(1,542,044.01)	115,691,404.49
	Dividend paid by cash and ordinary shares	17, 19	25,874,751.00	0.00	0.00	(43,124,997.00)	(17,250,246.00)	0.00	(17,250,246.00)
	Legal reserve	18	0.00	0.00	4,426,337.11	(4,426,337.11)	0.00	0.00	0.00
	Balance as at December 31, 2012	218,224,739.00	#####	17,366,731.06	218,528,894.43	635,950,589.08	3,458,179.77	639,408,768.85	

Notes to financial statements are parts of these financial statements.



UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Unit : Baht)

	Note	Separate financial statements				Total shareholders' equity
		Issued and paid-up share capital	Premium on share capital	Retained earnings		
				Appropriated Legal reserve	Unappropriated	
		share capital	share capital	Appropriated Legal reserve	Unappropriated	
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 January 1, 2011		150,000,000.00	83,266,474.59	6,169,337.00	51,720,729.12	291,156,540.71
Changes in shareholders' equity for the year 2011 :						
Dividend paid	19	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, 19	22,499,988.00	0.00	0.00	(25,005,000.00)	(2,505,012.00)
Legal reserve	18	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
Changes in shareholders' equity for the year 2012 :						
Ordinary shares increase	17	19,850,000.00	98,563,750.00	0.00	0.00	118,413,750.00
Total comprehensive income for the year		0.00	0.00	0.00	88,526,742.14	88,526,742.14
Dividend paid by cash and ordinary shares	17, 19	25,874,751.00	0.00	0.00	(43,124,997.00)	(17,250,246.00)
Legal reserve	18	0.00	0.00	4,426,337.11	(4,426,337.11)	0.00
Balance as at December 31, 2012		218,224,739.00	181,830,224.59	17,366,731.06	133,841,219.25	551,262,913.90

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit before corporate income tax	142,187,932.03	102,635,657.34	115,023,269.68	117,834,979.82
Adjustment				
Depreciation	3,658,222.68	2,803,830.41	3,303,710.41	2,798,540.34
Loss on devaluation of inventories	0.00	727,103.06	0.00	727,103.06
Unrealized loss on exchange rate	719,976.69	239,721.45	719,976.69	239,721.45
Share of profit from investment in associate	(30,307,693.20)	(22,207,122.90)	0.00	0.00
(Gain) loss on disposal of fixed assets	(476,634.51)	21,557.79	(476,634.51)	21,557.79
Amortization of prepaid expenses	1,092,491.84	800,052.41	1,091,421.71	800,052.41
Employee benefit obligations	455,231.00	1,333,430.00	403,585.00	1,333,430.00
Dividend income	0.00	0.00	0.00	(35,968,370.14)
Interest expenses	1,526,934.63	4,719,085.45	1,526,927.48	4,719,085.45
	<u>118,856,461.16</u>	<u>91,073,315.01</u>	<u>121,592,256.46</u>	<u>92,506,100.18</u>
(Increase) Decrease in changes of operating assets				
Trade and other receivables	(76,905,191.49)	11,722,181.04	(75,735,515.78)	11,834,922.13
Prepayment for wages and purchasing goods	(19,979,528.39)	7,765,822.30	(5,824,528.39)	7,765,822.30
Inventories	(25,639,659.72)	16,295,017.61	(25,639,659.72)	17,413,701.01
Other non-current assets	99,604.05	3,357,414.83	99,604.05	3,357,414.83
Increase (Decrease) in changes of operating liabilities				
Trade and other payables	(9,015,939.17)	(25,809,713.18)	(9,507,286.90)	(25,897,473.98)
Advance received under agreement	14,900,000.00	0.00	0.00	0.00
Cash generated (paid for) from operations	<u>2,315,746.44</u>	<u>104,404,037.61</u>	<u>4,984,869.72</u>	<u>106,980,486.47</u>
Interest paid	(2,413,925.39)	(4,719,085.45)	(2,413,918.24)	(4,719,085.45)
Corporate income tax paid	(22,597,037.31)	(18,967,573.05)	(22,149,630.11)	(18,967,512.79)
Net cash provided by (used in) operating activities	<u>(22,695,216.26)</u>	<u>80,717,379.11</u>	<u>(19,578,678.63)</u>	<u>83,293,888.23</u>

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Cash flows from investing activities				
(Increase) decrease in current investment	28,020,041.74	(28,020,041.74)	28,020,041.74	(28,020,041.74)
Decrease in pledged bank deposit	12,561,874.99	85,728,122.31	12,561,874.99	85,728,122.31
Dividend received from associate	0.00	35,968,370.14	0.00	35,968,370.14
Increase in investment in subsidiary	0.00	0.00	(249,925.00)	(4,999,700.00)
Proceeds from sales of fixed assets	476,635.51	34,040.19	476,635.51	34,040.19
Payments for purchase of fixed assets	(365,406,983.38)	(12,517,788.56)	(365,399,754.41)	(12,461,853.98)
Net cash provided by (used in) investing activities	<u>(324,348,431.14)</u>	<u>81,192,702.34</u>	<u>(324,591,127.17)</u>	<u>76,248,936.92</u>
Cash flows from financing activities				
Increase (decrease) in short-term loans				
from financial institutions	153,787,183.05	(122,645,360.41)	153,787,183.05	(122,645,360.41)
Increase in long-term loans	49,942,875.00	0.00	49,942,875.00	0.00
Payments for financial lease liabilities	(995,673.40)	(1,304,083.91)	(995,673.40)	(1,304,083.91)
Proceeds from non-controlling interests	5,000,075.00	300.00	0.00	0.00
Proceeds from share capital increase	118,413,750.00	0.00	118,413,750.00	0.00
Dividend paid	(17,250,246.00)	(25,005,012.00)	(17,250,246.00)	(25,005,012.00)
Net cash provided by (used in) financing activities	<u>308,897,963.65</u>	<u>(148,954,156.32)</u>	<u>303,897,888.65</u>	<u>(148,954,456.32)</u>
Increase (decrease) in cash and cash equivalents	<u>(38,145,683.75)</u>	<u>12,955,925.13</u>	<u>(40,271,917.15)</u>	<u>10,588,368.83</u>
Cash and cash equivalents as at January 1	<u>70,600,067.44</u>	<u>57,644,142.31</u>	<u>68,232,511.14</u>	<u>57,644,142.31</u>
Cash and cash equivalents as at December 31	<u><u>32,454,383.69</u></u>	<u><u>70,600,067.44</u></u>	<u><u>27,960,593.99</u></u>	<u><u>68,232,511.14</u></u>

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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 as follows:

1.3.1 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.

1.3.2 To provide the consultant and advising for the marketing of any products and services, the feasibility study of any projects or works related to Energy industry, Refinery, Petrochemicals, Power plants and other utilities.

1.3.3 Production and distribution of Biogas used in power generation, transportation and various industries.

1.3.4 Hire of construction of machines and equipment used in various industries i.e. off-share 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.

1.3.5 Production and distribution of petroleum manufacturing such as Compressed Natural Gas (CNG), Liquefied Petroleum Gas (LPG), Natural Gas Liquid (NGL).

## 2. BASIS OF FINANCIAL STATEMENTS PREPARATION AND PRESENTATION

### 2.1 Financial statements preparation basis

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 The Federation of Accounting Professions issued new and revise financial reporting standards of which pronounced in the Royal Gazette which have not been effective in the year 2012 as follows :

	<u>Contents</u>	<u>Effective Date</u>
<u>Accounting standards</u>		
TAS 12	Income Taxes	January 1, 2013
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2013
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rate	January 1, 2013
<u>Financial Reporting Standards</u>		
TFRS 8	Operation Segments	January 1, 2013
<u>Standing Interpretations</u>		
TSIC 10	Government Assistance-No Specific Relation to Operating Activities	January 1, 2013
TSIC 21	Income Taxes- Recovery of Revalued <sup>1</sup> Non-Depreciable Assets	January 1, 2013
TSIC 25	Income Taxes- Changes in the Tax Status of an Enterprises or its Shareholders	January 1, 2013
TSIC 29	Service Concession Arrangements Disclosures	January 1, 2014

<u>Financial Reporting Interpretations</u>	<u>Contents</u>	<u>Effective Date</u>
TFRIC 4	Determining whether an Arrangement contains a Lease	January 1, 2014
TFRIC 12	Service Concession Arrangements	January 1, 2014
TFRIC 13	Customers Loyalty Programmes	January 1, 2014
<u>Accounting Guidance</u>		
	Transfers of Financial Assets	January 1, 2013

Financial reporting standards which are effective on January 1, 2014, the Company is being evaluated the effects of those standards on the financial statements in the year in which they are initially applied.

Financial reporting standards which are effective on January 1, 2013, have no significantly effected to the financial statements except for the following standards :

TAS 12 Income Taxes

The management assessed the impacts on statements of financial position as at December 31, 2012 which resulted from adoption this accounting standard, as a result, the Company incurred the increasing in total assets and retained earnings by the same amount approximately Baht 2.60 million in the consolidated financial statements and Baht 1.57 million in the separate financial statements respectively, statements of comprehensive income for the year then ended represented the increase in total comprehensive income amount approximately Baht 0.35 million in the consolidated financial statements and decrease amount of Baht 0.36 million in the separate financial statements respectively and the effects to the beginning retained earnings of 2012 by increasing approximately Baht 2.25 million in the consolidated financial statements and Baht 1.93 million in the separate financial statements respectively.

### 3. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements incorporate the financial statements of Universal Adsorbents & Chemicals Public Company Limited and its subsidiaries, 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
		2012	2011	
Subsidiaries				
UAC Hydrotek Co., Ltd./ (formerly named "UAC Utilities Co., Ltd.")	Thailand	50	99.99	Hire of water production and distribution including related equipment use in consumption and industries
UAC & TPT Energy Co., Ltd.	Thailand	99.97	0	Production and distribution of Biogas used in power generation, transportation and various industries

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

The inter-company transactions, balances of accounts between Universal Adsorbents & Chemicals Public Company Limited and its subsidiaries, 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.

4.1.3 Revenues from project advisory services are recognized as income when the services are rendered.

4.1.4 Revenues from construction contract services are recognized by reference to the stage of completion of the contract activity when it is probable that total contract cost will be exceed total contract revenue, the expected loss is recognized as an expenses in statements of comprehensive income immediately.

##### 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 subsidiaries 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 subsidiaries 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 Plant and equipment

Building and equipment are stated at cost less relevant accumulated depreciation and provision for impairment of assets (if any). Cost is included initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company and subsidiaries incur.

Building and equipment are depreciation on a straight-line basis over the estimated useful lives of the assets and depreciation charge has to be determined separately for each significant parts of assets with the cost that is significant in relation to the total cost of asset item. In addition, the entity is required to review the useful lives, residual value and depreciation method at least at each financial year-end.

The estimated useful lives of the assets are as follows :

	Number of years
Building improvement	5
Office equipment	2, 5
Office furniture and fixture	5
Vehicles	5

Assets under construction were not depreciated.

#### 4.7 Impairment of Assets

The Company and subsidiaries 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 subsidiaries will recognize an impairment loss in the statements of comprehensive income for the period. The Company and subsidiaries 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 subsidiaries 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, pledged fixed deposit and long-term investment, bank overdrafts and short-term loans from financial institution, trade and other payables and financial lease liabilities. The basis of recognition and measurement of each item is separately disclosed in the related transactions.

#### 4.10 Long-Term Lease

##### 4.10.1 Financial lease

The Company and subsidiaries 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

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

#### 4.11 Employee Benefits

##### 4.11.1 Provident fund

The Company and subsidiaries 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.

##### 4.11.2 Employee benefits for post - employment benefits

The Company and subsidiaries 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	4.11% 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 subsidiaries 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 subsidiaries 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 subsidiaries 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 Earnings per Share

Earnings (Loss) per share as presented in the statements of comprehensive income is the basic earnings per share which is determined by dividing the net profit for the year by the weighted average number of common shares issued and paid-up during the year.

## 5. EFFECTS FROM INITIAL ADOPTION FINANCIAL REPORTING STANDARDS

### Changes in accounting policy

During the year 2011, the Company applied TAS 19 "Employee Benefits", in accordance with the FAP's notification, the Company's employee benefits obligation was recorded as adjustment to 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 benefit obligations	(4,360,321.00)	(4,360,321.00)
Retained earnings - unappropriated as at January 1, 2011	<u>122,900,869.20</u>	<u>51,720,729.12</u>

## 6. ADDITIONAL DISCLOSURE OF CASH FLOWS INFORMATION

### 6.1 Cash and cash equivalents

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Cash	28,035.00	45,547.00	23,035.00	42,392.00
Current accounts	1,624,400.84	1,059,783.73	1,596,449.99	1,032,175.73
Savings deposit	30,801,947.85	16,159,332.97	26,341,109.00	13,822,539.67
Fixed deposits	0.00	23,335,403.74	0.00	23,335,403.74
Bills of exchange	0.00	30,000,000.00	0.00	30,000,000.00
Total	<u>32,454,383.69</u>	<u>70,600,067.44</u>	<u>27,960,593.99</u>	<u>68,232,511.14</u>

### 6.2 Non-cash transaction

For the year ended December 31, 2012

- 1) The Company has purchased fixed assets in the amount of Baht 59.87 million, are due payment in 2013 which was presented as other payables.

- 2) The Company entered into leasing agreement for vehicles of Baht 6.58 million which was paid initial amount of Baht 1.65 million. The remaining is presented as financial lease liabilities.
- 3) The company has paid ordinary share dividend amount of Baht 25.87 million (51.75 million shares at par value of Baht 0.50 each) to the shareholders (note 19).

For the year ended December 31, 2011

- 1) The Company has purchased fixed assets amount of Baht 5.87 million with payment maturity in 2012 which is presented as other payables.
- 2) 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 19.).

#### 7. TRADE AND OTHER RECEIVABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Trade accounts receivable				
Billed	152,760,166.21	104,481,143.90	152,760,166.21	104,481,143.90
Unbilled	8,391,965.96	0.00	8,391,965.96	0.00
Other receivables				
Value Added Tax receivable	14,663,732.88	99,199.06	13,671,149.19	0.00
Others	10,168,927.52	6,074,659.60	9,880,164.54	6,061,057.31
Total	185,984,792.57	110,655,002.56	184,703,445.90	110,542,201.21
Less Allowance for doubtful accounts - trade accounts receivable	0.00	(78,379.64)	0.00	(78,379.64)
Net	185,984,792.57	110,576,622.92	184,703,445.90	110,463,821.57

	Consolidated and Separate financial statements (Baht)	
	2012	2011
Trade accounts receivable are separated by aging as follows :		
Trade accounts receivable under Credit Term	71,131,964.00	64,094,489.57
Trade accounts receivable due for payment		
- Less than 3 months	53,680,697.60	40,308,274.69
- Over 3 but less than 6 months	9,966,379.86	0.00
- Over 6 but less than 12 months	17,981,124.75	0.00
- Over 12 months	0.00	78,379.64
Total	<u>152,760,166.21</u>	<u>104,481,143.90</u>

Events after the reporting period

Trade accounts receivable due payment over 3 months as abovementioned, the Company has received the payment in the amount of Baht 15.22 million.

#### 8. INVENTORIES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Raw materials	19,014,996.06	0.00	19,014,996.06	0.00
Finished goods	95,549,488.30	89,925,256.28	95,496,738.30	88,806,572.88
Goods in transit	3,939,986.43	3,326,132.10	3,939,986.43	3,326,132.10
Total	<u>118,504,470.79</u>	<u>93,251,388.38</u>	<u>118,451,720.79</u>	<u>92,132,704.98</u>
Less Allowance for devaluation				
of finished goods	<u>(727,103.06)</u>	<u>(727,103.06)</u>	<u>(727,103.06)</u>	<u>(727,103.06)</u>
Net	<u>117,777,367.73</u>	<u>92,524,285.32</u>	<u>117,724,617.73</u>	<u>91,405,601.92</u>

#### 9. PLEDGED BANK DEPOSIT

As at December 31, 2011, the Company has fixed deposit with the several banks amount of Baht 12.56 million for using as guarantee against overdrafts and short-term loans from financial institutions (note 13) and contingent liabilities (note 28.8).

10. INVESTMENT IN ASSOCIATE

Name	Nature of business	Relationship	Authorized share capital (Baht)	Shareholding percentage		Investment (Baht)			
				Shareholding percentage		Equity method		Cost method	
				2012	2011	2012	2011	2012	2011
Associate									
Bangchak Biofuel Co., Ltd.	Manufacturing and distribution biodiesel	Director and shareholders	281,500,000.00	30	30	198,778,073.04	168,470,379.84	111,051,487.00	111,051,487.00

The financial statements for the year ended December 31, 2012 and 2011 of the above associate were taken to prepare the consolidated financial statements which were audited by the other auditor.

11. INVESTMENT IN SUBSIDIARIES

Name	Nature of business	Incorporated in	Paid-up share capital (Baht)	Percentage of shareholding		Separate financial statement (Baht)	
				Percentage of shareholding		Cost method	
				2012	2011	2012	2011
UAC Hydrotek Co., Ltd. (Formerly named "UAC Utilities Co., Ltd.")	Hire of water production	Thailand	10,000,000.00	50	99.99	4,999,700.00	4,999,700.00
UAC & TPT Energy Co., Ltd.	Production and distribution of Biogas	Thailand	250,000.00	99.97	0	249,925.00	0.00
Total						5,249,625.00	4,999,700.00

Subsidiary (UAC & TPT Energy Co., Ltd.) was incorporated on November 12, 2012, has registered share capital amount of Baht 1 million divided into 10,000 ordinary shares of Baht 100.00 each. The Company has percentage of shareholding at 99.97 per cent. As at December 31, 2012 subsidiary has paid-up share capital amount of Baht 250,000 (25% of authorized share capital).

On March 26, 2012, subsidiary has increased its share capital from Baht 5 million to Baht 10 million divided into 100,000 shares of Baht 100 each, the Company's percentage of shareholding is reduced to 50%. During the year, the fully payment for the increase share have been received and its name had been changed to UAC Hydrotek Co., Ltd.

The financial statements for the year ended December 31, 2012 and 2011 of the above subsidiary were taken to prepare the consolidated financial statements which were audited by the auditor.



12. PLANT AND EQUIPMENT

Consolidated financial statements (Baht)							
	Building improvement	Office equipment	Office furniture	Office fixture	Vehicles	Building under construction	Total
Assets - Cost							
As at December 31, 2010	3,165,397.81	0.00	7,007,752.44	622,912.93	17,143,314.38	0.00	27,939,377.56
Purchase	400,000.00	165,200.00	1,488,165.84	123,132.61	0.00	13,860,002.17	16,036,500.62
Disposal	0.00	0.00	(306,163.46)	(7,009.35)	0.00	0.00	(313,172.81)
As at December 31, 2011	3,565,397.81	165,200.00	8,189,754.82	739,036.19	17,143,314.38	13,860,002.17	43,662,705.37
Purchase	510,827.90	3,178,479.79	2,217,611.51	56,028.00	6,580,000.00	389,945,814.03	402,488,761.23
Transfer from inventories	0.00	0.00	1,065,933.40	0.00	0.00	0.00	1,065,933.40
Disposal	0.00	0.00	0.00	0.00	(3,635,514.02)	0.00	(3,635,514.02)
As at December 31, 2012	4,076,225.71	3,343,679.79	11,473,299.73	795,064.19	20,087,800.36	403,805,816.20	443,581,885.98
Accumulated depreciation							
As at December 31, 2010	369,296.03	0.00	4,460,860.44	391,979.63	10,576,844.77	0.00	15,798,980.87
Depreciation for the year	633,079.55	71,901.33	693,019.11	56,822.58	1,349,007.84	0.00	2,803,830.41
Depreciation - write off	0.00	0.00	(250,566.48)	(7,008.35)	0.00	0.00	(257,574.83)
As at December 31, 2011	1,002,375.58	71,901.33	4,903,313.07	441,793.86	11,925,852.61	0.00	18,345,236.45
Depreciation for the year	810,374.20	84,119.79	1,518,447.55	82,868.93	1,162,412.21	0.00	3,658,222.68
Depreciation - write off	0.00	0.00	0.00	0.00	(3,635,513.02)	0.00	(3,635,513.02)
As at December 31, 2012	1,812,749.78	156,021.12	6,421,760.62	524,662.79	9,452,751.80	0.00	18,367,946.11
Net book value							
As at December 31, 2011	2,563,022.23	93,298.67	3,286,441.75	297,242.33	5,217,461.77	13,860,002.17	25,317,468.92
As at December 31, 2012	2,263,475.93	3,187,658.67	5,051,539.11	270,401.40	10,635,048.56	403,805,816.20	425,213,939.87



Separate financial statements (Baht)							
	Building	Office equipment	Office	Office fixture	Vehicles	Building under	Total
	improvement		furniture			construction	
Assets - Cost							
As at December 31, 2010	3,165,397.81	0.00	7,007,752.44	622,912.93	17,143,314.38	0.00	27,939,377.56
Purchase	400,000.00	165,200.00	1,432,231.26	123,132.61	0.00	13,860,002.17	15,980,566.04
Disposal	0.00	0.00	(306,163.46)	(7,009.35)	0.00	0.00	(313,172.81)
As at December 31, 2011	3,565,397.81	165,200.00	8,133,820.24	739,036.19	17,143,314.38	13,860,002.17	43,606,770.79
Purchase	510,827.90	3,178,479.79	2,210,382.54	56,028.00	6,580,000.00	389,945,814.03	402,481,532.26
Disposal	0.00	0.00	0.00	0.00	(3,635,514.02)	0.00	(3,635,514.02)
As at December 31, 2012	4,076,225.71	3,343,679.79	10,344,202.78	795,064.19	20,087,800.36	403,805,816.20	442,452,789.03
Accumulated depreciation							
As at December 31, 2010	369,296.03	0.00	4,460,860.44	391,979.63	10,576,844.77	0.00	15,798,980.87
Depreciation for the year	633,079.55	71,901.33	687,729.04	56,822.58	1,349,007.84	0.00	2,798,540.34
Depreciation - write off	0.00	0.00	(250,566.48)	(7,008.35)	0.00	0.00	(257,574.83)
As at December 31, 2011	1,002,375.58	71,901.33	4,898,023.00	441,793.86	11,925,852.61	0.00	18,339,946.38
Depreciation for the year	810,374.20	84,119.79	1,163,935.28	82,868.93	1,162,412.21	0.00	3,303,710.41
Depreciation - write off	0.00	0.00	0.00	0.00	(3,635,513.02)	0.00	(3,635,513.02)
As at December 31, 2012	1,812,749.78	156,021.12	6,061,958.28	524,662.79	9,452,751.80	0.00	18,008,143.77
Net book value							
As at December 31, 2011	2,563,022.23	93,298.67	3,235,797.24	297,242.33	5,217,461.77	13,860,002.17	25,266,824.41
As at December 31, 2012	2,263,475.93	3,187,658.67	4,282,244.50	270,401.40	10,635,048.56	403,805,816.20	424,444,645.26

Assets under construction is structured on leased land (note 28.3 and 28.4)

### 13. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	Consolidated and Separate financial statements (Baht)	
	2012	2011
Short-term loans from bank	30,000,000.00	0.00
Trust receipt payable	140,650,116.03	16,793,237.16
<b>Total</b>	<b>170,650,116.03</b>	<b>16,793,237.16</b>

As at December 31, 2012 and 2011, the Company has overdrafts line with bank amount of Baht 35 million (3 banks) and Baht 20 million (1 bank) respectively interest of MOR - 1.5 - MOR per annum and MOR per annum respectively.

As at December 31, 2012, the Company has short-term loans with 2 banks amount of Baht 30 million by issuing promissory notes 1) amount of Baht 10 million is due within January 2013, at the interest of MLR - 2 per annum and 2) amount of Baht 20 million is due within March 2013 at interest rate of MMR per annum.

As at December 31, 2012 and 2011, the Company has credit line for import goods from overseas with several banks amount of Baht 420 million and Baht 210 million respectively, at the agreed interest rate on the loan agreement date.

As at December 31, 2012, such overdrafts line and loans have no collaterals.

### 14. TRADE AND OTHER PAYABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Trade accounts payable	40,782,124.01	47,201,581.80	40,782,124.01	47,201,581.80
Other payables				
Accrued expenses	5,573,464.23	5,200,052.80	5,528,464.23	5,160,052.80
Fixed assets acquisition payable	59,300,961.10	5,873,712.06	59,300,961.10	5,873,712.06
Others	10,085,566.41	5,880,786.48	9,551,457.88	5,833,025.68
<b>Total</b>	<b>115,742,115.75</b>	<b>64,156,133.14</b>	<b>115,163,007.22</b>	<b>64,068,372.34</b>

15. LONG-TERM LOANS

	Consolidated and Separate financial statements (Baht)	
	2012	2011
Loans from bank	49,942,875.00	0.00
Less Current portion of long-term loans	(7,716,000.00)	0.00
Net	42,226,875.00	0.00

As at December 31, 2012 the Company has long - term loans from bank as follows :

- The first loan agreement in the amount of Baht 19.51 million, the principal is repayable on a monthly basis through 81 installments of Baht 0.24 million each (graced 3 months for principal repayment), commenced in September 2012. The interest is payable on a monthly basis at the rate of MLR - 2.75% per annum.
- The second loan agreement in the amount of Baht 32.60 million, the principal is repayable on a monthly basis through 81 installments of Baht 0.40 million each (graced 3 months for principal repayment), commenced in October 2012. The interest is payable on a monthly basis at the rate of 3% per annum.

Both loans agreement are guaranteed by assets in progress (note 10) and the Company must comply with significant conditions in loans agreement about 1) the Company should not get into any obligations, debts or responsibility from borrowings or guarantees any persons which resulted to Debt to Equity Ratio exceeds 2 : 1 time but not less than 0 (zero), and 2) the Company will preserve Debt Service Coverage Ratio not less than 2 times.

16. LIABILITIES UNDER FINANCIAL LEASE AGREEMENT

1) Financial lease liabilities excluded future interest are as follows :

	Consolidated and Separate financial statements (Baht)	
	2012	2011
Payable under hire-purchase agreement	4,755,886.91	75,000.00
Payable under lease agreement	1,557,562.74	2,299,123.05
Total	6,313,449.65	2,374,123.05
Less Current portion of long-term debt	(1,953,858.81)	(823,245.67)
Net	4,359,590.84	1,550,877.38

As at December 31, 2012 and 2011, vehicles at cost of Baht 10.65 million and Baht 5.29 million respectively is under the repayment to such payable under the agreement.

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

	Consolidated and Separate financial statements (Baht)	
	2012	2011
Within 1 year	2,207,555.81	946,824.00
Over 1 year not over 3 years	3,478,761.00	1,656,621.00
Over 3 year not over 5 years	1,132,723.00	0.00
Total	6,819,039.81	2,603,445.00
Less Future interest of financial lease	(505,590.16)	(229,321.95)
Present value of financial lease liabilities	6,313,449.65	2,374,123.05

## 17. SHARE CAPITAL

### For the year 2012

1. According to the minutes of the 2012 Annual General Meeting of Shareholders held on April 30, 2012, passed the following resolution:

1.1 To decrease unissued share capital of the Company amount of Baht 12, remains registered share capital amount of Baht 172,499,988.00 (172.50 ordinary shares at par value of Baht 1 each), the Company has registered the decrease share capital with the Ministry of Commerce on May 10, 2012.

1.2 To increase the Company's registered share capital amount of Baht 59.87 million to Baht 232.37 million (232.37 ordinary shares at par value of Baht 1 each), the Company has registered the increase share capital with the Ministry of Commerce on May 11, 2012 as detailed following:

1.2.1 Issue new ordinary shares for supporting share dividend payment in the amount of Baht 25.87 million (25.87 million ordinary shares at par value of Baht 1 each) and on May 18, 2012, the Company has already paid share dividend to shareholders (note 19).

1.2.2 Issue new ordinary shares for supporting the increase share capital under General Mandate in the amount of Baht 34.00 million (34 million ordinary shares at par value of Baht 1 each) which is allotted to the existing shareholders for 17 million shares (not exceed 10% of registered share capital) and the private placement for 17 million shares (not exceed 10% of registered share capital).

2. According to the minutes of the Extraordinary Meeting of Shareholders No. 1/2012 held on June 27, 2012, passed the following resolution:

- 2.1 To cancel the increase share capital under General Mandate of Baht 34 million (34 million ordinary shares at par value of Baht 1 each).
- 2.2 To decrease the Company's share capital amount of Baht 34,000,247.00 (34,000,247 ordinary shares at par value of Baht 1 each) to be corresponded with the cancellation of the increase share capital under General Mandate and the remaining indivisible shares from share dividend payment 247 shares. The Company has registered the decrease share capital with the Ministry of Commerce on July 5, 2012.
- 2.3 To increase share capital with specific objectives amount of Baht 22 million (22 million ordinary shares at par value of Baht 1 each) to offer to private placement for supporting the investment expansion on Petroleum Production Project in Sukhothai province including project related to renewable and alternative energy in the future. According to the minutes of the Board of directors' meeting No. 5/2012 held on June 27, 2012, passed to approve the issue share capital to an investor on July 10, 2012. The Company has registered the increase share capital with the Ministry of Commerce on July 6, 2012. Subsequent, according to the minutes of Board of directors' meeting No. 9/2012 held on September 14, 2012, passed the resolution to change the offering of increase share capital to private placement to be allotted to the Right Offering, Public Offering and warrants issuance the existing shareholders and public investors.

3. According to the minutes of shareholders' extraordinary meeting No. 2/2012 held on October 19, 2012, passed the following resolution:

- 3.1 Change the par value of shares capital from Baht 1 to Baht 0.50 each, as a result, the Company has the registered ordinary shares total 440,749,478 shares at par value of Baht 0.50 each. The Company has registered the change in par value of share capital with the Ministry of Commerce on October 22, 2012.
- 3.2 Decrease share capital in the amount of Baht 22 million (44 million ordinary shares at par value of Baht 0.50 each), as a result, the Company has the registered ordinary shares total 396,749,478 shares at par value of Baht 0.50 each. The Company has registered the decrease share capital with the Ministry of Commerce on October 24, 2012.

3.3 Issue warrants (UAC - W1) in the amount not exceed 79.40 million units to the existing shareholders whose the name listed in shareholders register as at the Record Date at the ratio of 5 existing shares to 1 units of UAC - W1. The offering price of warrants is Baht zero and the exercise price is Baht 7.50. The last exercise date shall be on the last business day of each quarter of the 3 year periods of the issuance date.

3.4 Increase share capital amount of Baht 78.10 million (156.20 million ordinary share at par value of Baht 0.50 each), the Company has registered the increase share capital with the Ministry of Commerce on October 25, 2012 and the allotting of increase share capital is as follows :

3.4.1 Allot in the amount not exceed 92.20 million ordinary shares at par value of Baht 0.50 each for reserve the exercise of warrants (UAC - W1). As per No.3.3 and No.3.5

3.4.2 Allot in the amount not exceed 64 million ordinary shares at par value of Baht 0.50 each by offering to 1) the existing shareholders whose the name listed in the shareholders register as at the Record Date in the amount not exceed 39.70 million shares at the ratio of 10 existing shares to 1 new share, and 2) the public investors in the amount not exceed 24.30 million shares.

On December 3, 2012, the Company has received the payment of ordinary shares which offered to the existing shareholders amount of Baht 19.85 million (39.70 million shares at par of Baht 0.5 each, offering price of Baht 3 each) The Company has registered the change of paid-up share capital from such increase share capital with the Ministry of Commerce on December 4, 2012.

3.5 Issue warrants (UAC-W1) in the amount not exceed 12.80 million units to 1) the existing shareholders who subscribed for new issued shares at the ratio, and 2) the public investors who subscribed for new issued shares as per No.3.4.2 at the ratio of 5 new shares to 1 unit of UAC-W1. The offering price of warrant is Baht zero. The details related to warrants (UAC-W1) are indicated as same as No.3.3.

### **3.6 Events after the reporting period,**

3.6.1 On January 14, 2013, the Company has received the payment of ordinary shares which offered to the public amount of Baht 12.15 million (24.30 million shares at par of Baht 0.5 each, offering price of Baht 7.90 each). The Company has registered the change of paid-up share capital from such increase share capital with the Ministry of Commerce on January 15, 2013

3.6.2 On February 1, 2013, the Company has issued warrants (UAC-W1) to shareholders for 92.15 million units.

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 19). 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.

18. 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.

19. RETAINED EARNINGS APPROPRIATION

For the year 2012

According to the minutes of the 2012 Annual General Meeting of Shareholders held on April 30, 2012, passed the resolution to pay dividend to the shareholders at Baht 0.4167 per share total amount of Baht 68.13 million by:

- Pay interim dividend on October 6, 2011 at Baht 0.1667 per share total amount of Baht 25.01 million by dividing into 1) ordinary share dividend payment not exceed Baht 22.50 million or in the rate of Baht 0.15 per share (22.50 million ordinary shares at par value of Baht 1 each) to the shareholders in the ratio of 20 existing shares per 3 shares dividend, and 2) cash dividend payment at Baht 0.0167 per share or total amount not exceed Baht 2.51 million.
- The remaining annual dividend payment at Baht 0.25 per share, total amount of Baht 43.12 million by dividing into dividend payment as per 1) ordinary shares dividend payment amount not exceed Baht 25.87 million or Baht 0.15 per share (25.87 million ordinary shares at par value of Baht 1 each) to the shareholders in the ratio of 20 existing shares per 3 shares dividend, and 2) cash dividend payment at Baht 0.10 per share or amount not exceed Baht 17.25 million which was paid on May 18, 2012. The Company has already paid dividend during the period.

#### For the year 2011

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 25.01 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.

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.

#### 20. INCOME TAX

##### Parent Company

The Company calculated corporate income tax at the rate of 23% (for the year 2012) and 25-30 % (for the year 2011) 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)

##### Subsidiaries

The corporate income tax is calculated at the rate of 15 - 23% (for the year 2012) and 15-30% (for the year 2011) 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).



## 21. EARNINGS PER SHARE

Basic earnings per share is determined by dividing profit for the period by the weighted average number of ordinary shares issued and paid-up including the number of shares dividend issued to shareholders (note 19) and the additional number of shares from reduce par value (note 19) and the retroactively adjustment of earnings per share for the year 2011 is as follows :

	Consolidated financial statements			
	Before share dividend payment		After share dividend payment	
	Earnings per share	Number of payment	Earnings per share	Number of payment
2012	-	-	0.29	400,057,811
2011	0.47	172,499,988	0.20	396,749,478

  

	Separate financial statements			
	Before share dividend payment		After share dividend payment	
	Earnings per share	Number of payment	Earnings per share	Number of payment
2012	-	-	0.22	400,057,811
2011	0.55	172,499,988	0.24	396,749,478

## 22. 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.

### 22.1 General information

<u>Name/Related persons and parties</u>	<u>Relationship</u>	<u>Description</u>	<u>Pricing policy</u>
<u>Subsidiary</u>			
UAC Hydrotek Co., Ltd. ( formerly named "UAC Utilities Co., Ltd." )	Subsidiary	Other income	0.02 million per month
<u>Associate</u>			
Bangchak Biofuel Co., Ltd.	Associated company and common director	Purchase of goods	Market price
<u>Related parties</u>			
P & P Ordinary Partnership	Intimates of director are partners of that party	Warehouse rental	Rental fee of Baht 0.13 million per month
Hydrotek Public Co., Ltd.	Common shareholder and subsidiary's director	Sales Contractor wage	Market price As agreed

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
<u>Other receivables</u>				
Hydrotek Public Co., Ltd.	65,146.00	0.00	65,146.00	0.00
<u>Prepayment for wages and goods acquisition</u>				
Hydrotek Public Co., Ltd.	21,716,250.00	0.00	7,561,250.00	0.00
<u>Trade accounts payable</u>				
Bangchak Biofuel Co., Ltd.	1,205,267.47	2,623,326.27	1,205,267.47	2,623,326.27

22.3 Revenues and expenses transaction with related persons and parties

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
<u>Sales</u>				
UAC Hydrotek Co., Ltd.	0.00	934,579.44	0.00	934,579.44
Hydrotek Public Co., Ltd.	38,000,000.00	0.00	38,000,000.00	0.00
Total	38,000,000.00	934,579.44	38,000,000.00	934,579.44
<u>Other income</u>				
UAC Hydrotek Co., Ltd.	0.00	0.00	195,120.00	0.00
<u>Cost of sales and services</u>				
1) Purchase				
Bangchak Biofuel Co., Ltd.	24,254,733.85	11,435,266.60	24,254,733.85	11,435,266.60
2) Contractor wage				
Hydrotek Public Co., Ltd.	11,988,750.00	0.00	11,988,750.00	0.00
Total	36,243,483.85	11,435,266.60	36,243,483.85	11,435,266.60

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Administrative expenses (rental fee)				
P & P Ordinary Partnership	<u>1,528,421.04</u>	<u>1,528,421.04</u>	<u>1,528,421.04</u>	<u>1,528,421.04</u>

#### 23. 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.

#### 24. 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.

#### 25. EXPENSES ANALYZED BY NATURE

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Changes in inventories	(5,698,335.98)	14,281,265.04	(6,690,165.42)	15,399,948.44
Employees benefit expenses	29,999,660.65	25,388,475.75	27,957,933.50	24,470,998.98
Depreciation	3,658,222.68	2,803,830.41	3,303,710.41	2,798,540.34
Commission for sale of goods	2,561,914.00	3,764,430.00	2,561,914.00	3,764,430.00
Directors' remuneration	2,410,000.00	2,180,000.00	2,410,000.00	2,180,000.00
Management benefit expenses	12,906,586.00	11,342,601.00	12,906,586.00	11,342,601.00

## 26. SEGMENT INFORMATION

26.1 The Company and subsidiaries' operation involve in significant segment as follows:

### Parent company

- Business segment are 1) import and distribute of chemical and equipment for using industry, 2) provide the consultant and advising for the marketing of any products and services, 3) production and distribution of Biogas (there is no income), 4) hire of construction of machines and equipment used in various industries, and 5) production and distribution of petroleum products.
- Geographical segment involve in both domestic and overseas.

### Subsidiaries

- Business segment are 1) hire of water production and distribution for using in industry and consumption purpose including distribution and installation the related equipment, 2) generate of bio gas for using in electricity generating, transportation and other industries. At present, the subsidiary has not yet income from its operation.
- Geographical segment involve in both domestic and overseas.

26.2 Segment information in consolidated financial statements are as follows:

	( Unit : Millon )													
	Domestic						Overseas						Total	
	Sales		Hire of construction		Total		Sales		Project advisory		Total			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Segment revenues	703.12	929.47	12.52	0.00	715.64	929.47	31.58	20.53	64.60	8.53	96.18	29.06	811.82	958.53
Segment cost	(577.25)	(779.24)	(11.99)	0.00	(589.24)	(779.24)	(28.43)	(19.09)	0.00	0.00	(28.43)	(19.09)	(617.67)	(798.33)
Segment profit	125.87	150.23	0.53	0.00	126.40	150.23	3.15	1.44	64.60	8.53	67.75	9.97	194.15	160.20

Most of cost of project advisory is expense of the management which could not properly allocated and the value is immaterial, then, the segment cost of project advisory was not presented.

## 27. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

### 27.1 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.

### 27.2 Credit risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company and subsidiaries. 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.

### 27.3 Interest rate risk

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

### 27.4 Exchange rate risk

The Company and subsidiaries 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 :

	2012	2011
Financial assets		
Deposit account in US Dollar	295,100.89	124,885.65
Trade accounts receivable in US Dollar	1,095,323.54	59,764.50
Financial liabilities		
Trust receipt payable in US Dollar	4,380,212.70	527,560.00
Trust receipt payable in EURO	142,880.00	0.00
Trade accounts payable in US Dollar	453,210.00	573,325.54
Trade accounts payable in EURO	4,261.00	73,690.86
Other payable in US Dollar	1,856,887.82	0.00

The Company has remaining forward contract as follows :

	Exchange rate per Baht			
	2012	2011	2012	2011
US Dollar	30.82 - 30.821	31.21 - 31.34	800,000.00	61,765.00
EURO	39.2330 - 39.9139	42.03 - 42.28	338,024.00	281,506.98

## 28. COMMITMENT AND CONTINGENT LIABILITIES

28.1 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 0.21 million and Baht 0.15 million respectively. As at December 31, 2012 and 2011, the Company has to pay the rental fee until the completion amount of Baht 1.80 million and Baht 4.23 million respectively.

28.2 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, 2012 and 2011 the Company has to pay the rental fee until the completion amount of Baht 5.40 million and Baht 2.29 million respectively.

28.3 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, 2012 and 2011, the Company is liable on payment rental until the completion amount of Baht 2.73 million and Baht 2.88 million respectively.

28.4 The Company is liable on payment rental under lease of 4 plots of land agreement for the plant construction of petroleum production manufacturing purpose with the agreement periods of 4 years (can be extended for 4 year intervals but not exceed 16 years), at the yearly rental amount of Baht 0.46 million. As at December 31, 2012, the Company is liable on payment rental until completion amount of Baht 1.59 million.

28.5 The Company and subsidiaries are liable on payment under goods purchasing agreement and hire a contractor as at December 31, 2012 amount of US Dollar 4.84 million, EURO 0.01 million and Baht 263.53 million and as at December 31, 2011 amounting to US Dollar 0.92 million and Baht 0.16 million and Baht 7.45 million respectively.

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

	2012	2011
US Dollar	189,870.00	674,364.00
EURO	227,668.00	163,849.40

#### 28.7 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 subsidiaries 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 subsidiaries 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 subsidiaries recognized contribution payment to such project as expenses in the statements of comprehensive income for the fiscal period of contribution payment.

28.8 The Company and subsidiaries have 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, 2012 and 2011 total amount of Baht 45.97 million and Baht 31.85 million respectively. Such letter have no collaterals

#### 29. PROVIDENT FUND

The Company and subsidiaries have 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. 1987 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 subsidiaries 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.

#### 30. CAPITAL MANAGEMENT

The objective of financial management of the Company and subsidiaries is to preserve the ability to continue their operations as a going concern and capital structure to be properly appropriated.

### 31. EVENTS AFTER THE REPORTING PERIOD

According to the minutes of the Company's Board of directors' meeting No. 1/2013 held on February 20, 2013, passed the resolution to submit the approval to the shareholders' general meeting for dividend payment to the shareholders at Baht 0.11112 each for 460,749,478 shares totally Baht 51.20 million by dividing into 1) ordinary shares dividend payment amount not exceed Baht 46.08 million or Baht 0.10 per share to the shareholders in the ratio of 5 existing shares per 1 share dividend, and 2) cash dividend payment at Baht 0.01112 per share or amount not exceed Baht 5.12 million.

### 32. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Company's Board of Directors on February 20, 2013.