

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

AND AS AT DECEMBER 31, 2010 AND 2009

AUDITOR'S REPORT

To The Shareholders of

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

(FORMERLY NAMED "UNIVERSAL ADSORBENTS & CHEMICALS COMPANY LIMITED")

I have audited the balance sheets in which the equity method is applied and separate balance sheets of UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED as at December 31, 2010 and 2009, the related statements of income in which equity method is applied and separate statements of income, statements of changes in shareholders' equity in which equity method is applied and separate statements of changes in shareholders' equity, and statements of cash flows in which equity method is applied 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, 2010 and 2009 of an associated company which included in these financial statements. Investment in associated company by using equity method reflected at 30.29 per cent and 25.90 per cent of total assets as at December 31, 2010 and 2009 and share of profit (loss) from investment in associated company for the years ended December 31, 2010 and 2009 at 9.79 per cent and (0.20) 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 associated company, 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 financial statements referred to above present fairly in all material respects, the financial position of UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED as at December 31, 2010 and 2009, the results of operation and cash flows for the years then ended in conformity with generally accepted accounting principles.

Office of D I A International Auditing

(Mrs. Suvimol Krittayakiern)

C.P.A. (Thailand)

Registration No. 2982

February 21, 2011

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

(FORMERLY NAMED "UNIVERSAL ADSORBENTS & CHEMICALS COMPANY LIMITED")

BALANCE SHEETS

AS AT DECEMBER 31, 2010 AND 2009

| Assets | Note | Financial statements in which equity method is applied (Baht) | | Separate financial statements (Baht) | |
|----------------------------------|------|--|-----------------------|---|-----------------------|
| | | 2010 | 2009 | 2010 | 2009 |
| Current assets | | | | | |
| Cash and cash equivalents | 5 | 57,644,142.31 | 3,658,151.72 | 57,644,142.31 | 3,658,151.72 |
| Trade accounts receivable - net | 6 | 119,755,781.67 | 176,366,391.62 | 119,755,781.67 | 176,366,391.62 |
| Inventories - net | 7 | 109,546,405.99 | 82,024,983.26 | 109,546,405.99 | 82,024,983.26 |
| Other current assets | | | | | |
| Prepayment for purchasing goods | | 13,727,336.70 | 0.00 | 13,727,336.70 | 0.00 |
| Others | | 3,213,499.21 | 4,562,334.54 | 3,213,499.21 | 4,562,334.54 |
| Total current assets | | 303,887,165.88 | 266,611,861.14 | 303,887,165.88 | 266,611,861.14 |
| Non-current assets | | | | | |
| Pledged bank deposit | 8 | 98,289,997.30 | 31,120,489.39 | 98,289,997.30 | 31,120,489.39 |
| Investment in associated company | 9 | 182,231,627.08 | 106,609,562.65 | 111,051,487.00 | 111,176,412.00 |
| Equipment - net | 10 | 12,140,396.69 | 5,684,724.54 | 12,140,396.69 | 5,684,724.54 |
| Other non-current assets - net | | 5,160,390.30 | 1,599,703.68 | 5,160,390.30 | 1,599,703.68 |
| Total non-current assets | | 297,822,411.37 | 145,014,480.26 | 226,642,271.29 | 149,581,329.61 |
| Total assets | | 601,709,577.25 | 411,626,341.40 | 530,529,437.17 | 416,193,190.75 |

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

(FORMERLY NAMED "UNIVERSAL ADSORBENTS & CHEMICALS COMPANY LIMITED")

BALANCE SHEETS (CONTINUED)

AS AT DECEMBER 31, 2010 AND 2009

| | Note | Financial statements in which equity method is applied (Baht) | | Separate financial statements (Baht) | |
|--|------|--|-----------------------|---|-----------------------|
| | | 2010 | 2009 | 2010 | 2009 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Overdrafts and short - term loans | | | | | |
| from financial institutions | 11 | 139,392,084.68 | 128,795,160.40 | 139,392,084.68 | 128,795,160.40 |
| Trade accounts payable | | 65,137,698.42 | 99,226,000.05 | 65,137,698.42 | 99,226,000.05 |
| Current portion of long - term debts | 12 | 1,341,744.91 | 892,357.40 | 1,341,744.91 | 892,357.40 |
| Other current liabilities | | | | | |
| Advance received for sales goods | | 8,558,506.58 | 733,165.31 | 8,558,506.58 | 733,165.31 |
| Accrued corporate income tax | | 8,059,799.33 | 8,878,748.46 | 8,059,799.33 | 8,878,748.46 |
| Accrued expenses | | 5,507,791.87 | 7,002,195.14 | 5,507,791.87 | 7,002,195.14 |
| Others | | 4,678,487.62 | 5,124,916.32 | 4,678,487.62 | 5,124,916.32 |
| Total current liabilities | | <u>232,676,113.41</u> | <u>250,652,543.08</u> | <u>232,676,113.41</u> | <u>250,652,543.08</u> |
| Non - current liabilities | | | | | |
| Liabilities under financial lease agreement - net | 12 | 2,336,462.05 | 677,000.60 | 2,336,462.05 | 677,000.60 |
| Total non - current liabilities | | <u>2,336,462.05</u> | <u>677,000.60</u> | <u>2,336,462.05</u> | <u>677,000.60</u> |
| Total liabilities | | <u>235,012,575.46</u> | <u>251,329,543.68</u> | <u>235,012,575.46</u> | <u>251,329,543.68</u> |

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED
(FORMERLY NAMED "UNIVERSAL ADSORBENTS & CHEMICALS COMPANY LIMITED")

BALANCE SHEETS (CONTINUED)

AS AT DECEMBER 31, 2010 AND 2009

| | Note | Financial statements in which equity method is applied (Baht) | | Separate financial statements (Baht) | |
|--|------|--|-----------------------|---|-----------------------|
| | | 2010 | 2009 | 2010 | 2009 |
| Liabilities and shareholders' equity | | | | | |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Authorized share capital | | | | | |
| 150,000,000 ordinary shares | | | | | |
| of Baht 1 each | 13 | <u>150,000,000.00</u> | | <u>150,000,000.00</u> | |
| 1,200,000 ordinary shares | | | | | |
| of Baht 100 each | | | <u>120,000,000.00</u> | | <u>120,000,000.00</u> |
| Issued and paid-up share capital | | | | | |
| 150,000,000 ordinary shares | | | | | |
| of Baht 1 each | 13 | 150,000,000.00 | | 150,000,000.00 | |
| 1,200,000 ordinary shares | | | | | |
| of Baht 100 each | | | 120,000,000.00 | | 120,000,000.00 |
| Premium on share capital | 13 | 83,266,474.59 | 0.00 | 83,266,474.59 | 0.00 |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal reserve | 14 | 6,169,337.00 | 0.00 | 6,169,337.00 | 0.00 |
| Unappropriated | 15 | 127,261,190.20 | 35,746,797.72 | 56,081,050.12 | 40,313,647.07 |
| Total shareholders' equity | | <u>366,697,001.79</u> | <u>155,746,797.72</u> | <u>295,516,861.71</u> | <u>160,313,647.07</u> |
| Total liabilities and shareholders' equity | | <u>601,709,577.25</u> | <u>407,076,341.40</u> | <u>530,529,437.17</u> | <u>411,643,190.75</u> |

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED
(FORMERLY NAMED “UNIVERSAL ADSORBENTS & CHEMICALS COMPANY LIMITED”)

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

| | Note | Financial statements in which equity method is applied (Baht) | | Separate financial statements (Baht) | |
|---|------|--|------------------|---|------------------|
| | | 2010 | 2009 | 2010 | 2009 |
| Sales | | 767,076,004.91 | 706,569,910.65 | 767,076,004.91 | 706,569,910.65 |
| Cost of sales | | (649,041,628.06) | (581,515,925.03) | (649,041,628.06) | (581,515,925.03) |
| Gross profit | | 118,034,376.85 | 125,053,985.62 | 118,034,376.85 | 125,053,985.62 |
| Other income | | 6,566,305.13 | 5,355,380.39 | 6,542,379.60 | 5,355,380.39 |
| Profit before expenses | | 124,600,681.98 | 130,409,366.01 | 124,576,756.45 | 130,409,366.01 |
| Selling expenses | | (22,958,210.65) | (33,923,682.13) | (22,958,210.65) | (33,923,682.13) |
| Administrative expenses | | (36,376,145.94) | (27,308,891.09) | (36,376,145.94) | (27,308,891.09) |
| Directors' remuneration | | (1,888,425.00) | 0.00 | (1,888,425.00) | 0.00 |
| Management benefit expenses | | (12,457,951.50) | (9,814,076.00) | (12,457,951.50) | (9,814,076.00) |
| Total expenses | | (73,680,733.09) | (71,046,649.22) | (73,680,733.09) | (71,046,649.22) |
| Profit before finance costs and income tax | | 50,919,948.89 | 59,362,716.79 | 50,896,023.36 | 59,362,716.79 |
| Finance costs | | (3,981,115.22) | (3,189,597.49) | (3,981,115.22) | (3,189,597.49) |
| Share of profit (loss) from investment in associated company | | 75,723,063.90 | (1,410,833.27) | 0.00 | 0.00 |
| Profit before income tax | | 122,661,897.57 | 54,762,286.03 | 46,914,908.14 | 56,173,119.30 |
| Income tax | | (14,528,168.09) | (16,954,426.60) | (14,528,168.09) | (16,954,426.60) |
| Net profit | | 108,133,729.48 | 37,807,859.43 | 32,386,740.05 | 39,218,692.70 |
| Earnings per share | | | | | |
| Basic earnings per share | 4 | 0.85 | 0.52 | 0.25 | 0.54 |
| Weighted average number of ordinary shares | 4 | 127,500,000 | 72,083,333 | 127,500,000 | 72,083,333 |

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

(FORMERLY NAMED "UNIVERSAL ADSORBENTS & CHEMICALS COMPANY LIMITED")

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Unit : Baht)

| | Financial statements in which equity method is applied | | | | | |
|---------------------------------|--|-------------------------------------|-----------------------------|-------------------|-----------------|-----------------|
| | Note | Issued and paid-up share capital | Premium on share capital | Retained earnings | | Total |
| | | | | Appropriated | Appropriated | |
| Balance as at December 31, 2008 | | 70,000,000.00 | 0.00 | 0.00 | 93,488,938.29 | 163,488,938.29 |
| Increase share capital | 13 | 50,000,000.00 | 0.00 | 0.00 | 0.00 | 50,000,000.00 |
| Dividend paid | 15 | 0.00 | 0.00 | 0.00 | (91,000,000.00) | (91,000,000.00) |
| Net profit for the year | | 0.00 | 0.00 | 0.00 | 37,807,859.43 | 37,807,859.43 |
| Legal reserve | 14 | 0.00 | 0.00 | 4,550,000.00 | (4,550,000.00) | 0.00 |
| Balance as at December 31, 2009 | | 120,000,000.00 | 0.00 | 4,550,000.00 | 35,746,797.72 | 160,296,797.72 |
| Increase share capital | 13 | 30,000,000.00 | 83,266,474.59 | 0.00 | 0.00 | 113,266,474.59 |
| Dividend paid | 15 | 0.00 | 0.00 | 0.00 | (15,000,000.00) | (15,000,000.00) |
| Net profit for the year | | 0.00 | 0.00 | 0.00 | 108,133,729.48 | 108,133,729.48 |
| Legal reserve | 14 | 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 | 127,261,190.20 | 366,697,001.79 |

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED
(FORMERLY NAMED "UNIVERSAL ADSORBENTS & CHEMICALS COMPANY LIMITED")

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Unit : Baht)

| | Note | Separate financial statements | | | | Total |
|---------------------------------|------|-------------------------------------|-----------------------------|-------------------|-----------------|-----------------|
| | | Issued and paid-up share capital | Premium on share capital | Retained earnings | | |
| | | | | Appropriated | Unappropriated | |
| Balance as at December 31, 2008 | | 70,000,000.00 | 0.00 | 0.00 | 96,644,954.37 | 166,644,954.37 |
| Increase share capital | 13 | 50,000,000.00 | 0.00 | 0.00 | 0.00 | 50,000,000.00 |
| Dividend paid | 15 | 0.00 | 0.00 | 0.00 | (91,000,000.00) | (91,000,000.00) |
| Net profit for the year | | 0.00 | 0.00 | 0.00 | 39,218,692.70 | 39,218,692.70 |
| Legal reserve | 14 | 0.00 | 0.00 | 4,550,000.00 | (4,550,000.00) | 0.00 |
| Balance as at December 31, 2009 | | 120,000,000.00 | 0.00 | 4,550,000.00 | 40,313,647.07 | 164,863,647.07 |
| Increase share capital | 13 | 30,000,000.00 | 83,266,474.59 | 0.00 | 0.00 | 113,266,474.59 |
| Dividend paid | 15 | 0.00 | 0.00 | 0.00 | (15,000,000.00) | (15,000,000.00) |
| Net profit for the year | | 0.00 | 0.00 | 0.00 | 32,386,740.05 | 32,386,740.05 |
| Legal reserve | 14 | 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 |

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED
(FORMERLY NAMED "UNIVERSAL ADSORBENTS & CHEMICALS COMPANY LIMITED")

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

| | Financial statements in which equity method is applied (Baht) | | Separate financial statements (Baht) | |
|---|--|----------------------|---|----------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Cash flows from operating activities | | | | |
| Profit before corporate income tax | 122,661,897.57 | 54,762,286.03 | 46,914,908.14 | 56,173,119.30 |
| Adjustment | | | | |
| Depreciation | 2,833,734.27 | 3,353,472.72 | 2,833,734.27 | 3,353,472.72 |
| Unrealized loss on exchange rate | 329,989.72 | 184,494.58 | 329,989.72 | 184,494.58 |
| Loss on devaluation of inventories | 110,187.50 | 0.00 | 110,187.50 | 0.00 |
| Gain on sales of investment in associated company | (23,925.53) | 0.00 | 0.00 | 0.00 |
| Share of (profit) loss from investment in associated company | (75,723,063.90) | 1,410,833.27 | 0.00 | 0.00 |
| Gain on disposal of fixed assets | (229,971.31) | (180,864.20) | (229,971.31) | (180,864.20) |
| Amortization of prepaid income tax | 534,405.68 | 0.00 | 534,405.68 | 0.00 |
| Interest expenses | 2,918,788.84 | 2,548,884.70 | 2,918,788.84 | 2,548,884.70 |
| | <u>53,412,042.84</u> | <u>62,079,107.10</u> | <u>53,412,042.84</u> | <u>62,079,107.10</u> |
| (Increase) Decrease in operating assets | | | | |
| Trade accounts receivable | 56,610,609.95 | (65,852,547.11) | 56,610,609.95 | (65,852,547.11) |
| Inventories | (27,631,610.23) | 20,716,987.20 | (27,631,610.23) | 20,716,987.20 |
| Prepayment for purchasing goods | (13,727,336.70) | 0.00 | (13,727,336.70) | 0.00 |
| Other current assets | 1,348,835.33 | (2,726,067.33) | 1,348,835.33 | (2,726,067.33) |
| Other non-current assets | (4,095,092.30) | (319,498.86) | (4,095,092.30) | (319,498.86) |
| Increase (Decrease) in operating liabilities | | | | |
| Trade accounts payable | (34,304,967.66) | 31,033,526.11 | (34,304,967.66) | 31,033,526.11 |
| Accrued expenses | (1,483,855.32) | (19,135,923.35) | (1,483,855.32) | (19,135,923.35) |
| Advance received for sales of goods | 7,825,341.27 | 0.00 | 7,825,341.27 | 0.00 |
| Other current liabilities | (446,428.70) | 3,393,718.09 | (446,428.70) | 3,393,718.09 |
| Cash generated (paid for) from operations | <u>37,507,538.48</u> | <u>29,189,301.85</u> | <u>37,507,538.48</u> | <u>29,189,301.85</u> |
| Interest paid | (2,929,336.79) | (2,772,309.35) | (2,929,336.79) | (2,772,309.35) |
| Corporate income tax paid | (15,347,117.22) | (15,125,955.54) | (15,347,117.22) | (15,125,955.54) |
| Net cash provided by (used in) operating activities | <u>19,231,084.47</u> | <u>11,291,036.96</u> | <u>19,231,084.47</u> | <u>11,291,036.96</u> |

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED
(FORMERLY NAMED "UNIVERSAL ADSORBENTS & CHEMICALS COMPANY LIMITED")

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

| | Financial statements in which equity method is applied (Baht) | | Separate financial statements (Baht) | |
|--|--|----------------------------|---|----------------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Cash flows from investing activities | | | | |
| Increase in pledged bank deposit | (67,169,507.91) | (11,270,688.57) | (67,169,507.91) | (11,270,688.57) |
| (Increase) decrease in investment in associated company | 124,925.00 | (50,669,880.00) | 124,925.00 | (50,669,880.00) |
| Proceeds from sales of fixed assets | 289,719.63 | 750,000.00 | 289,719.63 | 750,000.00 |
| Payments for purchase of fixed assets | (6,297,404.74) | (1,733,157.10) | (6,297,404.74) | (1,733,157.10) |
| Net cash provided by (used in) investing activities | <u>(73,052,268.02)</u> | <u>(62,923,725.67)</u> | <u>(73,052,268.02)</u> | <u>(62,923,725.67)</u> |
| Cash flows from financing activities | | | | |
| Increase in overdrafts and short-term loans from financial institutions | 10,483,600.59 | 98,733,160.83 | 10,483,600.59 | 98,733,160.83 |
| Decrease in short-term loans from related persons and parties | 0.00 | (23,500,000.00) | 0.00 | (23,500,000.00) |
| Payments for payable under financial lease agreements | (942,901.04) | (887,088.00) | (942,901.04) | (887,088.00) |
| Cash generated from increase share capital | 113,266,474.59 | 50,000,000.00 | 113,266,474.59 | 50,000,000.00 |
| Dividend paid | (15,000,000.00) | (91,000,000.00) | (15,000,000.00) | (91,000,000.00) |
| Net cash provided by (used in) financing activities | <u>107,807,174.14</u> | <u>33,346,072.83</u> | <u>107,807,174.14</u> | <u>33,346,072.83</u> |
| Increase (decrease) in cash and cash equivalents | 53,985,990.59 | <u>(18,286,615.88)</u> | 53,985,990.59 | <u>(18,286,615.88)</u> |
| Cash and cash equivalents as at January 1 | <u>3,658,151.72</u> | <u>21,944,767.60</u> | <u>3,658,151.72</u> | <u>21,944,767.60</u> |
| Cash and cash equivalents as at December 31 | <u><u>57,644,142.31</u></u> | <u><u>3,658,151.72</u></u> | <u><u>57,644,142.31</u></u> | <u><u>3,658,151.72</u></u> |

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED
(FORMERLY NAMED "UNIVERSAL ADSORBENTS & CHEMICALS COMPANY LIMITED")

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2010 AND 2009

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.

1.3 The Company has engaged in business of import and distribution of Petrochemicals, Chemicals, Power plant and Utilities.

2. 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 January 30, 2009 regarding the condensed form should be included in the financial statements B.E. 2552 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 the transaction to be disclosed in the related accounting policy.

3. NEW ACCOUNTING STANDARDS ISSUANCE

The Federation of Accounting Professions issued Notification 17/2553, 50/2553 through 55/2553, as pertinent to Accounting Standards (Revised 2009), Financial Reporting Standards (Revised 2009), and Interpretation of Financial Reporting Standards announced through the Royal Gazettes on May 26, 2010 and December 15, 2010 respectively implementing 32 accounting standards, financial reporting standards, and interpretation of financial reporting standards. These comprise 25 standards replacing the previous versions with identification numbers rearranged to be identical to international accounting standards, of which certain standards were unchanged in principle, certain others were with partial change in principle, and 7 standards were newly implemented detailed as follows:

3.1 Accounting and financial reporting standards replaced the previous versions

| <u>Accounting standards/Financial reporting standards</u> | | <u>Effective date</u> |
|---|---|-----------------------|
| Framework for the Preparation and Presentation of Financial Statements (Revised 2009) | | May 26, 2010 |
| TAS 1 (Revised 2009) | Presentation of Financial Statements | January 1, 2011 |
| TAS 2 (Revised 2009) | Inventories | January 1, 2011 |
| TAS 7 (Revised 2009) | Statements of Cash Flows | January 1, 2011 |
| TAS 8 (Revised 2009) | Accounting Policies, Changes in Accounting Estimates and Errors | January 1, 2011 |
| TAS 10 (Revised 2009) | Events After the Reporting Period | January 1, 2011 |
| TAS 11 (Revised 2009) | Construction Contracts | January 1, 2011 |
| TAS 16 (Revised 2009) | Property, Plant and Equipment | January 1, 2011 |
| TAS 17 (Revised 2009) | Leases | January 1, 2011 |
| TAS 18 (Revised 2009) | Revenue | January 1, 2011 |
| TAS 20 (Revised 2009) | 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 |
| TAS 23 (Revised 2009) | Borrowing Costs | January 1, 2011 |
| TAS 24 (Revised 2009) | Related Party Disclosures | January 1, 2011 |
| TAS 27 (Revised 2009) | Consolidated and Separate Financial Statements | January 1, 2011 |
| TAS 28 (Revised 2009) | Investments in Associates | January 1, 2011 |
| TAS 31 (Revised 2009) | Interests in Joint Venture | January 1, 2011 |
| TAS 33 (Revised 2009) | Earnings per Share | January 1, 2011 |
| TAS 34 (Revised 2009) | Interim Financial Reporting | January 1, 2011 |
| TAS 36 (Revised 2009) | Impairment of Assets | January 1, 2011 |

| <u>Accounting standards/Financial reporting standards</u> | | <u>Effective date</u> |
|---|--|-----------------------|
| TAS 37 (Revised 2009) | Provisions, Contingent Liabilities and Contingent Assets | January 1, 2011 |
| TAS 38 (Revised 2009) | Intangible Assets | January 1, 2011 |
| TAS 40 (Revised 2009) | Investment Property | January 1, 2011 |
| TFRS 3 (Revised 2009) | Business Combination | January 1, 2011 |
| TFRS 5 (Revised 2009) | Non-current Assets Held for Sale and Discontinued | January 1, 2011 |

Operations

The Company's management has assessed the effect of these standards and believes that TAS 11 (Revised 2009), TAS 20 (Revised 2009), TAS 27 (Revised 2009), TAS 31 (Revised 2009), TAS 40 (Revised 2009), TFRS 3 (Revised 2009) and TFRS 5 (Revised 2009) are not relevant to the Company's business. As for relevant accounting standards, and financial reporting standards, the management has assessed the effect and found to have no material impact on financial statements. The Company shall adopt these relevant standards beginning on the effective dates.

3.2 New accounting standards and financial reporting standard in issue for adoption

| <u>Accounting standards/Financial reporting standards</u> | | <u>Effective date</u> |
|---|--|-----------------------|
| TAS 12 | Income Taxes | January 1, 2013 |
| TAS 19 | Employee Benefits | January 1, 2011 |
| TAS 26 | Accounting and Reporting by Retirement Benefit Plans | January 1, 2011 |
| TAS 29 | Financial Reporting in Hyperinflationary Economies | January 1, 2011 |
| TFRS 2 | Share Based Payment | January 1, 2011 |
| TFRS 6 | Exploration for and Evaluation of Mineral Resources | January 1, 2011 |
| TIFRS 15 | Construction Contract | January 1, 2011 |

TAS 26, TAS 29, TFRS 2, TFRS 6 and TIFRS 15 are not relevant to the Company's business. The Company will apply TAS 12 and TAS 19, on the effective date which the management of the Company is being evaluated the effect of those standards.

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 provides 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 separate financial statements is stated at cost less provision for impairment of investment (if any).

4.6 Equipment

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 |

4.7 Impairment of Assets

The Company has considered 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 will recognize an impairment in the statements of income for the period. The Company 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 records 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 balance sheets 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 balance sheets, consist of cash and cash equivalents, trade accounts receivable, restricted fixed deposit, other receivables, overdrafts and short - term loans from financial institution, trade accounts payable and liabilities under lease agreement. The basis of recognition and measurement of each item is separately disclosed in the related transactions.

4.10 Long-Term Lease Agreement

The Company records 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.

4.11 Employees Benefit

Provident fund

The Company has 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 statements of income in the period in which they are incurred.

Retirement benefit

This obligation is to provide retirement benefit to retired employees under the defined retirement plan, determined by the labour law. The Company will record the retirement cost in the period in which the employees retired.

4.12 Income Tax

The Company 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 made estimates and assumptions concerning the future factors. The results of accounting estimates may be deferred 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 at the balance sheet date. Allowance for devaluation of inventories other estimates are described in the corresponding disclosures.

4.14 Provisions

The Company recognizes 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 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 from changed the par value from Baht 100 each to Baht 1 each and was made retroactively adjustment the earnings per share of year 2009 as below :

| | Financial statements in which equity method is applied | | | |
|-------------------|--|-----------------|---------------------------|-----------------|
| | Before change in par value | | After change in par value | |
| | Earnings per share | Number of share | Earnings per share | Number of share |
| For the year 2010 | - | - | 0.85 | 127,500,000 |
| For the year 2009 | 52.45 | 720,833 | 0.53 | 72,083,333 |

| | Separate financial statements | | | |
|-------------------|-------------------------------|-----------------|---------------------------|-----------------|
| | Before change in par value | | After change in par value | |
| | Earnings per share | Number of share | Earnings per share | Number of share |
| For the year 2010 | - | - | 0.25 | 127,500,000 |
| For the year 2009 | 54.41 | 720,833 | 0.54 | 72,083,333 |

5. ADDITIONAL DISCLOSURE OF CASH FLOWS INFORMATON

5.1 Cash and cash equivalents

| | Financial statements in which equity method is applied and separate financial statements (Baht) | |
|-------------------|---|---------------------|
| | 2010 | 2009 |
| Cash | 17,146.00 | 9,657.00 |
| Current accounts | 1,020,241.62 | 531,737.40 |
| Savings deposit | 6,606,754.69 | 3,116,757.32 |
| Bills of exchange | 50,000,000.00 | 0.00 |
| Total | <u>57,644,142.31</u> | <u>3,658,151.72</u> |

5.2 Non - cash transaction

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.

6. TRADE ACCOUNTS RECEIVABLE - NET

| | Financial statements in which equity method is applied and separate financial statements (Baht) | |
|---|---|----------------|
| | 2010 | 2009 |
| Trade accounts receivable are aged as follows : | | |
| Trade accounts receivable under Credit Term | 88,655,442.54 | 130,228,256.32 |
| Trade accounts receivable due for payment | | |
| - Less than 3 months | 30,431,885.60 | 37,935,212.10 |
| - Over 3 but less than 6 months | 384,374.47 | 591,392.64 |
| - Over 6 but less than 12 months | 224,159.06 | 0.00 |
| - Over 12 months | 138,299.64 | 7,689,910.20 |
| Total | 119,834,161.31 | 176,444,771.26 |
| Less Allowance for doubtful accounts | (78,379.64) | (78,379.64) |
| Trade accounts receivable - net | 119,755,781.67 | 176,366,391.62 |

7. INVENTORIES - NET

| | Financial statements in which equity method is applied and separate financial statements (Baht) | |
|---|---|---------------|
| | 2010 | 2009 |
| Finished goods | 104,206,521.32 | 73,956,191.34 |
| Goods in transit | 5,878,799.15 | 8,497,518.90 |
| Total | 110,085,320.47 | 82,453,710.24 |
| Less Allowance for devaluation of inventories | (538,914.48) | (428,726.98) |
| Net | 109,546,405.99 | 82,024,983.26 |

8. PLEDGED BANK DEPOSIT

| | Financial statements in which equity method is applied and separate financial statements (Baht) | |
|-------------------|---|---------------|
| | 2010 | 2009 |
| Fixed deposits | 63,289,997.30 | 31,120,489.39 |
| Bills of exchange | 35,000,000.00 | 0.00 |
| Total | 98,289,997.30 | 31,120,489.39 |

As at December 31, 2010 and 2009, the Company has fixed deposit with the several banks amount of Baht 98 million and Baht 30 million respectively for using as guarantee against overdrafts and short-term loans from financial institutions (note 11) and commitment and contingent liabilities (note 22).

9. INVESTMENT IN ASSOCIATED COMPANIES

| Name | Nature of business | Relationship | Authorized | Investment (Baht) | | | | | |
|----------------------------|--|---------------------------|--|-------------------------|-------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | share capital | Shareholding percentage | | Equity method | | Cost method | |
| | | | (Baht) | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Thai Cyber Info Co., Ltd. | Advisory and computer service | Director and shareholders | 1,000,000.00 (Issued and paid-up 25%) | 0.00 | 49.97 | 0.00 | 100,999.47 | 0.00 | 124,925.00 |
| Bangchak Biofuel Co., Ltd. | Manufacturing and distribution biodiesel | Director and shareholders | 281,500,000.00 | 30.00 | 30.00 | 182,231,627.08 | 106,508,563.18 | 111,051,487.00 | 111,051,487.00 |
| Total | | | | | | <u>182,231,627.08</u> | <u>106,609,562.65</u> | <u>111,051,487.00</u> | <u>111,176,412.00</u> |

On April 19, 2010, the Company has sold total investment in Thai Cyber Info Company Limited, an associated company, at the price of Baht 124,925 and had gain amount of Baht 23,925.53.

The financial statements for the year ended December 31, 2010 and 2009 of the above associated company were taken to prepare the financial statements in which equity method is applied which were audited by the other auditor.

10. EQUIPMENT - NET

| | Financial statements in which equity method is applied and separate financial statements (Baht) | | | | |
|---------------------------------|---|---------------------|---------------------|----------------------|----------------------|
| | Building improvement | Office equipment | Office furniture | Vehicles | Total |
| Assets - Cost | | | | | |
| As at December 31, 2009 | 705,817.20 | 4,752,611.67 | 1,761,101.91 | 12,887,791.02 | 20,107,321.80 |
| Purchase | 2,459,580.61 | 2,255,140.77 | 172,910.00 | 4,461,523.36 | 9,349,154.74 |
| Disposal | 0.00 | 0.00 | (1,311,098.98) | (206,000.00) | (1,517,098.98) |
| As at December 31, 2010 | <u>3,165,397.81</u> | <u>7,007,752.44</u> | <u>622,912.93</u> | <u>17,143,314.38</u> | <u>27,939,377.56</u> |
| Accumulated depreciation | | | | | |
| As at December 31, 2009 | 15,083.21 | 3,892,595.78 | 1,538,805.64 | 8,976,112.63 | 14,422,597.26 |
| Depreciation for the year | 354,212.82 | 568,264.66 | 104,525.65 | 1,806,731.14 | 2,833,734.27 |
| Depreciation - write off | 0.00 | 0.00 | (1,251,351.66) | (205,999.00) | (1,457,350.66) |
| As at December 31, 2010 | <u>369,296.03</u> | <u>4,460,860.44</u> | <u>391,979.63</u> | <u>10,576,844.77</u> | <u>15,798,980.87</u> |
| Net book value | | | | | |
| As at December 31, 2009 | <u>690,733.99</u> | <u>860,015.89</u> | <u>222,296.27</u> | <u>3,911,678.39</u> | <u>5,684,724.54</u> |
| 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>12,140,396.69</u> |

As at December 31, 2010 and 2009, office equipment and vehicles at cost of Baht 7.92 million and Baht 8.53 million, respectively were fully depreciated but are still in use.

11. OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

| | Financial statements in which equity method is applied and separate financial statements (Baht) | |
|-----------------------|---|----------------|
| | 2010 | 2009 |
| Bank overdrafts | 21,639,698.07 | 36,609,952.05 |
| Short-term loans | 60,000,000.00 | 65,000,000.00 |
| Trust receipt payable | 57,752,386.61 | 27,185,208.35 |
| Total | 139,392,084.68 | 128,795,160.40 |

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, 2009, 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 personal deposit for 12 months plus 1.25% per annum, and amount of 20 million with the 2nd bank charged interest at the rate of personal deposit for 12 months plus 1.50% 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. And as at December 31, 2009, the Company has short-term loans with 3 banks amount of Baht 65 million by issuing promissory notes 1) amount of Baht 40 million is due within February 2010 at interest rate of personal saving deposit plus 1.125% per annum and 2) Amount of Baht 15 million is due within January 2010 at interest rate of MFR plus 1.50% per annum and 3) amount of Baht 10 million is due within June 2010 at interest rate of 3.50% per annum.

As at December 31, 2010 and 2009, the Company has credit line for import goods from overseas with several banks amount of Baht 150 million and Baht 154 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 8) and the Company's director.

12. LIABILITIES UNDER FINANCIAL LEASE AGREEMENT - NET

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

| | Financial statements in which equity method is applied and separate financial statements (Baht) | |
|--|---|---------------------|
| | 2010 | 2009 |
| Payable under hire-purchase contracts | 682,270.00 | 1,569,358.00 |
| Payable under lease agreement | 2,995,936.96 | 0.00 |
| Total | 3,678,206.96 | 1,569,358.00 |
| Less Current portion of long-term debt | (1,341,744.91) | (892,357.40) |
| Net | 2,336,462.05 | 677,000.60 |

As at December 31, 2010 and 2009, vehicles at cost of Baht 10.21 million and Baht 6.14 million, respectively is under the repayment to such payable under the agreement.

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

| | Financial statements in which equity method is applied and separate financial statements (Baht) | |
|---|---|---------------------|
| | 2010 | 2009 |
| Within 1 year | 1,526,926.00 | 942,420.00 |
| Over 1 year not over 3 years | 1,811,148.00 | 745,102.00 |
| Over 3 year not over 5 years | 792,297.00 | 0.00 |
| Total | 4,130,371.00 | 1,687,522.00 |
| Less Future interest of financial agreement | (452,164.04) | (118,164.00) |
| Present value of liabilities under financial lease agreement | 3,678,206.96 | 1,569,358.00 |

13. SHARE CAPITAL

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.

For the year 2009

According to the minutes of shareholders' extraordinary meeting no. 2/2009 held on December 1, 2009 passed the resolution to increase the Company's share capital for another 50 million totaling Baht 120 million (1,200,000 shares at par value of Baht 100 each). The Company has fully received the payment of ordinary shares and registered the increase share with the Ministry of Commerce on December 15, 2009.

14. 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.

15. RETAINED EARNINGS APPROPRIATION

According to the minutes of Board of directors no. 5/2010 held on November 10, 2010, passed the resolution to pay interim dividend from the beginning retained earnings of year 2010 to the shareholders at Baht 0.10 per share for 150 million shares, totaling Baht 15 million. Interim dividend was already paid during the year.

16. 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, but excluding salaries and related benefits being paid to the directors who are holding the management position in the Company.

17. 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 the 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 equivalent to these fourth executive levels.

18. 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.

18.1 General information

| <u>Name/Related persons and parties</u> | <u>Relationship</u> | <u>Description</u> | <u>Pricing policy</u> |
|--|---|--------------------------------|--|
| <u>Related persons</u> | | | |
| Mr. Kitti Jivacate | Directors and shareholders | Guarantee | None service fee |
| Mrs. Niramol Kivacate | Close relation with director | Warehouse rental | Rental fee of Baht 0.13 million per month |
| Miss Nilrat Jarumanopas | Directors and shareholders | Guarantee | None service fee |
| | | Loan | Interest rate of 5% per annum |
| <u>Related companies</u> | | | |
| Bangchak Biofuel Co., Ltd. | Associated company and common director | Revenue from sales of goods | Selling price applicable to other customers |
| | | Purchase of goods | Market price |
| K & N Commercial Co., Ltd. | Intimate of director is a director of such company | Revenue from sales of goods | Selling price applicable to other customers |
| Appliance Technology Supply Co., Ltd. | Common directors | Purchase of goods | Market price |
| | | Fixed assets construction cost | 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 |
| | | Revenue from sales of goods | Selling price applicable to other customers |
| Phukieo Bio-Energy Co., Ltd. | Common directors | Revenue from sales of goods | Selling price applicable to other customers |

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

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

| | Financial statements in which equity method is applied and separate financial statements (Baht) | |
|---|---|--------------|
| | 2010 | 2009 |
| | <hr/> | |
| Trade accounts receivable | | |
| Bangchak Biofuel Co., Ltd. | 0.00 | 523,356.26 |
| Universal Energy and Technology Co., Ltd. | 0.00 | 5,414,200.00 |
| K & N Commercial Co., Ltd. | 0.00 | 53,232.50 |
| Total | 0.00 | 5,990,788.76 |
| <hr/> | | |
| Trade accounts payable | | |
| Bangchak Biofuel Co., Ltd. | 1,570,602.94 | 579,049.98 |
| Appliance Technology Supply Co., Ltd. | 493,133.58 | 0.00 |
| Total | 2,063,736.52 | 579,049.98 |
| <hr/> | | |
| Accrued expenses | | |
| Mrs. Niramol Jivacate | 0.00 | 127,368.42 |
| <hr/> | | |

18.3 Revenues and expenses transaction with related persons and parties

| | Financial statements in which equity method is applied and separate financial statements (Baht) | |
|---|---|--------------|
| | 2010 | 2009 |
| | <hr/> | |
| Sales | | |
| Bangchak Biofuel Co., Ltd. | 10,505,113.60 | 1,979,057.50 |
| Universal Energy and Technology Co., Ltd. | 0.00 | 5,060,000.00 |
| K & N Commercial Co., Ltd. | 380,500.00 | 894,250.00 |
| Phukieo Bio-Energy Co., Ltd. | 36,500.00 | 0.00 |
| Total | 10,922,113.60 | 7,933,307.50 |
| <hr/> | | |
| Other income (gain on sales of vehicles) | | |
| K & N Commercial Co., Ltd. | 0.00 | 567,551.94 |
| <hr/> | | |

| | Financial statements in which equity method is applied and separate financial statements (Baht) | |
|---------------------------------------|---|---------------------|
| | 2010 | 2009 |
| Purchase | | |
| Bangchak Biofuel Co., Ltd. | 12,491,836.68 | 1,048,678.20 |
| K & N Commercial Co., Ltd. | 0.00 | 1,680,400.00 |
| Appliance Technology Supply Co., Ltd. | 1,232,680.50 | 0.00 |
| Total | <u>13,724,517.18</u> | <u>2,729,078.20</u> |
| Administrative expenses (Rental fee) | | |
| Mrs. Niramol Kivacate | 0.00 | 254,736.84 |
| P & P Ordinary Partnership | 1,528,421.04 | 0.00 |
| Total | <u>1,528,421.04</u> | <u>254,736.84</u> |
| Finance costs (interest) | | |
| Miss Nilrat Jarumanopas | 0.00 | 711,095.89 |

18.4 Fixed assets transaction with related persons and parties

| | Financial statements in which equity method is applied and separate financial statements (Baht) | |
|--|---|-------------|
| | 2010 | 2009 |
| Equipment | | |
| Appliance Technology Supply Co., Ltd. | <u>318,724.00</u> | <u>0.00</u> |

19. EXPENSES ANALYZED BY NATURE AS FOLLOWS :

| | Financial statements in which equity method is applied and separate financial statements (Baht) | |
|------------------------------|---|---------------|
| | 2010 | 2009 |
| Changes in inventories | (30,250,329.98) | 29,183,826.67 |
| Employees benefit expenses | 15,151,031.75 | 13,772,188.91 |
| Depreciation | 2,833,734.27 | 3,353,472.72 |
| Commission for sale of goods | 3,373,148.79 | 18,221,725.50 |
| Directors' remuneration | 1,888,425.00 | 0.00 |
| Management benefit expenses | 12,457,951.50 | 9,814,076.00 |

20. SEGMENT INFORMATION

The Company's operation involve virtually in import and distribution of Petrochemicals, Chemicals, Power Plant and Utilities business in both domestic and overseas geographical segment but the overseas segment is less than 10% of total revenues, therefore, the financial information by geographical segment was not presented.

21. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

21.1 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.

21.2 Credit risk

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

21.3 Interest rate risk

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

21.4 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 :

| | 2010 | 2009 |
|--|---------------|--------------|
| Financial assets | | |
| Foreign Currency deposit Account - US Dollar | 129,641.15 | 59,555.13 |
| Financial liabilities | | |
| Trust receipt payable in US Dollar | 1,481,817.00 | 811,092.00 |
| Trust receipt payable in Yen | 34,363,480.00 | 0.00 |
| Trade accounts payable in US Dollar | 686,961.30 | 2,402,874.70 |
| Trade accounts payable in EURO | 105,419.22 | 0.00 |
| Trade accounts payable in Yen | 49,729,204.00 | 0.00 |

The Company has remaining forward contract as follows :

| | Exchange rate per Baht | | | |
|-----------|------------------------|---------------|---------------|------------|
| | 2010 | 2009 | 2010 | 2009 |
| US Dollar | 29.97 - 30.93 | 33.18 - 33.86 | 1,001,376.28 | 574,449.46 |
| EURO | 39.56 - 40.08 | 47.67 -48.06 | 174,013.76 | 20,000.00 |
| Yen | 0.3683 | - | 34,363,480.00 | 0.00 |

22. COMMITMENT AND CONTINGENT LIABILITIES

22.1 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, 2010 and 2009 the Company has to pay the rental fee until the completion amount of Baht 3.92 million and Baht 0.93 million respectively.

22.2 The Company is liable on payment under warehouse lease agreement with the monthly rental amount of Baht 0.13 million for the 3 years period, commencing on September 21, 2009. As at December 31, 2010 and 2009 the Company has to pay the rental fee until the completion amount of Baht 2.54 million and Baht 4.33 million respectively.

22.3 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 and 2009, the Company has to pay the rental fee until the completion amount of Baht 4.63 million and Baht 30.53 million respectively.

22.4 The Company is liable on payment under goods purchasing agreement with two seller as at December 31, 2010 amounting to US Dollar 0.65 million and Baht 7.45 million.

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

| | 2010 | 2009 |
|-----------|------------|------------|
| US Dollar | 118,600.00 | 490,436.67 |
| EURO | 174,013.76 | 29,520.00 |

22.6 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, 2010 and 2009 total amount of Baht 41.15 million and Baht 36.75 million, respectively. Such letter of guarantee is secured by bank deposit (note 8) and the Company's director.

23. PROVIDENT FUND

The Company has joined to be a member of provident fund named "United Assets Already 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 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.

In August 2009, the Company has transferred the former provident fund and changed to " Kasikorn - Submunkong Registered Provident Fund " and " The Welfare Development Registered Provident Fund " which is still comply with the existing regulation and condition.

In July 2010, the Company has transferred both provident fund to " K Master Pooled Fund Registered Provident Fund " which is still comply with the existing regulation and condition.

24. CAPITAL MANAGEMENT

The objective of financial management of the Company is to maintain the continuity of operation capability and capital structure to be properly appropriated.

25. RECLASSIFICATION

The certain accounts in the 2009 financial statements have been reclassified for conformity with the presentation in the 2010 financial statements.

26. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Company's Board of Directors on February 21, 2011.