

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

AS AT MARCH 31, 2011 (UNAUDITED/REVIEWED ONLY)

AND AS AT DECEMBER 31, 2010 (AUDITED)

## AUDITOR'S REPORT

To The Shareholders of

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

I have reviewed the statements of financial position in which the equity method is applied and separate statements of financial position of UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED as at March 31, 2011, the statements of comprehensive income in which equity method is applied and separate statements of comprehensive 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 three-month periods ended March 31, 2011 and 2010. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to issue a report on these financial statements based on my review. I did not review the interim financial statements for the three-month periods ended March 31, 2011 and 2010 of an associated company which included in these interim financial statements. Investment in associated company by using equity method reflected at 26.85 per cent of total assets as at March 31, 2011 and share of profit from investment in associated company for the three-month periods ended March 31, 2011 and 2010 at 9.58 per cent and 7.21 per cent of total revenues respectively. Those financial statements were reviewed by the other auditor whose report has been furnished to me, and my report, insofar as it relates to the amounts included for associated company, is based solely on the report of the other auditor.

I conducted my review in accordance with auditing standards applicable to review engagements. Those standards require that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. Accordingly, I do not express an opinion on these financial statements.

Based on my review, nothing has come to my attention that causes me to believe that the financial statements are not presented fairly, in all material respects in accordance with generally accepted accounting principles.

I have previously audited the financial statements of UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED as at December 31, 2010 with generally accepted auditing standards and I expressed an unqualified opinion in my report dated February 21, 2011. The statements of financial position in which equity method is applied and separate statements of financial position as at December 31, 2010, presented for comparison purpose, is a partial of the audited and reported financial statements. I have not performed any auditing procedures since that date.

As stated in note 2 and 3 to interim financial statements, during the three-month periods ended March 31, 2011, the Company adopted the newly financial reporting standards issued by the Federation of Accounting Professions, that the adoption is effective for the financial statements beginning on or after January 1, 2011 for preparation and presentation these interim financial statements. Accordingly the comparative financial statements in which the equity method is applied and separate financial statements for the three-month periods ended March 31, 2010, and the statements of financial position in which the equity method is applied and separate statements of financial position as at December 31, 2010, have been presented by the new format in accordance with the financial statements in which the equity method is applied and separate financial statements for the three-month periods ended March 31, 2011.

D I A International Audit Co., Ltd.

(Mrs. Suvimol Krittayakiern)

C.P.A. (Thailand)

Registration No. 2982

May 10, 2011

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2011 (UNAUDITED/REVIEWED ONLY)

AND AS AT DECEMBER 31, 2010 (AUDITED)

Assets	Note	Financial statements in which equity method is applied (Baht)		Separate financial statements (Baht)	
		March 31, 2011	December 31, 2010 (Restated)	March 31, 2011	December 31, 2010 (Restated)
<b>Current assets</b>					
Cash and cash equivalents	5	57,783,719.83	57,644,142.31	57,783,719.83	57,644,142.31
Trade accounts receivable - net	6	139,767,982.11	119,755,781.67	139,767,982.11	119,755,781.67
Inventories - net	7	96,290,115.80	109,546,405.99	96,290,115.80	109,546,405.99
<b>Other current assets</b>					
Accrued dividend	9	35,968,370.14	0.00	35,968,370.14	0.00
Accrued income		6,336,817.47	0.00	6,336,817.47	0.00
Prepaid goods purchasing		1,423,523.20	13,727,336.70	1,423,523.20	13,727,336.70
Others		4,419,092.72	3,213,499.21	4,419,092.72	3,213,499.21
<b>Total current assets</b>		<b>341,989,621.27</b>	<b>303,887,165.88</b>	<b>341,989,621.27</b>	<b>303,887,165.88</b>
<b>Non-current assets</b>					
Pledged bank deposit	8	98,391,780.84	98,289,997.30	98,391,780.84	98,289,997.30
Investment in associated company	9	167,709,014.04	182,231,627.08	111,051,487.00	111,051,487.00
Equipment - net	10	11,385,726.12	12,140,396.69	11,385,726.12	12,140,396.69
Other non-current assets - net		5,239,627.03	5,160,390.30	5,239,627.03	5,160,390.30
<b>Total non-current assets</b>		<b>282,726,148.03</b>	<b>297,822,411.37</b>	<b>226,068,620.99</b>	<b>226,642,271.29</b>
<b>Total assets</b>		<b>624,715,769.30</b>	<b>601,709,577.25</b>	<b>568,058,242.26</b>	<b>530,529,437.17</b>

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT MARCH 31, 2011 (UNAUDITED/REVIEWED ONLY)

AND AS AT DECEMBER 31, 2010 (AUDITED)

	Note	Financial statements in which equity method is applied (Baht)		Separate financial statements (Baht)	
		March 31, 2011	December 31, 2010 (Restated)	March 31, 2011	December 31, 2010 (Restated)
Liabilities and shareholders' equity					
Current liabilities					
Overdrafts and short - term loans					
from financial institutions	11	133,665,317.25	139,392,084.68	133,665,317.25	139,392,084.68
Trade accounts payable		59,184,256.14	65,137,698.42	59,184,256.14	65,137,698.42
Current portion of long - term					
debts	12	1,184,493.34	1,341,744.91	1,184,493.34	1,341,744.91
Accrued corporate income tax		13,024,333.73	8,059,799.33	13,024,333.73	8,059,799.33
Other current liabilities					
Advance received from goods selling		5,211,630.61	8,558,506.58	5,211,630.61	8,558,506.58
Accrued expenses		7,088,779.83	5,507,791.87	7,088,779.83	5,507,791.87
Others		3,287,101.22	4,678,487.62	3,287,101.22	4,678,487.62
Total current liabilities		<u>222,645,912.12</u>	<u>232,676,113.41</u>	<u>222,645,912.12</u>	<u>232,676,113.41</u>
Non - current liabilities					
Liabilities under financial lease					
agreement - net	12	2,101,197.39	2,336,462.05	2,101,197.39	2,336,462.05
Employee benefits obligation		4,693,678.50	4,360,321.00	4,693,678.50	4,360,321.00
Total non - current liabilities		<u>6,794,875.89</u>	<u>6,696,783.05</u>	<u>6,794,875.89</u>	<u>6,696,783.05</u>
Total liabilities		<u>229,440,788.01</u>	<u>239,372,896.46</u>	<u>229,440,788.01</u>	<u>239,372,896.46</u>

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT MARCH 31, 2011 (UNAUDITED/REVIEWED ONLY)

AND AS AT DECEMBER 31, 2010 (AUDITED)

	Note	Financial statements in which equity method is applied (Baht)		Separate financial statements (Baht)	
		March 31, 2011	December 31, 2010 (Restated)	March 31, 2011	December 31, 2010 (Restated)
Liabilities and shareholders' equity					
Shareholders' equity					
Share capital					
Authorized share capital					
150,000,000 ordinary shares of Baht 1 each		150,000,000.00	150,000,000.00	150,000,000.00	150,000,000.00
Issued and paid-up share capital					
150,000,000 ordinary shares of Baht 1 each		150,000,000.00	150,000,000.00	150,000,000.00	150,000,000.00
Premium on share capital		83,266,474.59	83,266,474.59	83,266,474.59	83,266,474.59
Retained earnings					
Appropriated - Legal reserve		8,542,382.68	6,169,337.00	8,542,382.68	6,169,337.00
Unappropriated		153,466,124.02	122,900,869.20	96,808,596.98	51,720,729.12
Total shareholders' equity		395,274,981.29	362,336,680.79	338,617,454.25	291,156,540.71
Total liabilities and shareholders' equity		624,715,769.30	601,709,577.25	568,058,242.26	530,529,437.17

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2011 AND 2010

(UNAUDITED / REVIEWED ONLY)

	Note	Financial statements in which equity method is applied (Baht)		Separate financial statements (Baht)	
		2011	2010	2011	2010
Sales		215,756,879.11	156,609,261.90	215,756,879.11	156,609,261.90
Cost of sales		(186,442,525.67)	(132,642,882.78)	(186,442,525.67)	(132,642,882.78)
Gross profit		29,314,353.44	23,966,379.12	29,314,353.44	23,966,379.12
Other income					
Dividend income		0.00	0.00	35,968,370.14	0.00
Others		8,185,116.87	2,127,330.56	8,185,116.87	2,127,330.56
Selling expenses		(5,801,231.17)	(5,956,859.81)	(5,801,231.17)	(5,956,859.81)
Administrative expenses		(13,488,011.37)	(11,285,157.41)	(13,488,011.37)	(11,285,157.41)
Finance costs		(1,641,488.63)	(671,287.20)	(1,641,488.63)	(671,287.20)
Share of profit from investment in associated company		21,445,757.10	11,452,448.96	0.00	0.00
Profit before income tax		38,014,496.24	19,632,854.22	52,537,109.28	8,180,405.26
Income tax		(5,076,195.74)	(2,512,103.71)	(5,076,195.74)	(2,512,103.71)
Total comprehensive income for the period		32,938,300.50	17,120,750.51	47,460,913.54	5,668,301.55
Earnings per share					
Basic earnings per share	13	0.22	0.14	0.32	0.05
Weighted average number of ordinary shares	13	150,000,000	120,000,000	150,000,000	120,000,000

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2011 AND 2010

(UNAUDITED / REVIEWED ONLY)

(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	Unappropriated	
Balance as at December 31, 2009		120,000,000.00	0.00	4,550,000.00	35,746,797.72	160,296,797.72
The changes in shareholders' equity for the three-month periods:						
Total comprehensive income for the period		0.00	0.00	0.00	17,120,750.51	17,120,750.51
Balance as at March 31, 2010		120,000,000.00	0.00	4,550,000.00	52,867,548.23	177,417,548.23
The changes in shareholders' equity for the nine-month periods:						
Increase share capital		30,000,000.00	83,266,474.59	0.00	0.00	113,266,474.59
Interim dividend paid		0.00	0.00	0.00	(15,000,000.00)	(15,000,000.00)
Total comprehensive income for the period		0.00	0.00	0.00	91,012,978.97	91,012,978.97
Legal reserve		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
Effects of adoption the new accounting policy-Employee benefits	4	0.00	0.00	0.00	(4,360,321.00)	(4,360,321.00)
Balance as at December 31, 2010 - after restatement		150,000,000.00	83,266,474.59	6,169,337.00	122,900,869.20	362,336,680.79
The changes in shareholders' equity for the three-month periods:						
Total comprehensive income for the period		0.00	0.00	0.00	32,938,300.50	32,938,300.50
Legal reserve		0.00	0.00	2,373,045.68	(2,373,045.68)	0.00
Balance as at March 31, 2011		150,000,000.00	83,266,474.59	8,542,382.68	153,466,124.02	395,274,981.29

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2011 AND 2010

(UNAUDITED / REVIEWED ONLY)

(Unit : Baht)

	Separate financial statements					
	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings		Total
				Appropriated	Unappropriated	
Balance as at December 31, 2009		120,000,000.00	0.00	4,550,000.00	40,313,647.07	164,863,647.07
The changes in shareholders' equity for the three-month periods:						
Total comprehensive income for the period		0.00	0.00	0.00	5,668,301.55	5,668,301.55
Balance as at March 31, 2010		120,000,000.00	0.00	4,550,000.00	45,981,948.62	170,531,948.62
The changes in shareholders' equity for the nine-month periods:						
Increase share capital		30,000,000.00	83,266,474.59	0.00	0.00	113,266,474.59
Interim dividend paid		0.00	0.00	0.00	(15,000,000.00)	(15,000,000.00)
Total comprehensive income for the period		0.00	0.00	0.00	26,718,438.50	26,718,438.50
Legal reserve		0.00	0.00	1,619,337.00	(1,619,337.00)	0.00
Balance as at December 31, 2010		150,000,000.00	83,266,474.59	6,169,337.00	56,081,050.12	295,516,861.71
Effects of adoption the new accounting policy-Employee benefits	4	0.00	0.00	0.00	(4,360,321.00)	(4,360,321.00)
Balance as at December 31, 2010 - after restatement		150,000,000.00	83,266,474.59	6,169,337.00	51,720,729.12	291,156,540.71
The changes in shareholders' equity for the three-month periods:						
Total comprehensive income for the period		0.00	0.00	0.00	47,460,913.54	47,460,913.54
Legal reserve		0.00	0.00	2,373,045.68	(2,373,045.68)	0.00
Balance as at March 31, 2011		150,000,000.00	83,266,474.59	8,542,382.68	96,808,596.98	338,617,454.25

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2011 AND 2010

(UNAUDITED / REVIEWED ONLY)

	Financial statements in which equity method is applied (Baht)		Separate financial statements (Baht)	
	2011	2010	2011	2010
Cash flows from operating activities				
Profit before corporate income tax	38,014,496.24	19,632,854.22	52,537,109.28	8,180,405.26
Adjustment				
Dividends income	0.00	0.00	(35,968,370.14)	0.00
Depreciation	967,740.13	603,260.66	967,740.13	603,260.66
Unrealized gain on exchange rate	(673,394.08)	(837,535.75)	(673,394.08)	(837,535.75)
Share of (profit) loss from investment in associated company	(21,445,757.10)	(11,452,448.96)	0.00	0.00
Loss on disposal of fixed assets	13,304.94	0.00	13,304.94	0.00
Amortized - prepaid expenses	422,619.67	0.00	422,619.67	0.00
Increase in employee benefits provisions	333,357.50	0.00	333,357.50	0.00
Interest expenses	1,439,917.60	403,610.77	1,439,917.60	403,610.77
	<u>19,072,284.90</u>	<u>8,349,740.94</u>	<u>19,072,284.90</u>	<u>8,349,740.94</u>
(Increase) Decrease in operating assets				
Trade accounts receivable	(20,012,200.44)	88,875,653.52	(20,012,200.44)	88,875,653.52
Inventories	13,256,290.19	(18,193,740.55)	13,256,290.19	(18,193,740.55)
Prepaid goods purchasing	12,303,813.50	0.00	12,303,813.50	0.00
Accrued revenues	(6,336,817.47)	0.00	(6,336,817.47)	0.00
Other current assets	(1,600,331.91)	(2,052,707.24)	(1,600,331.91)	(2,052,707.24)
Other non-current assets	(107,118.00)	(1,929,816.44)	(107,118.00)	(1,929,816.44)
Increase (Decrease) in operating liabilities				
Trade accounts payable	(5,865,530.46)	(15,598,731.72)	(5,865,530.46)	(15,598,731.72)
Accrued expenses	1,580,987.96	3,362,872.97	1,580,987.96	3,362,872.97
Advance received from goods selling	(3,346,875.97)	0.00	(3,346,875.97)	0.00
Other current liabilities	(1,391,386.40)	(3,308,773.18)	(1,391,386.40)	(3,308,773.18)
Cash generated (paid for) from operations	<u>7,553,115.90</u>	<u>59,504,498.30</u>	<u>7,553,115.90</u>	<u>59,504,498.30</u>
Interest paid	(1,439,917.60)	(414,158.72)	(1,439,917.60)	(414,158.72)
Corporate income tax paid	(111,661.34)	(85,507.82)	(111,661.34)	(85,507.82)
Net cash provided by (used in) operating activities	<u>6,001,536.96</u>	<u>59,004,831.76</u>	<u>6,001,536.96</u>	<u>59,004,831.76</u>

Notes to financial statements are parts of these financial statements.

UNIVERSAL ADSORBENTS & CHEMICALS PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2011 AND 2010

(UNAUDITED / REVIEWED ONLY)

	Financial statements in which equity method is applied (Baht)		Separate financial statements (Baht)	
	2011	2010	2011	2010
Cash flows from investing activities				
Increase in pledged bank deposit	(101,783.54)	934,925.68	(101,783.54)	934,925.68
Proceeds from sales of fixed assets	28,900.00	0.00	28,900.00	0.00
Payments for purchase of fixed assets	(255,274.50)	(1,017,625.89)	(255,274.50)	(1,017,625.89)
Net cash provided by (used in) investing activities	<u>(328,158.04)</u>	<u>(82,700.21)</u>	<u>(328,158.04)</u>	<u>(82,700.21)</u>
Cash flows from financing activities				
Increase in overdrafts and short-term loans from financial institutions	(5,141,285.17)	(53,964,900.68)	(5,141,285.17)	(53,964,900.68)
Payments for payable under financial lease agreements	(392,516.23)	(221,772.00)	(392,516.23)	(221,772.00)
Net cash provided by (used in) financing activities	<u>(5,533,801.40)</u>	<u>(54,186,672.68)</u>	<u>(5,533,801.40)</u>	<u>(54,186,672.68)</u>
Increase (decrease) in cash and cash equivalents	139,577.52	4,735,458.87	139,577.52	4,735,458.87
Cash and cash equivalents as at January 1	<u>57,644,142.31</u>	<u>3,658,151.72</u>	<u>57,644,142.31</u>	<u>3,658,151.72</u>
Cash and cash equivalents as at March 31	<u><u>57,783,719.83</u></u>	<u><u>8,393,610.59</u></u>	<u><u>57,783,719.83</u></u>	<u><u>8,393,610.59</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 MARCH 31, 2011 (UNAUDITED/REVIEWED ONLY)

AND AS AT DECEMBER 31, 2010 (AUDITED)

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. PREPARATION OF INTERIM FINANCIAL STATEMENTS BASIS

2.1 The financial statements have been prepared in accordance with the draft of condensed form should be included in the financial statements of Department of Business Development, TAS 1 (Revised 2009) "Presentation of Financial Statements" including revised titles for the financial statements and TAS 34 (Revised 2009) "Interim Financial Reporting"; guidelines promulgated by the Federation of Accounting Professions, and applicable related rules and regulations of the Securities and Exchange Commission.

These interim financial statements have been prepared for the purpose to provide the update information on the latest complete set of annual financial statements. Accordingly, it focuses on new activities, events, and circumstances and does not duplicate information previously reported. However, the statements of financial position, statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows are presented the same as previous annual financial statements. Therefore, these interim financial statements should access to the most recent annual financial statements.

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

Financial reporting standards

Contents

Framework for the Preparation and Presentation of Financial Statements (Revised 2009)

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statements of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events After the Reporting Period
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 28 (Revised 2009)	Investments in Associates
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets

The adoption of newly issued and revised financial reporting standards in these interim financial statements resulted to the changes in the Company's accounting policy which the Company had chosen to apply (note 3). The effects have been disclosed in note 4 to financial statements.

2.2 The newly issued and revised financial reporting standards, the other standards are not effective in the current financial year and have not been adopted in the preparation of these interim financial statements. The details are following:

<u>Financial reporting standards</u>	<u>Contents</u>	<u>Effective date</u>
TAS 12	Income Taxes	January 1, 2013
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
TSIC 10	Government Assistance-No Specific Relation to Operating Activities	January 1, 2013
TSIC 21	Income Taxes- Recovery of Revalued Non-Depreciable Assets	January 1, 2013
TSIC 25	Income Taxes- Changes in the Tax Status of an Enterprises or its Shareholders	January 1, 2013

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

### 3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared by using the accounting policy and estimates of the financial statements for the year December 31, 2010, and the changed and supplemented accounting policy from the Company adopted the newly accounting standards, financial reporting standards, interpretation financial reporting standards, and revised accounting standards which is effective for the accounting period beginning on or after January 1, 2011 that had material impacts on financial staements as detailed following:

#### 3.1 Financial statements presentation

The Company adopted TAS 1 (Revised 2009) regarding the presentation of financial statements including revised titles for the financial statements. The financial statements consist of

Statements of financial position

Statements of comprehensive income

Statements of changes in shareholders' equity

Statements of cash flows

Notes to financial statements

### 3.2 Property, plant and equipment

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

### 3.3 Employee benefits

The Company provides 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. The calculation was made by utilizing various assumptions about future events. The Company is responsible for the selection of appropriate assumptions. The assumptions used in determining the net period cost for employee benefits include the discount rate, the rate of salary increment, and employee turnover. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis, the Company determine the appropriate discount rate, which represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Company consider the market yield based on Thai government bonds with currency and term similar to the estimated term of benefit obligation.

The principal actuarial assumptions used for the year 2011 and 2010 were as follows;

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

## 4. CHANGE IN ACCOUNTING POLICY OF PROVISIONS FOR EMPLOYEE BENEFITS

During the three-month periods ended March 31, 2011, the Company applied TAS 19 "Employee Benefits", in accordance with the FAP's notification, the Company thus taken employee benefits obligation to adjust the beginning of 2011 retained earnings. From apply such accounting standards, the financial statements for the three-month periods ended March 31, 2011 represented the decrease in beginning retained earnings and increase in non-current liabilities at the same amount of Baht 4.36 million, and the 2010 financial statements have been changed as follows:

Statements of financial position			
in which the equity method is applied			
As at December 31, 2010			
	Previous	Restated	Variance
Employee benefits obligation	0.00	4,360,321.00	4,360,321.00
Retained earnings - Unappropriated	127,261,190.20	122,900,869.20	(4,360,321.00)

Separate statements of financial position

As at December 31, 2010

	Previous	Restated	Variance
Employee benefits obligation	0.00	4,360,321.00	4,360,321.00
Retained earnings - Unappropriated	56,081,050.12	51,720,729.12	(4,360,321.00)

5. ADDITIONAL DISCLOSURE OF CASH FLOWS INFORMATON

Financial statements in which equity method is applied and separate financial statements (Baht)

	March 31, 2011	December 31, 2010
Cash	10,443.00	17,146.00
Current accounts	494,446.31	1,020,241.62
Savings deposit	7,060,488.05	6,606,754.69
Bills of exchange	50,218,342.47	50,000,000.00
Total	<u>57,783,719.83</u>	<u>57,644,142.31</u>

6. TRADE ACCOUNTS RECEIVABLE - NET

Financial statements in which equity method is applied and separate financial statements (Baht)

	March 31, 2011	December 31, 2010
Trade accounts receivable are aged as follows :		
Trade accounts receivable under Credit Term	84,242,433.70	88,655,442.54
Trade accounts receivable due for payment		
- Less than 3 months	42,750,869.56	30,431,885.60
- Over 3 but less than 6 months	12,447,504.38	384,374.47
- Over 6 but less than 12 months	294,374.47	224,159.06
- Over 12 months	111,179.64	138,299.64
Total	<u>139,846,361.75</u>	<u>119,834,161.31</u>
Less Allowance for doubtful accounts	(78,379.64)	(78,379.64)
Trade accounts receivable - net	<u>139,767,982.11</u>	<u>119,755,781.67</u>

7. INVENTORIES - NET

	Financial statements in which equity method is applied and separate financial statements (Baht)	
	March 31, 2011	December 31, 2010
Finished goods	89,398,705.23	104,206,521.32
Goods in transit	7,430,325.05	5,878,799.15
Total	96,829,030.28	110,085,320.47
Less Allowance for devaluation of inventories	(538,914.48)	(538,914.48)
Net	96,290,115.80	109,546,405.99

8. PLEDGED BANK DEPOSIT

	Financial statements in which equity method is applied and separate financial statements (Baht)	
	March 31, 2011	December 31, 2010
Fixed deposits	63,391,780.84	63,289,997.30
Bills of exchange	35,000,000.00	35,000,000.00
Total	98,391,780.84	98,289,997.30

As at March 31, 2011 and December 31, 2010, the Company has fixed deposit and bills of exchange with the several banks amount of Baht 98 million for using as guarantee against overdrafts and short-term loans from financial institutions (note 11) and commitment and contingent liabilities (note 18).

9. INVESTMENT IN ASSOCIATED COMPANIES

Name	Nature of business	Relationship	Authorized	Investment (Baht)					
			share capital (Baht)	Shareholding percentage		Equity method		Cost method	
				March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Bangchak Biofuel Co., Ltd.	Manufacturing and distribution biodiesel	Director and shareholders	281,500,000.00	30.00	30.00	167,709,014.04	182,231,627.08	111,051,487.00	111,051,487.00
Total						<u>167,709,014.04</u>	<u>182,231,627.08</u>	<u>111,051,487.00</u>	<u>111,051,487.00</u>

For the three-month periods ended March 31, 2011, the Company received dividend from Bangchak Biofuel Co., Ltd. amount of Baht 35.97 million (844,498 ordinary shares of Baht 42.59 each) on April 12, 2011 in accordance with the resolution of general shareholders' meeting for the year 2011 held on March 31, 2011.

The financial statements for the three-month periods ended March 31, 2011 and for the year ended December 31, 2010 of the above associated company were taken to prepare the financial statements in which equity method is applied which were reviewed and audited by the other auditor.

10. EQUIPMENT - NET

	Financial statements in which equity method is applied and separate financial statements (Baht)				
	Building	Office equipment	Office	Vehicles	Total
	improvement		furniture		
<b>Assets - Cost</b>					
As at December 31, 2010	3,165,397.81	7,007,752.44	622,912.93	17,143,314.38	27,939,377.56
Purchase	0.00	255,274.50	0.00	0.00	255,274.50
Disposal	0.00	(128,313.00)	(7,009.35)	0.00	(135,322.35)
As at March 31, 2011	<u>3,165,397.81</u>	<u>7,134,713.94</u>	<u>615,903.58</u>	<u>17,143,314.38</u>	<u>28,059,329.71</u>
<b>Accumulated depreciation</b>					
As at December 31, 2010	369,296.03	4,460,860.44	391,979.63	10,576,844.77	15,798,980.87
<b>Depreciation for the</b>					
three-months periods	156,101.81	173,927.06	16,712.46	620,998.80	967,740.13
Depreciation - write off	0.00	(86,109.06)	(7,008.35)	0.00	(93,117.41)
As at March 31, 2011	<u>525,397.84</u>	<u>4,548,678.44</u>	<u>401,683.74</u>	<u>11,197,843.57</u>	<u>16,673,603.59</u>
<b>Net book value</b>					
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 March 31, 2011	<u>2,639,999.97</u>	<u>2,586,035.50</u>	<u>214,219.84</u>	<u>5,945,470.81</u>	<u>11,385,726.12</u>

As at March 31, 2011 and December 31, 2010, office equipment and vehicles at cost of Baht 8.13 million and Baht 7.92 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)	
	March 31, 2011	December 31, 2010
Bank overdrafts	11,664,226.73	21,639,698.07
Short-term loans	60,000,000.00	60,000,000.00
Trust receipt payable	62,001,090.52	57,752,386.61
Total	<u>133,665,317.25</u>	<u>139,392,084.68</u>

As at March 31, 2011, 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 March 31, 2011, 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 May 2011, amount of Baht 25 million charged interest at the rate of bills of exchange 6 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 June 2011 at interest rate of MLR per annum.

As at March 31, 2011, the Company has credit line for import goods from overseas with several banks amount of Baht 170 million, 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)	
	March 31, 2011	December 31, 2010
Payable under hire-purchase contracts	460,498.00	682,270.00
Payable under lease agreement	2,825,192.73	2,995,936.96
Total	3,285,690.73	3,678,206.96
Less Current portion of long-term debt	(1,184,493.34)	(1,341,744.91)
Net	2,101,197.39	2,336,462.05

As at March 31, 2011 and December 31, 2010, 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)	
	March 31, 2011	December 31, 2010
Within 1 year	1,353,196.00	1,526,926.00
Over 1 year not over 3 years	1,749,273.00	1,811,148.00
Over 3 years not over 5 years	576,216.00	792,297.00
Total	3,678,685.00	4,130,371.00
Less Future interest of financial lease agreement	(392,994.27)	(452,164.04)
Present value of liabilities under financial lease agreement	3,285,690.73	3,678,206.96

### 13. EARNINGS PER SHARE

Earning (loss) per share as presented in the statements of income is the basic earnings per share which is calculated by dividing the net profit (loss) for the periods by the weighted average number of ordinary shares issued and paid-up during the year by using the number of changed par value of ordinary shares from Baht 100 each to Baht 1 each and made retroactive adjustment of earnings per share for the three-month periods as follows :

	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 three-month periods				
January - March 2011	-	-	0.22	150,000,000
January - March 2010			0.14	120,000,000

	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 three-month periods				
January - March 2011	-	-	0.32	150,000,000
January - March 2010	4.72	1,200,000	0.05	120,000,000

### 14. SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

Cash and cash equivalents consist of

	Financial statements in which equity method is applied and separate financial statements (Baht)	
	March 31, 2011	December 31, 2010
Cash	10,443.00	4,765.00
Current accounts	494,446.31	670,696.38
Savings deposit	7,060,488.05	7,718,149.21
Bills of exchange	50,218,342.47	0.00
Total	57,783,719.83	8,393,610.59

## 15. 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.

### 15.1 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
Miss Nilrat Jarumanopas	Directors and shareholders	Guarantee	None service fee
<u>Related companies</u>			
Bangchak Biofuel Co., Ltd.	Associated company and common director	Revenue from sales of goods  Purchase of goods	Market price  Market price
K & N Commercial Co., Ltd.	Intimate of director is a director of such company	Revenue from sales of goods	Market price
Appliance Technology Supply Co., Ltd.	Common directors	Purchase of goods  Fixed assets construction cost	Market price  Market price
P & P Ordinary Partnership	Intimates of director are partners of that party	Warehouse rental	Rental fee of Baht  0.13 million per month

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

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

	Financial statements in which equity method is applied and separate financial statements (Baht)	
	March 31, 2011	December 31, 2010
Trade accounts payable		
Bangchak Biofuel Co., Ltd.	0.00	1,570,602.94
Appliance Technology Supply Co., Ltd.	0.00	493,133.58
Total	0.00	2,063,736.52

15.3 Revenues and expenses transaction with related persons and parties

	Financial statements in which equity method is applied and separate financial statements (Baht)	
	2011	2010
Sales		
Bangchak Biofuel Co., Ltd.	0.00	5,044,304.80
K & N Commercial Co., Ltd.	0.00	215,500.00
Total	0.00	5,259,804.80
Purchase		
Bangchak Biofuel Co., Ltd.	3,336,397.40	5,083,525.93
Administrative expenses (Rental fee)		
P & P Ordinary Partnership	382,105.26	382,105.26

15.4 Fixed assets transaction with related persons and parties

	Financial statements in which equity method is applied and separate financial statements (Baht)	
	2011	2010
Equipment		
Appliance Technology Supply Co., Ltd.	0.00	318,724.00

16. EXPENSES ANALYZED BY NATURE AS FOLLOWS :

	Financial statements in which equity method is applied and separate financial statements (Baht)	
	2011	2010
Changes in inventories	14,807,816.09	(21,673,735.88)
Employees benefit expenses	4,239,895.55	3,216,895.53
Depreciation	967,740.13	603,260.66
Commission for goods selling	319,749.00	1,391,337.41
Directors' remuneration	505,000.00	420,000.00
Management benefit expenses	3,802,967.00	3,131,256.25

17. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

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 :

	March 31, 2011	December 31, 2010
Financial assets		
Foreign Currency deposit Account - US Dollar	57,581.74	129,641.15
Financial liabilities		
Trust receipt payable in US Dollar	1,317,536.60	1,481,817.00
Trust receipt payable in EURO	167,091.14	0.00
Trust receipt payable in Yen	39,763,000.00	34,363,480.00
Trade accounts payable in US Dollar	1,134,835.02	686,961.30
Trade accounts payable in EURO	0.00	105,419.22
Trade accounts payable in Yen	14,908,069.00	49,729,204.00

The Company has remaining forward contract as follows :

	Exchange rate per Baht			
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
US Dollar	30.32 - 30.765	29.97 - 30.93	1,526,310.12	1,001,376.28
EURO	41.73	39.56 - 40.08	10,000.00	174,013.76
Yen	0.3680 - 0.3726	0.3683	54,671,069.00	34,363,480.00

#### 18. COMMITMENT AND CONTINGENT LIABILITIES

18.1 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 March 31, 2011 and December 31, 2010 the Company has to pay the rental fee until the completion amount of Baht 3.47 million and Baht 3.92 million respectively.

18.2 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 March 31, 2011 and December 31, 2010 the Company has to pay the rental fee until the completion amount of Baht 2.18 million and Baht 2.54 million respectively.

18.3 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 March 31, 2011 and December 31, 2010, the Company has to pay the rental fee until the completion amount of Baht 1.85 million and Baht 4.63 million respectively.

18.4 The Company is liable on payment under goods purchasing agreement with two seller as at March 31, 2011 amount of Baht 7.45 million as at December 31, 2010 amounting to US Dollar 0.65 million and Baht 7.45 million.

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

	March 31, 2011	December 31, 2010
US Dollar	247,274.52	118,600.00
EURO	200,340.00	174,013.76

18.6 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 March 31, 2011 and December 31, 2010 total amount of Baht 34.85 million and Baht 41.15 million respectively. Such letter of guarantee is secured by bank deposit (note 8) and the Company's director.

#### 19. EVENTS AFTER THE REPORTING DATE

19.1 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 which will be paid on May 26, 2011.

19.2 On April 8, 2011, the Company established a subsidiary company, title named "UAC Utilities Co., Ltd. with the registered share capital amount of Baht 5 million, divided into 50,000 shares of Baht 100.00 each. The Company has percentage of shareholding at 99.99 per cent (49,997 shares of Baht 100.00 each). The objective of this subsidiary company is to serve the investment in utilities business.

#### 20. INTERIM FINANCIAL STATEMENTS APPROVAL

These interim financial statements were approved and authorized for issue by the Company's Board of Directors on May 10, 2011.