

(Translation)

Information Memorandum on Acquisition of Assets under Account 1 and Account 2

of

**UAC Global Public Company Limited**

The meeting of the Board of Directors of UAC Global Plc. (“the Company” or “UAC”) No. 1/2015 held on January 16, 2015 resolved to approve to propose the shareholders’ meeting to grant approval for a newly established subsidiary, in which the Company will hold 99.99%, (“UAC-APC” or “the Subsidiary”) to accept an entire business transfer (“EBT”) from Advance Polymers & Chemicals Co., Ltd. (“APC”) at a total sale and purchase price of not more than Baht 730 million, whereby APC will sell and transfer to the Subsidiary the entire business including assets, liabilities, other agreements, employees, licenses and rights relating to business operation of APC, as well as all rights and benefits attached to such assets, and the Subsidiary will pay a consideration at the said sale and purchase price to APC wholly in cash. Subsequent to a complete EBT process, APC will dissolve and liquidate its business.

The EBT from APC is considered an acquisition of assets in accordance with Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and Notification of the Board of Governors of the Stock Exchange of Thailand (“SET”) Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547 and the amendments thereto (collectively called “**the Notification on Acquisition or Disposal**”). The highest transaction value is equal to 95.17% on a net profit basis. Details of the entering into the transaction are as follows:

**1. Information Memorandum under Account 1****1.1 Date of the transaction**

The Subsidiary will enter into the transaction after having obtained approval from the Company’s Extraordinary General Meeting of Shareholders No. 1/2015, to be held on March 12, 2015, and after all conditions precedent to be specified in the relevant agreements have been fulfilled, or expected to be no later than April 2015.

**1.2 Parties involved and their relationship with the listed company**

Buyer : UAC Advance Polymers & Chemicals Co., Ltd. which is the Company’s subsidiary to be newly established  
Seller : Advance Polymers & Chemicals Co., Ltd.

Relationship with the Company

The parties involved (referring to the seller) do not have any relationship with, and are not a connected party of, the Company.

**1.3 General characteristics of the transaction**

The Company will establish a new subsidiary, namely UAC Advance Polymers & Chemicals Co., Ltd. (UAC-APC) with a registered capital of not less than Baht 50 million, in which the Company will hold 99.99%, to accept a transfer of the entire business of APC including assets, liabilities, other agreements, employees, licenses and rights relating to business operation of APC, as well as all rights and benefits attached to such assets, under the EBT process and the Subsidiary will pay a cash consideration to APC. Subsequent to a complete EBT process, APC will dissolve and liquidate its business. UAC Advance Polymers & Chemicals Co., Ltd. will continue operate the business from APC.

### Type and size of the transaction

The EBT from APC by the Subsidiary is deemed as a purchase or acquisition of business of other companies pursuant to Section 107 of the Public Limited Companies Act B.E. 2535 (and the amendments thereto) and is also considered as an acquisition of assets in accordance with the Notification on Acquisition or Disposal. The highest transaction value, on a net profit basis, is equal to 95.17%, calculated from net profit earned in the past 12 months up to September 30, 2014. Thus, the transaction is regarded as a Type 1 transaction (i.e. a transaction with value equal to 50% or more but less than 100%).

Taking into account value of other asset acquisition transactions occurring during the past six months, comprising a petroleum production project (PPP), a wood pallet fuel project and a solar PV rooftop project of Solar Energy Roof Power Co., Ltd. with a combined transaction size, on a total value of consideration basis, equal to 7.67% of total assets of the Company and its subsidiaries and this transaction as approved by the Board of Directors' meeting of the Company with respect to the new subsidiary establishment and the EBT from APC, the transaction value on total value of consideration basis, equal to 53.59%. The transaction value still has the highest value, on a net profit basis, equal to 95.17% as described above.

Therefore, the Company is obligated to prepare a report on and disclose the agreed entry into the aforementioned transaction to the SET and also to convene a shareholders' meeting to consider and approve the entry into such transaction, whereby the Company must obtain approval from the shareholders' meeting with a required affirmative vote of not less than three-fourths of total number of votes of the shareholders attending the meeting and having the right to vote.

### *Calculation of transaction size*

Unit: Baht million

| <b>Financial information as of September 30, 2014</b> | <b>The Company<sup>1/</sup></b> | <b>APC<sup>2/</sup></b> |
|---|---------------------------------|-------------------------|
| Total assets  | 1,698.27                        | 372.33                  |
| <u>Less</u> Intangible assets:                        | -                               | -                       |
| <u>Less</u> Total liabilities                         | 772.23                          | 102.50                  |
| <u>Less</u> Non-controlling interests                 | 16.53                           | -                       |
| Net tangible assets (NTA)                             | 909.51                          | 269.83                  |
| Net profit in the past 12 months                      | 67.26                           | 64.01                   |

**Note:**

<sup>1/</sup> Financial information of the Company is derived from its consolidated financial statements reviewed by Ms. Somjintana Pholhiranrat of DIA International Auditing Co., Ltd., an auditor approved by the Office of the Securities and Exchange Commission ("SEC").

<sup>2</sup> Financial information of APC is based on its 2013 financial statements ended December 31, 2013 audited by APC's auditor, who is not an SEC-approved auditor, and the management's financial statements ended September 30, 2014, after adjusted by items as per the special review report on accounting and taxes prepared by EY Corporate Services Ltd. ("EY"), which covered adjustments to contingent assets and liabilities according to assessment of impacts from accounting record, and adoption of accounting policy that was inconsistent with accounting policy of UAC which used the publicly accountable entities (PAEs) accounting standards such as allowance for doubtful accounts, allowance for decline in value of inventories, provision for employee benefit obligations, etc. From the pre-adjusted financial information as at September 30, 2014, APC had total assets of Baht 374.99 million, total liabilities of Baht 93.55 million, net asset value of Bt.281.44 million and net profit in the past 12 months of Baht 55.89 million.

Details of the transaction size calculation are tabulated below:

| Calculation basis                 | New subsidiary establishment transaction    | EBT transaction                             | Total                |
|-----------------------------------|---|---|----------------------|
| 1. NTA =                          | Not applicable                              | $\frac{269.83}{909.51} * 100\% = 29.67\%$   | 29.67%               |
| 2. Net profit =                   | Not applicable                              | $\frac{64.01}{67.26} * 100\% = 95.17\%$     | 95.17%               |
| 3. Total value of consideration = | $\frac{50}{1,698.27} * 100\% = 2.94\%$      | $\frac{730.00}{1,698.27} * 100\% = 42.98\%$ | 45.92% <sup>1/</sup> |
| 4. New shares offering =          | No issuance of shares for asset acquisition | No issuance of shares for asset acquisition |                      |

Note:

<sup>1/</sup> Taking into account value of other asset acquisition transactions occurring during the past six months, comprising a petroleum production project (PPP), a wood pallet fuel project and a solar PV rooftop project of Solar Energy Roof Power Co., Ltd. with a combined transaction size, on a total value of consideration basis, equal to 7.67% of total assets of the Company and its subsidiaries, this transaction as approved by the Board of Directors' meeting of the Company with respect to the new subsidiary establishment and the EBT from APC, the transaction value on total value of consideration basis, equal to 53.59%. The transaction value still has the highest value, on a net profit basis, equal to 95.17%.

## 1.4 Details of assets being acquired

### 1.4.1 The subsidiary to be newly established which will accept an EBT from APC

|                      |   |
|----------------------|---|
| Company Name         | UAC Advance Polymers & Chemicals Co., Ltd.  |
| Registered Capital   | Baht 50,000,000, divided into 500,000 shares at par value of Baht 100   |
| Par Value            | Baht 100 per share  |
| Directors            | 1. Mr. Kitti Jivacate<br>2. Ms. Nilrat Jarumanopas<br>3. Mr. Chatchaphol Prasopchoke  |
| Authorized Directors | 1. Mr. Kitti Jivacate<br>2. Ms. Nilrat Jarumanopas<br>3. Mr. Chatchaphol Prasopchoke<br>Authorized signatory is one of the three directors, namely Mr. Kitti Jivacate or Ms. Nilrat Jarumanopas or Mr. Chatchaphol Prasopchoke with the Company's seal affixed. |
| Shareholding         | 1. UAC Global Public Company Limited 499,997 shares<br>2. Mr. Kitti Jivacate 1 share<br>3. Ms. Nilrat Jarumanopas 1 share<br>4. Mr. Chatchaphol Prasopchoke 1 share   |

### 1.4.2 Entire business of Advance Polymers & Chemicals Co., Ltd. (APC)

#### General information on APC

|                  |  |
|------------------|--|
| Company's name   | Advance Polymers & Chemicals Co., Ltd.   |
| Type of business | Production and distribution of chemicals, mainly latex emulsions and latex polymer for use in various industries   |
| Address          | Headquarters : 9/81 Soi Suphaphong 3, Si Nakharin Road, Nong Bon Sub-district, Prawet District, Bangkok<br>Factory : 50 Moo 3, Sikhio-Chaiyaphum Road (Highway No. 201), Sikhio Sub-district, Sikhio District, Nakhon Ratchasima Province<br>Warehouse : 998 Moo 2, Bang Pu Industrial Estate, next to Soi 1C, off Soi Thetsaban Bang Pu 77 (Bang Pu Industrial Estate), Sukhumvit Sai Kao Road (Highway No. 3), Phraekkasa Sub-district, Mueang Samut Prakan District, Samut Prakan |

|                            |  |
|----------------------------|--|
|                            | Province   |
| Corporate registration no. | 0105538027260  |
| Capital structure          | As of January 5, 2015, APC had a paid-up registered capital of Baht 30 million, divided into 300,000 ordinary shares with a par value of Baht 100 per share. |

### List of shareholders

List of APC's shareholders as at January 5, 2014 is as follows:

| No.          | Name  | No. of shares  | %             |
|--------------|---|----------------|---------------|
| 1.           | Mrs. Jiraphan Paiboonwattanapong              | 16,500         | 5.50          |
| 2.           | Mr. Suchot Sawatdirak                         | 85,500         | 28.50         |
| 3.           | Mr. Suchat Sawatdirak                         | 15,000         | 5.00          |
| 4.           | Mrs. Mookda Sawatdirak                        | 6,000          | 2.00          |
| 5.           | Mr. Surapong Watcharodomprasert               | 25,500         | 8.50          |
| 6.           | Richmond Chemical & Resin Syndireal Co., Ltd. | 45,000         | 15.00         |
| 7.           | Mr. Banchong Pattarathienchai                 | 106,500        | 35.50         |
| <b>Total</b> |   | <b>300,000</b> | <b>100.00</b> |

### Board of Directors

According to APC's company affidavit as of January 5, 2014, its Board of Directors is composed of five members as follows:

| No. | Name                             | Position |
|-----|----------------------------------|----------|
| 1.  | Mr. Suchot Sawatdirak            | Director |
| 2.  | Mr. Banchong Pattarathienchai    | Director |
| 3.  | Mrs. Jiraphan Paiboonwattanapong | Director |
| 4.  | Mr. Kwon Swi Kieng               | Director |
| 5.  | Mr. Surapong Watcharodomprasert  | Director |

### Overview of APC's business operation

APC manufactures and supplies chemicals, with the main products are latex emulsions and latex polymer, for various industries including painting and coating, printing inks, textile and fiber fill, adhesives, adhesive tape, paper and packaging, etc. The products are almost totally distributed to local market.

APC has a factory located in Sikhio District, Nakhon Ratchasima Province, with a maximum production capacity of 27,750 tons/year, and a warehouse in Bang Pu Industrial Estate. Its factory obtains the ISO 9001: 2008 certification.

### Summary of financial position and operating results

- Table summarizing operational performance and financial position of APC for 2011-2013 and a nine-month period of 2014:

| (Unit: Baht million)  | 2011          | 2012          | 2013          | 9M/2014<br>(Jan-Sep) |
|-----------------------|---------------|---------------|---------------|----------------------|
| Revenues from sales   | 434.55        | 404.68        | 393.45        | 334.72               |
| Other revenues        | 2.60          | 5.32          | 3.49          | 2.44                 |
| <b>Total revenues</b> | <b>437.15</b> | <b>410.00</b> | <b>396.94</b> | <b>337.15</b>        |
| Costs of sales        | 351.54        | 297.12        | 291.03        | 253.89               |

| <b>(Unit: Baht million)</b>                       | <b>2011</b>   | <b>2012</b>   | <b>2013</b>   | <b>9M/2014<br/>(Jan-Sep)</b> |
|---|---------------|---------------|---------------|------------------------------|
| Selling expenses                                  | 8.87          | 9.40          | 10.18         | 7.36                         |
| Administrative expenses                           | 17.69         | 19.64         | 19.58         | 14.14                        |
| <b>Total expenses</b>                             | <b>378.10</b> | <b>326.16</b> | <b>320.79</b> | <b>275.39</b>                |
| <b>Profit before finance costs and income tax</b> | <b>59.05</b>  | <b>83.84</b>  | <b>76.15</b>  | <b>61.77</b>                 |
| Finance costs                                     | 0.77          | 0.44          | 0.20          | -                            |
| <b>Profit before income tax</b>                   | <b>58.28</b>  | <b>83.40</b>  | <b>75.95</b>  | <b>61.77</b>                 |
| Income tax  | 5.67          | 9.74          | 8.03          | 5.88                         |
| <b>Net profit</b>                                 | <b>52.61</b>  | <b>73.66</b>  | <b>67.92</b>  | <b>55.89</b>                 |

| <b>(Unit: Baht million)</b>                       | <b>2011</b>   | <b>2012</b>   | <b>2013</b>   | <b>Sep 30,<br/>2014</b> |
|---|---------------|---------------|---------------|-------------------------|
| <b>Assets</b>                                     |               |               |               |                         |
| Current assets                                    |               |               |               |                         |
| Cash and cash equivalents                         | 109.87        | 86.30         | 125.04        | 108.78                  |
| Current investments                               | -             | 25.20         | -             | -                       |
| Trade accounts receivable                         | 93.38         | 91.54         | 86.27         | 88.49                   |
| Inventories                                       | 50.72         | 95.45         | 72.28         | 95.47                   |
| Other current assets                              | 0.83          | 0.76          | 0.43          | 1.53                    |
| <b>Total current assets</b>                       | <b>254.80</b> | <b>299.25</b> | <b>284.02</b> | <b>294.27</b>           |
| Non-current assets                                |               |               |               |                         |
| Property, plant and equipment                     | 102.97        | 95.79         | 87.13         | 80.71                   |
| Other non-current assets                          | 0.02          | 0.02          | 0.02          | -                       |
| <b>Total non-current assets</b>                   | <b>102.99</b> | <b>95.81</b>  | <b>87.15</b>  | <b>80.71</b>            |
| <b>Total assets</b>                               | <b>357.79</b> | <b>395.06</b> | <b>371.17</b> | <b>374.99</b>           |
| <b>Liabilities and shareholders' equity</b>       |               |               |               |                         |
| Current liabilities                               |               |               |               |                         |
| Trade accounts payable                            | 73.40         | 91.73         | 55.05         | 90.96                   |
| Corporate income tax payable                      | 3.75          | 4.39          | 3.69          | 1.88                    |
| Short-term loans from related parties             | -             | -             | -             | -                       |
| Hire purchase payable - current portion           | 2.74          | 3.01          | 0.78          | -                       |
| Other current liabilities                         | 2.98          | 1.36          | 2.09          | 0.70                    |
| <b>Total current liabilities</b>                  | <b>82.87</b>  | <b>100.49</b> | <b>61.61</b>  | <b>93.55</b>            |
| Non-current liabilities                           |               |               |               |                         |
| Hire purchase payable - net                       | 3.76          | 0.75          | -             | -                       |
| <b>Total non-current liabilities</b>              | <b>3.76</b>   | <b>0.75</b>   | <b>-</b>      | <b>-</b>                |
| <b>Total liabilities</b>                          | <b>86.63</b>  | <b>101.24</b> | <b>61.62</b>  | <b>93.55</b>            |
| Shareholders' equity                              |               |               |               |                         |
| Issued and paid-up capital                        | 30.00         | 30.00         | 30.00         | 30.00                   |
| Retained earnings                                 |               |               |               |                         |
| Legal reserve                                     | 4.46          | 4.46          | 4.46          | 4.46                    |
| Unappropriated                                    | 236.70        | 259.36        | 275.09        | 246.98                  |
| <b>Total shareholders' equity</b>                 | <b>271.16</b> | <b>293.82</b> | <b>309.55</b> | <b>281.44</b>           |
| <b>Total liabilities and shareholders' equity</b> | <b>357.79</b> | <b>395.06</b> | <b>371.17</b> | <b>374.99</b>           |

Note: The financial statements for 2011-2013 were audited by the auditor, Mrs. Laddawan Kovitkulrai, who is not an SEC-approved auditor, whereas the financial statements for the 9M/2014 period ended September 30, 2014 were internal financial statements for use by the management and were neither audited nor reviewed by the auditor.

The Subsidiary will acquire and accept a transfer of the entire business of APC including assets, liabilities, other agreements, employees, licenses and rights relating to business operation of APC, as well as all rights and benefits attached to such assets, under the EBT process.

## **1.5 Total value of consideration and criteria for determination of consideration value**

On the Closing date, the Subsidiary will pay a consideration for the acquisition of APC's business in cash at a total value of not more than Baht 730 million. The criteria used for determining value of the consideration is based partly on valuation of APC's business by a financial advisor under the discounted cash flow approach with the value of Baht 770 million and partly on price negotiation between the Company and APC.

## **1.6 Sources of finance for the entry into the transaction**

Funding sources for the acquisition of APC's business will come from financial institutions in the amount of Baht 450 million and partly from working capital of the Company.

## **1.7 Expected benefits for the Company**

- 1) The Company will acquire the entire customer base of APC and, hence, will be able to expand markets and offer a broader range of products by selling its own chemical products to APC's clientele as well as supplying APC's products to the Company's customers.
- 2) The Company can rebalance sales structure in its trading business by boosting sales in the industry segment to about the same level as sales in the energy segment with a view to reducing reliance on customers in any single segment.
- 3) The Company can explore new business opportunities in international markets since APC's products are in substantially high demand in emerging markets. It is seeking to gain a foothold in neighboring countries such as Myanmar, Laos, Cambodia, Vietnam, etc.
- 4) The Company can grow its income and net profit because, after completion of this transaction, the financial statements of the Subsidiary, which is the acquirer of APC, will be consolidated into the Company's financial statements and APC has been successively operating at a profit on a yearly basis.
- 5) The Company's asset size will be increased through the combination of APC's assets which are operating assets such as all current assets including land, factory, machinery and warehouse. At the same time, the liabilities are entirely current liabilities, without any debt from borrowing.
- 6) The Company will be more capable of achieving sustainable growth in the future as it will also become a producer, in addition to its existing activity as an importer and distributor, of chemical products.
- 7) The Company can leverage on the assets of APC by manufacturing part of the imported items at APC's factory and storing products at APC's warehouse.

Funding for this transaction will come partly from loans raised by the Subsidiary from financial institutions of Baht 450 million and partly from the Company's working capital of Baht 280 million. However, funds are also available from the Subsidiary's registered capital of Baht 50 million and cash and cash equivalents receivable from the EBT from APC, which as of September 30, 2014 amounted to Baht 108.78 million. Moreover, the Subsidiary will have cash available from future operation after the EBT from APC in an amount sufficient for payment of interest and repayment of such loans within the specified period of time. It is thus anticipated that the entry into this transaction will not have any material impact on the overall liquidity and financial position of the Company in the future.

## **1.8 Conditions for the transaction**

Conditions pertaining to the transaction are as set forth in the EBT agreement, including the following material terms and conditions:

- The entire business transfer from APC must be approved by the Board of Directors and shareholders' meeting of the Company, which is a 99.99% owner of the Subsidiary that will be the acquirer or transferee of the business. The Company will convene a shareholders' meeting to consider and approve the entry into such transaction at the Company's Extraordinary General Meeting of Shareholders No. 1/2015, to be held on March 12, 2015.
- The sale and transfer of business of APC must be approved by the shareholders' meeting of APC which will be held on March 27, 2015.
- The major shareholders and management of APC, as specified in the business sale and purchase agreement, agree that they shall neither operate the same type of business as that of APC nor compete with APC, whether directly or indirectly, for a period of five years.
- APC shall cease its business operation forthwith as from the Closing Date and the Company's Subsidiary, which will be the acquirer or transferee of the business, shall have the right to be the sole operator of business in succession of APC. In this respect, APC shall, subsequent to the EBT process, register business dissolution and complete business liquidation within the same accounting period in which the EBT takes place.
- APC shall have completely fulfilled the following conditions:
  - APC shall hand over all production formulas used in its existing business operation, including documents providing all details of production methods and processes, to UAC-APC at least three business days before the Closing Date.
  - The top executives shall resign as employees of APC and then become advisors or employees of APC, whereby their previous years of service shall not count towards the period of such employment by APC.
  - APC shall arrange for its employees to consent to a change of employer to UAC-APC, whereby their previous years of service shall count towards the period of employment by UAC-APC.
  - APC shall prepare accounts and financial statements for fiscal year ended December 31, 2014 according to the forms, contents and conditions approved by the Company and shall arrange for the accounts and financial statements to be audited and certified by APC's auditors.
  - APC shall notify and/or obtain approval or consent in writing from the concerned persons, agencies, creditors or counterparties.

#### **1.9 Opinion of the Board of Directors and Audit Committee of the Company**

The Board of Directors is of the opinion that the entire business transfer from APC by the Subsidiary is reasonable and will generate benefits to the Company in terms of business expansion, access to a broader market and customer base, business development from the Company's existing chemicals import business, and growth in its total assets, revenues and profits through consolidation of financial statements of the Subsidiary that will acquire APC's business. Therefore, the transaction is deemed reasonable and beneficial and will help enhance the Company's business potential in the long term. The business sale and purchase price and all terms and conditions for the transaction are also considered reasonable. The Board of Directors accordingly passed a unanimous resolution to approve the entry into this transaction and to propose this matter to the shareholders' meeting for further consideration and approval.

#### **1.10 Opinion of the Audit Committee and/or directors of the Company that is different from the Board of Directors' opinion provided in Item 9**

-None-

## 1.11 Submission of notice of the meeting to the Company's shareholders

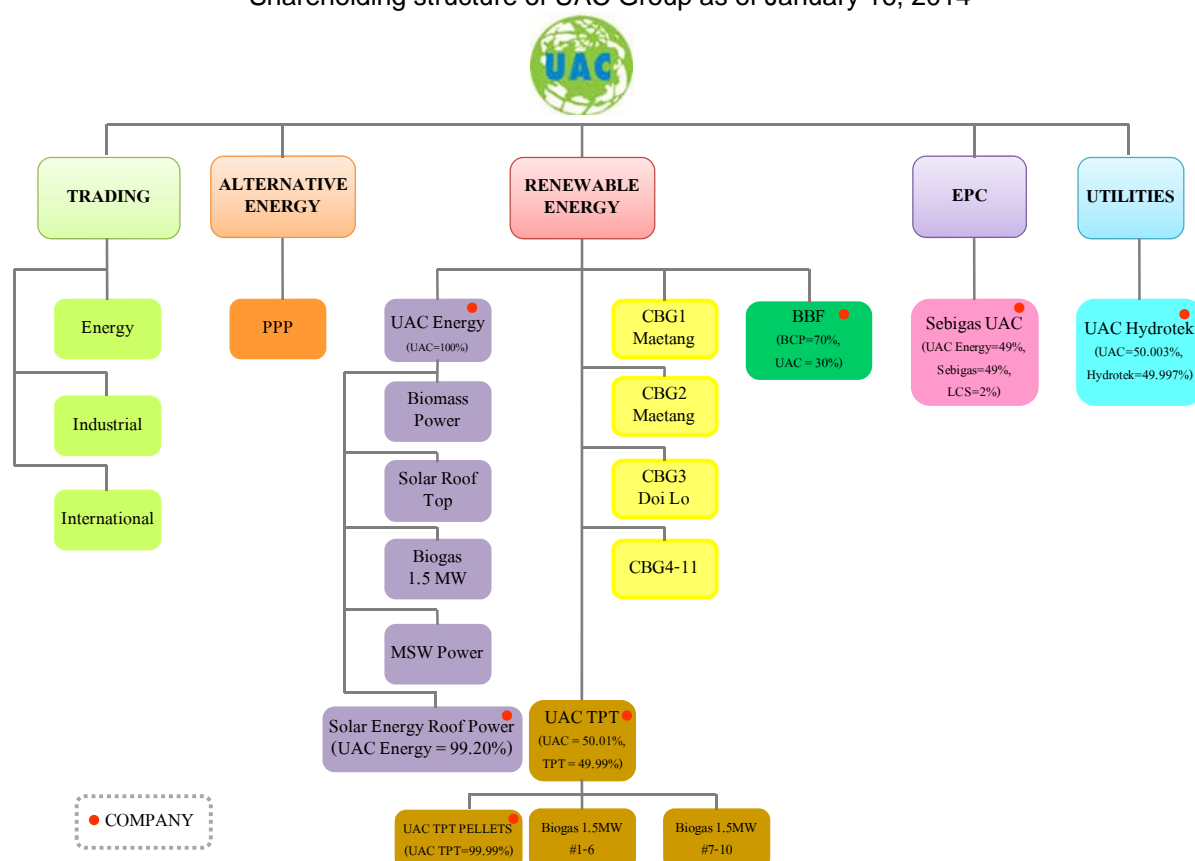
The Company will deliver the notice of the Extraordinary General Meeting of Shareholders No. 1/2015 together with opinion of the independent financial advisor to the SET at least five business days before submission to the shareholders and will submit those documents to the shareholders at least 14 days before the meeting date.

## 2. Information Memorandum under Account 2

### 2.1 Business profile

UAC Global Plc. ("the Company" or "UAC") was incorporated on April 1, 1985 and was listed on the mai on October 11, 2010. It is an importer and distributor of chemicals and equipment used in various industries, i.e. off-shore natural gas exploration and production, oil refinery and upstream petrochemicals, engine oil lubricant manufacturing plant, polymer and plastic manufacturing plant, chemical industrial plant, power and utilities plant. The Company also invests in alternative energy such as compressed bio-methane gas (CBG), biodiesel, petroleum products, including study and development of projects to invest in utilities business relating to water supply system of a subsidiary.

Shareholding structure of UAC Group as of January 16, 2014



### Subsidiaries

- UAC Hydrotek Co., Ltd. ("UAC Hydrotek")** (formerly UAC Utilities Co., Ltd.), a subsidiary of the Company, was established on April 8, 2011 with an initial registered capital of Baht 5,000,000. The Company originally held 99.99% of shares in this entity. Its objectives are to engage in production and supply of tap water for industrial use and for consumption, as well as supply and installation of relevant equipment. On March 26, 2012, UAC Hydrotek increased its registered capital from Baht 5,000,000 to Baht 10,000,000 by offering 50,000 newly issued shares partly to some of the existing shareholders and partly to Hydrotek Plc. ("HYDRO"). Therefore, the Company's shareholding proportion in UAC Hydrotek was diluted



to 49.997%, with the Company's management holding 0.006% and HYDRO acquiring 49.997% of the total issued and paid-up capital of UAC Hydrotek.

2. **UAC & TPT Energy Co., Ltd. ("UACTPT")**, a subsidiary of the Company, was established on November 12, 2012 with an initial registered capital of Baht 1,000,000, divided into 10,000 ordinary shares at par value of Baht 100 per share. The Company originally held 99.997% of shares in this entity. Its objectives are to produce CBG to be used for electricity generation, transportation and general industries. On September 25, 2013, UACTPT increased its registered capital by Baht 29 million from Baht 1 million to Baht 30 million for use as working capital and for investment in CBG project by offering newly issued shares partly to some of the existing shareholders and partly to TPT Theprathanporn Co., Ltd. ("TPT"). Therefore, the Company's shareholding proportion in UACTPT was diluted to 50.0093%, with the Company's management holding 0.0007% and TPT acquiring 49.990% of the total issued and paid-up capital of UACTPT. At present, UACTPT is implementing 10 CBG projects in Khon Kaen and Loei Provinces.
3. **UAC Energy Co., Ltd. ("UAC Energy")** was established on August 26, 2013 with an initial registered capital of Baht 1,000,000. The Company originally held 99.97% and the management held 0.03% of shares in this entity. Its objectives are to invest in energy-related business. On December 20, 2013, UAC Energy increased the registered capital by Baht 29 million from Baht 1 million to Baht 30 million, with the Company holding 99.999% of shares. At present, UAC Energy is operating four energy projects, including three solar PV rooftop projects of Metropolitan Electricity Authority and one biogas production project (from Napier grass) which is a pilot project on green energy for community enterprise of Department of Alternative Energy Development and Efficiency (DEDE), Ministry of Energy.
4. **Solar Energy Roof Power Co., Ltd. ("SERP")** is an indirect subsidiary of the Company with shareholding of 99.20%. The Company acquired, through UAC Energy, ordinary shares of SERP from SunEdison Energy (Thailand) Co., Ltd. on November 18, 2014. SERP has been awarded a solar PV rooftop project from Provincial Electricity Authority with total capacity of 752.4 kW located on rooftop of Wong Bundit Co., Ltd.'s sheet rubber factory in Khun Thale Sub-district, Surat Thani Province. Presently, it is under installation of solar cell
5. **UAC TPT Pellets Co., Ltd. ("UAC TPT PELLETS")**, an indirect subsidiary of the Company with shareholding of 99.99% through UACTPT, was established on December 25, 2014 with an initial registered capital of Baht 1,000,000. Its objectives are to engage in business of pellets production and distribution.

#### **Associated Companies**

1. **Bangchak Biofuel Co., Ltd. ("BBF")** is an associated company in which the Company holds 30% and Bangchak Petroleum Plc. ("BCP") holds the rest 70% of shares. BBF is a producer and supplier of biodiesel which is liquefied fuel used as substitute mixture with some part of diesel oil obtained from petroleum process in order to produce various types of diesel oil such as biodiesel B5 or B10.
2. **SEBIGAS UAC Co., Ltd. ("SEBIGAS UAC")**, an associated company, is a joint venture between SEBIGAS S.p.A. ("SEBIGAS") from Italy and UAC Energy Co., Ltd., with UAC Energy holding 49%, SEBIGAS holding 49% and a legal consulting firm holding 2%. SEBIGAS UAC was established on October 4, 2013 with an initial registered capital of Baht 4 million to engage in business of construction of biogas plants and provision of O&M services in Thailand and other Southeast Asian countries.

*Details of business operation of the Company and its subsidiaries are as follows:*

#### *Import and supply of chemicals and equipment*

The Company has been an authorized distributor of more than 30 world's leading manufacturers such as UOP LLC and PALL Corporation for a variety of products and equipment, including adsorbent and molecular sieve products, filtration products, etc., since 1995 up to the

present time. The Company is also a distributor of many manufacturers in Thailand, i.e. TOC Glycol Co., Ltd., by supplying Monoethylene Glycol (MEG) and Diethylene Glycol (DEG) to be used in paint industry, solvents used in textiles industry, plastic pellets, bottles and resin since 2006 up to the present. At the same time, the Company acts as a distributor of fuel products from many manufacturers, i.e. basic motor oil, additive of lubricant of vehicles, brake oil and chemicals used in production of lubricant oils for various metal works.

#### *Investment in alternative energy industry*

##### *1) Compressed Bio-methane Gas (CBG)*

The Company's CBG project is located in Mae Taeng District, Chiang Mai, on the leased land within a pig farm of Mongkol and Sons Farm Co., Ltd. (which is not a connected person of the Company) covering an area of 11 rai 1 ngan. CBG produced from waste from such pig farm is used as fuel for vehicles to replace NGV. The construction of this project has been completed and it can produce CBG which has qualification equivalent to NGV for vehicles pursuant to the notification of the Department of Energy Business. Its production capacity is approximately 6 tons per day or approximately 2,160 tons per year.

The Company supplies all of its CBG to PTT Plc. for further reselling at PTT gas stations which are located in areas close to the Company's plant. The Company has entered into a contract to produce CBG for delivery and sale to PTT for a period of 15 years, and has recognized revenue from sale of CBG at its plant in Mae Taeng District, Chiang Mai, since August 2013.

##### *2) Petroleum Production Project (PPP)*

The Company invested in PPP in Sukhothai Province. The production process uses residue gas, which is a by-product from oil drilling from Burapa-A production platform of Siam Moeko Co., Ltd. (which is not a connected person of the Company) that obtains a petroleum concession for Burapa source in Kong Kraiat District, Sukhothai Province, from the Ministry of Energy, for transforming into various petroleum products which can be used as fuels, such as 1) Compressed Natural Gas (CNG), 2) Liquefied Petroleum Gas (LPG) and 3) Natural Gasoline (NGL). The project has a combined production capacity of approximately 19,681 tons per year, comprising CNG for 12,036 tons per year, LPG for 6,300 tons per year and NGL for 1,345 tons per year. Investment in this project is approximately Baht 620 million. The Company has realized sales income from January 2014 onwards.

##### *3) Production and distribution of biodiesel*

BBF, the Company's associated company, is a producer and distributor of biodiesel, commencing its commercial operation in December 2009. Its plant is located close to BCP's Bang Pa-In Tank Farm in Phra Nakhon Si Ayutthaya Province. At present, the plant has a production capacity of 360,000 liters per production day, with a by-product, crude glycerin, of approximately 36,000 liters per production day which is used to produce products in upstream industry of other chemical products.

All of the biodiesel products produced by BBF are supplied within the country, primarily to BCP, its parent company, to mix with diesel oil at various ratios for further supply to oil users and the remaining portions are supplied to other oil traders. It is expected that demand for biodiesel will grow in the future which is in line with rising trend of biodiesel oil usage and accords with the public sector's policy to encourage usage of biodiesel and alternative energy on a continuous basis. Therefore, BBF has a plan to invest in the 2nd plant to be located in the same area as the 1st plant by increasing its generating capacity to 450,000 liters per production day. It is expected that the 2nd plant will be completed and begin to realize income in 2015.

##### *4) Production and distribution of electricity*

UAC Energy, the Company's subsidiary company, has sales of electricity from solar rooftop projects, including two projects of Metropolitan Electricity Authority with a total capacity of 292.23 kilowatts (kWp). The Company has realized sales income since quarter 3/2014. Moreover, the

Company is under operating the biogas production project (from Napier grass) in Mae Taeng District, Chiang Mai with total capacity of 1.5 megawatts (MWp).

## 2.2 List of executives and top 10 shareholders

**2.2.1 The Company's Board of Directors**, as of January 26, 2015, is composed of seven members as follows:

| Name   | Position   |
|--|--|
| 1.Assoc. Prof. Dr. Paiboon Sareewiwatthana   | Chairman of the Board of Director                |
| 2.Mr. Kitti Jivacate                         | Director   |
| 3.Miss Nilrat Jarumanopas                    | Director   |
| 4.Mr. Chatchaphol Prasopchoke                | Director   |
| 5.Assoc. Prof. Dr. Aekkachai Nittayakasetwat | Chairman of Audit Committee/Independent Director |
| 6.Assoc. Prof. Dr. Paritud Bhandhubanyong    | Member of Audit Committee/Independent Director   |
| 7.Miss Jeerapan Jinda                        | Member of Audit Committee/Independent Director   |

**2.2.2 The Company's Executive Committee**, as of January 26, 2015, is composed of three members as follows:

| Name                          | Position                        |
|-------------------------------|---------------------------------|
| 1.Mr. Kitti Jivacate          | Chairman of Executive Committee |
| 2.Miss Nilrat Jarumanopas     | Member of Executive Committee   |
| 3.Mr. Chatchaphol Prasopchoke | Member of Executive Committee   |

### 2.2.3 List of top 10 shareholders

As of February 3, 2015 (the latest closing date of shareholder register book), the Company had a registered capital of Baht 331,748,331 and an issued and paid-up capital of Baht 277,111,038, divided into 554,222,076 ordinary shares with a par value of Baht 0.50 per share. Details of its shareholders are as follows:

| No. | Name                                       | No. of shares      | %            |
|-----|--|--------------------|--------------|
| 1.  | <b>Mr. Kitti Jivacate</b>                  | <b>300,421,146</b> | <b>54.21</b> |
| 2.  | <b>Jarumanopas Group</b> <sup>1/</sup>     | <b>38,143,652</b>  | <b>6.88</b>  |
|     | Miss Nilrat Jarumanopas                    | 24,861,158         | 4.48         |
|     | Miss Niranuch Jarumanopas                  | 13,282,494         | 2.40         |
| 3.  | <b>Sareewiwatthana Group</b> <sup>1/</sup> | <b>24,358,976</b>  | <b>4.40</b>  |
|     | Mrs. Waranee Sareewiwatthana               | 17,831,576         | 3.22         |
|     | Miss Pimsiri Sareewiwatthana               | 6,527,400          | 1.18         |
| 4.  | <b>Mrs. Salaya Jarujinda</b>               | <b>14,722,500</b>  | <b>2.66</b>  |
| 5.  | <b>Lerdrachkul Group</b> <sup>1/</sup>     | <b>12,857,400</b>  | <b>2.32</b>  |
|     | Mr. Chiaranai Lerdrachkul                  | 10,833,360         | 1.95         |
|     | Mrs. Ladda Lerdrachkul                     | 2,024,040          | 0.37         |
| 6.  | <b>Mr. Sutthipong Veswarut</b>             | <b>11,726,007</b>  | <b>2.12</b>  |
| 7.  | <b>Lumprasert Group</b> <sup>1/</sup>      | <b>10,345,170</b>  | <b>1.87</b>  |
|     | Miss Kalaya Lumprasert                     | 6,853,770          | 1.24         |
|     | Miss Malee Lumprasert                      | 3,491,400          | 0.63         |
| 8.  | <b>Mr.Paneng Pongsata</b>                  | <b>9,401,220</b>   | <b>1.70</b>  |
| 9.  | <b>Koseeyarakwong Group</b> <sup>1/</sup>  | <b>8,120,500</b>   | <b>1.47</b>  |

| No.        | Name                         | No. of shares      | %             |
|------------|------------------------------|--------------------|---------------|
|            | Mr. Paitoon Koseeyarakwong   | 8,075,000          | 1.46          |
|            | Miss Pailin Koseeyarakwong   | 45,500             | 0.01          |
| <b>10.</b> | <b>Thai NVDR Co., Ltd.</b>   | <b>5,831,396</b>   | <b>1.05</b>   |
|            | Other shareholders           | 118,294,109        | 21.34         |
|            | <b>Total paid-up capital</b> | <b>554,222,076</b> | <b>100.00</b> |

Note: <sup>1/</sup> The above shareholder grouping is intended to reflect a combined shareholding by family only and does not mean that members of any such family group are related persons under Section 258 of the Securities and Exchange Act or are a concert party of each other.

### 2.3 Revenue Structure of the Company and its subsidiaries for 2011-2013 and 9M/2014 can be summed up as follows:

| Types of Revenue                             | Consolidated Financial Statement |               |               |               |                 |               |                |               |
|--|----------------------------------|---------------|---------------|---------------|-----------------|---------------|----------------|---------------|
|  | 2011                             |               | 2012          |               | 2013            |               | Jan - Sep 2014 |               |
|  | Bt.million                       | %             | Bt.million    | %             | Bt.million      | %             | Bt.million     | %             |
| <b>Revenue from Sales and Services</b>       |                                  |               |               |               |                 |               |                |               |
| 1. Products in Energy and Petroleum Sector   | 687.31                           | 69.65         | 460.54        | 54.11         | 517.41          | 48.48         | 581.47         | 66.31         |
| 2. Products in Industrial Sector             | 217.71                           | 22.06         | 242.58        | 28.50         | 197.06          | 18.45         | 133.81         | 15.26         |
| 3. Other Products <sup>1/</sup>              | 44.04                            | 4.46          | 31.58         | 3.71          | 65.54           | 6.04          | 37.54          | 4.28          |
| 4. Services                                  | 8.53                             | 0.86          | 64.60         | 7.59          | 47.82           | 4.48          | 27.00          | 3.08          |
| 5. EPC Services <sup>2/</sup>                | -                                | -             | 12.52         | 1.47          | 150.80          | 14.12         | 26.86          | 3.06          |
| 6. Revenue from CBG                          | -                                | -             | -             | -             | 0.30            | 0.03          | 0.99           | 0.11          |
| 7. Revenue from PPP                          | -                                | -             | -             | -             | -               | -             | 10.83          | 1.24          |
| 8. Revenue from Solar roof top               | -                                | -             | -             | -             | -               | -             | 0.24           | 0.03          |
| <b>Total Revenue from Sales and Services</b> | <b>957.59</b>                    | <b>97.04</b>  | <b>811.82</b> | <b>95.39</b>  | <b>977.93</b>   | <b>91.58</b>  | <b>818.74</b>  | <b>93.37</b>  |
| Other income <sup>3/</sup>                   | 6.95                             | 0.70          | 8.91          | 1.05          | 12.22           | 1.14          | 13.34          | 1.52          |
| <b>Total</b>                                 | <b>964.54</b>                    | <b>97.75</b>  | <b>820.73</b> | <b>96.44</b>  | <b>990.15</b>   | <b>92.72</b>  | <b>832.08</b>  | <b>94.89</b>  |
| Share of Profit from Investment in Associate | 22.21                            | 2.25          | 30.31         | 3.56          | 77.75           | 7.28          | 44.82          | 5.11          |
| <b>Total Revenue</b>                         | <b>986.75</b>                    | <b>100.00</b> | <b>851.04</b> | <b>100.00</b> | <b>1,067.90</b> | <b>100.00</b> | <b>876.90</b>  | <b>100.00</b> |

Remarks : <sup>1/</sup> Including income from exporting Crude Glycerin and others

<sup>2/</sup> In 2012, revenue structure has changed by separating revenue from EPC Services from revenue from products in Energy and Petroleum Sector.

<sup>3/</sup> Including commission from sales and services, interest income, profit/loss from exchange rate, profit from selling assets and others. In 2012, Income Category was changed by separating Income from Services from Other Income. Consequently, the 2011 Incomes were categorized as same as 2012.

### 2.4 Consolidated financial statements of the Company and its subsidiaries for 2011-2013 and 9M/2014 can be summed up as follows:

#### 2.4.1 Table showing statements of financial position, statements of comprehensive income and statements of cash flow

| Consolidated statements of financial position                    | As at December 31  |               |                    |               |                 |               | As at September 30, 2014 |               |
|--|--------------------|---------------|--------------------|---------------|-----------------|---------------|--------------------------|---------------|
|  | 2011 <sup>1/</sup> |               | 2012 <sup>1/</sup> |               | 2013            |               |                          |               |
|  | (Audited)          |               | (Audited)          |               | (Audited)       |               | (Reviewed)               |               |
|  | Baht million       | %             | Baht million       | %             | Baht million    | %             | Baht million             | %             |
| <b>Assets</b>  |                    |               |                    |               |                 |               |                          |               |
| <b>Current assets</b>  |                    |               |                    |               |                 |               |                          |               |
| Cash and cash equivalents  | 70.60              | 13.57         | 32.45              | 3.18          | 98.77           | 6.04          | 107.10                   | 6.31          |
| Current investments - cash at banks                              | 28.02              | 5.39          | -                  | -             | -               | -             | -                        | -             |
| Trade and other receivables                                      | 110.58             | 21.25         | 185.99             | 18.21         | 211.62          | 12.95         | 208.87                   | 12.30         |
| Prepayment for wages and goods acquisition                       | 5.96               | 1.15          | 25.94              | 2.54          | 4.21            | 0.26          | 0.41                     | 0.02          |
| Inventories  | 92.52              | 17.78         | 117.78             | 11.53         | 237.59          | 14.54         | 145.58                   | 8.57          |
| <b>Total current assets</b>                                      | <b>307.68</b>      | <b>59.13</b>  | <b>362.16</b>      | <b>35.46</b>  | <b>552.19</b>   | <b>33.78</b>  | <b>461.96</b>            | <b>27.20</b>  |
| <b>Non-current assets</b>  |                    |               |                    |               |                 |               |                          |               |
| Pledged bank deposit   | 12.56              | 2.41          | -                  | -             | -               | -             | -                        | -             |
| Investment in associates   | 168.47             | 32.38         | 198.78             | 19.46         | 270.04          | 16.52         | 292.90                   | 17.25         |
| Property, plant and equipment                                    | 25.32              | 4.87          | 425.21             | 41.64         | 802.77          | 49.11         | 871.92                   | 51.34         |
| Deferred tax assets  | 2.25               | 0.43          | 2.26               | 0.22          | 4.66            | 0.29          | 13.02                    | 0.77          |
| Prepayment for fixed assets acquisition                          | -                  | -             | 28.59              | 2.80          | 0.78            | 0.05          | 54.90                    | 3.23          |
| Other non-current assets   | 4.05               | 0.78          | 4.22               | 0.41          | 4.14            | 0.25          | 3.57                     | 0.21          |
| <b>Total non-current assets</b>                                  | <b>212.65</b>      | <b>40.87</b>  | <b>659.06</b>      | <b>64.54</b>  | <b>1,082.39</b> | <b>66.22</b>  | <b>1,236.31</b>          | <b>72.80</b>  |
| <b>Total assets</b>  | <b>520.33</b>      | <b>100.00</b> | <b>1,021.22</b>    | <b>100.00</b> | <b>1,634.58</b> | <b>100.00</b> | <b>1,698.27</b>          | <b>100.00</b> |
| <b>Liabilities and shareholders' equity</b>                      |                    |               |                    |               |                 |               |                          |               |
| <b>Current liabilities</b>                                       |                    |               |                    |               |                 |               |                          |               |
| Bank overdrafts and short-term loans from financial institutions | 16.79              | 3.23          | 170.65             | 16.71         | 212.59          | 13.01         | 145.27                   | 8.55          |
| Trade and other payables   | 64.16              | 12.33         | 115.74             | 11.33         | 271.34          | 16.60         | 119.38                   | 7.03          |
| Current portion of long-term debts                               | 0.82               | 0.16          | 9.67               | 0.95          | 27.02           | 1.65          | 114.64                   | 6.75          |
| Advance received under agreement                                 | -                  | -             | 14.90              | 1.46          | -               | -             | -                        | -             |
| Corporate income tax payable                                     | 11.51              | 2.21          | 15.85              | 1.55          | 4.31            | 0.26          | -                        | -             |
| <b>Total current liabilities</b>                                 | <b>93.28</b>       | <b>17.93</b>  | <b>326.81</b>      | <b>32.00</b>  | <b>515.26</b>   | <b>31.52</b>  | <b>379.29</b>            | <b>22.33</b>  |
| <b>Non-current liabilities</b>                                   |                    |               |                    |               |                 |               |                          |               |
| Long-term loans  | -                  | -             | 42.23              | 4.14          | 130.14          | 7.96          | 157.21                   | 9.26          |
| Financial lease liabilities                                      | 1.55               | 0.30          | 4.36               | 0.43          | 5.13            | 0.31          | 178.75                   | 10.53         |
| Deferred tax liabilities   | -                  | -             | -                  | -             | -               | -             | 5.52                     | 0.33          |
| Provision for demolition   | -                  | -             | -                  | -             | -               | -             | 30.63                    | 1.80          |
| Employee benefit obligations                                     | 5.69               | 1.09          | 6.15               | 0.60          | 7.47            | 0.46          | 8.58                     | 0.51          |
| Other non-current liabilities                                    | -                  | -             | -                  | -             | 9.80            | 0.60          | 12.25                    | 0.72          |
| <b>Total non-current liabilities</b>                             | <b>7.24</b>        | <b>1.39</b>   | <b>52.74</b>       | <b>5.16</b>   | <b>152.54</b>   | <b>9.33</b>   | <b>392.94</b>            | <b>23.14</b>  |
| <b>Total liabilities</b>   | <b>100.52</b>      | <b>19.32</b>  | <b>379.55</b>      | <b>37.17</b>  | <b>667.80</b>   | <b>40.85</b>  | <b>772.23</b>            | <b>45.47</b>  |
| <b>Shareholders' equity</b>                                      |                    |               |                    |               |                 |               |                          |               |
| Authorized share capital   | 172.50             |               | 276.47             |               | 331.75          |               | 331.75                   |               |
| Issued and paid-up share capital                                 | 172.50             | 33.15         | 218.22             | 21.37         | 277.10          | 16.95         | 277.11                   | 16.32         |
| Premium on ordinary shares                                       | 83.27              | 16.00         | 181.83             | 17.81         | 363.82          | 22.26         | 363.99                   | 21.43         |
| Amount received in advance for ordinary shares                   | -                  | -             | -                  | -             | 0.08            | 0.00          | -                        | -             |
| Retained earnings  |                    |               |                    |               |                 |               |                          |               |
| Appropriated – legal reserve                                     | 12.94              | 2.49          | 17.37              | 1.70          | 20.49           | 1.25          | 21.42                    | 1.26          |
| Unappropriated   | 150.94             | 29.01         | 220.35             | 21.58         | 297.22          | 18.18         | 246.99                   | 14.54         |
| Total owners of the Company                                      | 419.65             | 80.65         | 637.77             | 62.45         | 958.71          | 58.65         | 909.51                   | 53.56         |
| Non-controlling interests  | 0.16               | 0.03          | 3.90               | 0.38          | 8.07            | 0.49          | 16.53                    | 0.97          |
| <b>Total shareholders' equity</b>                                | <b>419.81</b>      | <b>80.68</b>  | <b>641.67</b>      | <b>62.83</b>  | <b>966.78</b>   | <b>59.15</b>  | <b>926.04</b>            | <b>54.53</b>  |
| <b>Total liabilities and shareholders' equity</b>                | <b>520.33</b>      | <b>100.00</b> | <b>1,021.22</b>    | <b>100.00</b> | <b>1,634.58</b> | <b>100.00</b> | <b>1,698.27</b>          | <b>100.00</b> |

Note: <sup>1/</sup> Figures for 2011 and 2012 in the above table are based on the restated figures shown by the auditor for comparison with financial statements for 2013.

| Statements of comprehensive income   | For the year ended December 31 |               |                    |               |               |               | For 9-month period |               |
|--|--------------------------------|---------------|--------------------|---------------|---------------|---------------|--------------------|---------------|
|  | 2011                           |               | 2012 <sup>1/</sup> |               | 2013          |               | Jan-Sep 2014       |               |
|  | (Audited)                      |               | (Audited)          |               | (Audited)     |               | (Reviewed)         |               |
|  | Baht million                   | %             | Baht million       | %             | Baht million  | %             | Baht million       | %             |
| <b>Revenues</b>  |                                |               |                    |               |               |               |                    |               |
| Sales and services   | 957.59                         | 99.28         | 811.82             | 98.91         | 977.93        | 98.77         | 818.74             | 98.40         |
| Other income   | 6.95                           | 0.72          | 8.91               | 1.09          | 12.21         | 1.23          | 13.34              | 1.60          |
| <b>Total revenues</b>  | <b>964.54</b>                  | <b>100.00</b> | <b>820.73</b>      | <b>100.00</b> | <b>990.14</b> | <b>100.00</b> | <b>832.08</b>      | <b>100.00</b> |
| <b>Expenses</b>  |                                |               |                    |               |               |               |                    |               |
| Costs of sales and services  | 797.32                         | 82.66         | 617.67             | 75.26         | 804.49        | 81.25         | 731.27             | 87.88         |
| Selling expenses   | 26.09                          | 2.70          | 27.26              | 3.32          | 32.07         | 3.24          | 24.47              | 2.94          |
| Administrative expenses  | 55.21                          | 5.72          | 61.17              | 7.45          | 82.49         | 8.33          | 68.07              | 8.18          |
| Finance costs  | 5.49                           | 0.57          | 2.74               | 0.33          | 3.75          | 0.38          | 18.78              | 2.26          |
| <b>Total expenses</b>  | <b>884.11</b>                  | <b>91.66</b>  | <b>708.84</b>      | <b>86.37</b>  | <b>922.80</b> | <b>93.20</b>  | <b>842.59</b>      | <b>101.26</b> |
| Profit before share of profit from investment in associates and income tax | 80.43                          | 9.67          | 111.89             | 13.45         | 67.34         | 8.09          | (10.51)            | (1.26)        |
| Share of profit from investment in associates                              | 22.20                          | 2.67          | 30.30              | 3.64          | 77.75         | 9.34          | 44.81              | 5.39          |
| <b>Profit before income tax</b>  | <b>102.63</b>                  | <b>12.33</b>  | <b>142.19</b>      | <b>17.09</b>  | <b>145.09</b> | <b>17.44</b>  | <b>34.30</b>       | <b>4.12</b>   |
| Income tax revenues (expenses)   | (22.41)                        | (2.32)        | (26.49)            | (3.23)        | (14.23)       | (1.44)        | 3.04               | 0.37          |
| <b>Profit for the period</b>   | <b>80.22</b>                   | <b>8.32</b>   | <b>115.70</b>      | <b>14.10</b>  | <b>130.86</b> | <b>13.22</b>  | <b>37.34</b>       | <b>4.49</b>   |
| Other comprehensive income   | -                              |               | -                  |               | -             |               | -                  |               |
| <b>Total comprehensive income for the period</b>                           | <b>80.22</b>                   |               | <b>115.70</b>      |               | <b>130.86</b> |               | <b>37.34</b>       |               |
| <b>Total comprehensive income attributable to:</b>                         |                                |               |                    |               |               |               |                    |               |
| Owners of the Company  | 80.22                          |               | 116.96             |               | 131.19        |               | 39.37              |               |
| Non-controlling interests  | -                              |               | (1.26)             |               | (0.33)        |               | (2.03)             |               |
|  | <b>80.22</b>                   |               | <b>115.70</b>      |               | <b>130.86</b> |               | <b>37.34</b>       |               |
| <b>Earnings per share</b>  |                                |               |                    |               |               |               |                    |               |
| Basic earnings per share (Baht/share)                                      | 0.20                           |               | 0.24               |               | 0.24          |               | 0.07               |               |
| Weighted average number of ordinary shares (million shares)                | 396.75                         |               | 492.21             |               | 553.37        |               | 553.39             |               |
| Diluted earnings per share (Baht/share)                                    | -                              |               | 0.24               |               | 0.23          |               | 0.07               |               |
| Weighted average number of ordinary shares (million shares)                | -                              |               | 492.21             |               | 560.92        |               | 582.68             |               |

Note: <sup>1/</sup> Figures for 2012 in the above table are based on the restated figures shown by the auditor for comparison with financial statements for 2013.

### Cash flow

| Unit: Baht million  | 2011         | 2012           | 2013         | Jan-Sep 2014  |
|---|--------------|----------------|--------------|---------------|
| Net cash provided by (used in) operating activities               | 80.72        | (22.70)        | 85.30        | 14.18         |
| Net cash provided by (used in) investing activities               | 81.19        | (324.35)       | (354.78)     | (148.52)      |
| Net cash provided by (used in) financing activities               | (148.95)     | 308.90         | 333.27       | 142.58        |
| Effects of changes in exchange rate for cash and cash equivalents | -            | -              | 2.53         | 0.09          |
| <b>Increase (Decrease) in cash and cash equivalents</b>           | <b>12.96</b> | <b>(38.15)</b> | <b>66.32</b> | <b>8.33</b>   |
| Cash and cash equivalents at beginning of period                  | <b>57.64</b> | <b>70.60</b>   | <b>32.45</b> | <b>98.77</b>  |
| <b>Cash and cash equivalents at end of period</b>                 | <b>70.60</b> | <b>32.45</b>   | <b>98.77</b> | <b>107.10</b> |

Note: Financial statements for 2011-2013 were audited by Mrs. Suvimol Krittayakiern, C.P.A. (Thailand) Registration No. 2982, and interim financial information for the first nine months of 2014 was reviewed by Miss Somjintana Polhiranrat, C.P.A. (Thailand) Registration No. 5599, of D I A International Audit Co., Ltd., being auditors approved by the Office of the Securities and Exchange Commission.

## Key financial ratios

|  | 2011   | 2012    | 2013   | Jan-Sep 2014        |
|--|--------|---------|--------|---------------------|
| <b>Liquidity ratio</b>                   |        |         |        |                     |
| Current ratio (time)                     | 3.30   | 1.11    | 1.07   | 1.22                |
| Quick ratio (time)                       | 2.31   | 0.75    | 0.61   | 0.83                |
| Cash liquidity ratio (time)              | 0.50   | (0.11)  | 0.20   | 0.04 <sup>1/</sup>  |
| Account receivable turnover ratio (time) | 8.54   | 6.31    | 7.18   | 8.20 <sup>1/</sup>  |
| Average collection period (day)          | 42.16  | 57.04   | 50.13  | 43.88               |
| Inventory turnover ratio (time)          | 8.21   | 6.66    | 7.66   | 8.01 <sup>1/</sup>  |
| Average selling period (day)             | 43.83  | 54.05   | 47.01  | 44.95               |
| Account payable turnover ratio (time)    | 14.19  | 14.04   | 6.57   | 6.83 <sup>1/</sup>  |
| Average repayment period (day)           | 25.36  | 25.64   | 54.77  | 52.72               |
| Cash cycle (day)                         | 60.63  | 85.45   | 42.37  | 36.11               |
| <b>Profitability ratio</b>               |        |         |        |                     |
| Gross profit margin (%)                  | 16.74  | 23.92   | 17.74  | 10.68               |
| Operating profit margin (%)              | 8.25   | 13.02   | 6.02   | (0.62)              |
| Cash to profit ratio (%)                 | 102.22 | (21.47) | 144.87 | (279.68)            |
| Net profit margin (%)                    | 8.32   | 14.10   | 13.22  | 4.49                |
| Return on equity (%)                     | 20.40  | 21.88   | 16.39  | 5.33 <sup>1/</sup>  |
| <b>Efficiency ratio</b>                  |        |         |        |                     |
| Return on assets (%)                     | 14.30  | 15.01   | 9.85   | 2.99 <sup>1/</sup>  |
| Return on fixed assets (%)               | 443.25 | 52.99   | 22.85  | 12.39 <sup>1/</sup> |
| Asset turnover ratio (time)              | 1.72   | 1.06    | 0.75   | 0.70 <sup>1/</sup>  |
| <b>Financial policy ratio</b>            |        |         |        |                     |
| Debt to equity ratio (time)              | 0.24   | 0.59    | 0.69   | 0.83                |
| Interest coverage ratio (time)           | 19.79  | 2.38    | 27.54  | 1.59                |
| Commitment coverage ratio (time)         | 1.21   | (0.06)  | 0.23   | 0.05                |
| Dividend payout ratio (%)                | 84.93  | 43.78   | 67.59  | -                   |

Note: <sup>1/</sup> Being annualized for comparison purposes.

## 2.4.2 Discussion and analysis of financial position and operating results

### Operating results for 2011-2013

#### Total revenues

The Company and its subsidiaries recorded total revenues of Baht 964.54 million, Baht 820.73 million and Baht 990.14 million in 2011-2013 respectively, decreasing by Baht (143.81) million or (14.91)% in 2012 and increasing by Baht 169.41 million or 20.64% in 2013. Sales and services were the major income items, accounting for 99.28%, 98.91% and 98.77% of total revenues in 2011-2013 respectively. The remainder included other income items such as commission from sales of products and services, interest income, gains/losses on foreign exchange, gains on disposal of assets, etc. Other income made up 0.72%, 1.09% and 1.23% of total revenues in 2011-2013 respectively.

#### Revenues from sales and services

The Company and its subsidiaries recorded revenues from sales and services of Baht 957.59 million, Baht 811.82 million and Baht 977.93 million in 2011-2013 respectively, down by Baht (145.77) million or (15.22)% in 2012 and up by Baht 166.11 million or 20.46% in 2013. The drop in revenues from sales and services in 2012 resulted largely from a decrease of Baht 214.25 million in sales of products in Energy and Petroleum Business Group, mainly catalysts and equipment used in natural gas production process, and a decrease of Baht 13.40 million in revenues from sales of other

products, offset by a rise of Baht 24.87 million in revenues from products in Industrial Business Group and an increase of Baht 56.07 million in revenues from Service Rendering Group. The growth in revenues from sales and services in 2013 was contributed principally by an increase of Baht 56.87 million in sales of products in Energy and Petroleum Business Group, an increase of Baht 32.96 million in revenues from other products and an increase of Baht 64.20 million in revenues from construction and installation services, with a decrease of Baht 45.52 million in revenues from products in Industrial Business Group and Baht 16.78 million in revenues from Service Rendering Group due to intense competition of products in Industrial Business Group markets.

### **Costs of sales and services**

The Company and its subsidiaries recorded costs of sales and services of Baht 797.32 million, Baht 617.67 million and Baht 804.49 million in 2011-2013 respectively, decreasing by Baht (179.65) million or (22.53)% in 2012 and increasing by Baht 186.82 million or 30.25% in 2013 which was in line with the increase/(decrease) in sales in such year. The Company posted a gross profit margin of 16.74%, 23.92% and 17.74% in 2011-2013 respectively.

### **Expenses**

The Company and its subsidiaries recorded total expenses of Baht 86.79 million, Baht 91.17 million and Baht 118.31 million in 2011-2013 respectively, rising by Baht 4.38 million or 5.05% in 2012 and by Baht 27.14 million or 29.77% in 2013. Total expenses as percentage of revenues from sales and services accounted for 9.06%, 11.23% and 12.10% in 2011-2013 respectively. The continuous yearly increase in total expenses resulted mainly from business expansion.

The Company and its subsidiaries recorded selling expenses of Baht 26.09 million, Baht 27.26 million and Baht 32.07 million in 2011-2013 respectively, increasing by Baht 1.17 million or 4.48% in 2012 and by Baht 4.81 million or 17.64% in 2013. Selling expenses of the Company changed insignificantly each year, making up 2.72%, 3.36% and 3.28% of revenues from sales and services in 2011-2013 respectively.

The Company and its subsidiaries recorded administrative expenses of Baht 55.21 million, Baht 61.17 million and Baht 82.49 million in 2011-2013 respectively, increasing by Baht 5.96 million or 10.80% in 2012 and by Baht 21.32 million or 34.85% in 2013. Administrative expenses were comprised mainly of office management expenses, expenses for the executives and remuneration for independent directors. The Company's administrative expenses as percentage of revenues from sales and services were 5.77%, 7.53% and 8.44% in 2011-2013 respectively.

The Company and its subsidiaries recorded finance costs of Baht 5.49 million, Baht 2.74 million and Baht 3.75 million in 2011-2013 respectively, decreasing by Baht (2.75) million or (50.09)% in 2012 and increasing by Baht 1.01 million or 36.86% in 2013. The Company's finance costs made up 0.57%, 0.34% and 0.38% of revenues from sales and services in 2011-2013 respectively.

### **Share of profit from investment in associates**

The Company's share of profit from investment in associates in 2011-2013 amounted to Baht 22.20 million, Baht 30.30 million and Baht 77.75 million respectively, up by Baht 8.10 million or 36.49% in 2012 and by Baht 47.45 million or 156.60% in 2013. The share of profit from investment in associates was derived from recognition of profit pro rata to its shareholding of 30% in investment in Bangchak Biofuel Co., Ltd. and 49% in investment in SEBIGAS UAC Co., Ltd.

### **Net profit**

The Company and its subsidiaries posted a net profit of Baht 80.22 million, Baht 115.70 million and Baht 130.86 million in 2011-2013 respectively, growing by Baht 35.48 million or 44.23% in 2012 and by Baht 15.16 million or 13.10% in 2013. The Company recorded a net profit margin of 8.32% in 2011, 14.10% in 2012 and 13.22% in 2013. The net profit growth was ascribed mainly to the realized share of profit from investment in associates in each year.



### **Operating results in 9M/2014**

In the first nine months of 2014 (9M/2014), the Company and its subsidiaries recorded total revenues of Baht 832.08 million, which grew by Baht 48.53 million or 6.19% from Baht 783.55 million in the same period of 2013. Revenues from sales and services in 9M/2014 totaled Baht 818.74 million, up by Baht 41.48 million or 5.34% from the previous year's corresponding figures of Baht 777.26 million due to the Company beginning to recognize income from its CBG project in Mae Taeng District, Chiang Mai, and PPP project in Sukhothai. It is noted that during the initial period of the project, income recognition would be based upon the gradually increased capacity.

Costs of sales and services in 9M/2014 were Baht 731.27 million, increasing by Baht 104.99 million or 16.76% from Baht 626.28 million in the same period of 2013. The Company recorded a gross profit of Baht 87.47 million in this period or representing 10.68% of revenues from sales and services, which was lower than the gross profit in 9M/2013 of Baht 150.99 million or representing 19.43% of revenues from sales and services. Such decline in gross profit resulted from the fact that the Company has started to recognize revenues from investments in CBG and PPP projects in a smaller amount when compared with the projects' production costs, thus leading to a drop in its overall gross profit.

The Company and its subsidiaries recorded total expenses in 9M/2014 of Baht 111.32 million, rising by Baht 23.20 million or 26.33% from Baht 88.12 million in the same period of 2013. This was mainly due to an increase in depreciation of CBG and PPP plants as the Company has just commenced commercial operation, thereby pushing up depreciation costs when compared with the same period of 2013. Meanwhile, finance costs soared by Baht 16.06 million or 590.44% from Baht 2.72 million in 9M/2013 to Baht 18.78 million in 9M/2014 because the Company completed full draw-down of long-term loans and finance lease agreements for the PPP project in Sukhothai in January 2014, resulting in a y-o-y increase in finance costs, which mostly were interest expenses. As such, net profit dropped sharply by Baht 66.18 million or 63.93% to Baht 37.34 million in 9M/2014 from Baht 103.52 million in the same period of 2013. In this period, the Company posted a net profit margin of 4.49% of total revenues, declining from 13.21% recorded in 9M/2013.

### **Financial position as at the end of 2011-2013**

The Company and its subsidiaries had total assets of Baht 520.33 million, Baht 1,021.22 million and Baht 1,634.58 million as at December 31, 2011-2013 respectively, growing by Baht 500.89 million or 96.26% as of the end of 2012 and by Baht 613.36 million or 60.06% as at year-end 2013. The major asset items were trade and other receivables, inventories, investments in associates, property, plant and equipment, etc. Current assets as of December 31, 2011-2013 totaled Baht 307.68 million, Baht 362.16 million and Baht 552.19 million, representing 59.13%, 35.46% and 33.78% of total assets as at the end of 2011-2013 respectively. Total current assets grew by Baht 54.48 million or 17.71% as at the end of 2012 and by Baht 190.03 million or 52.47% as at the end of 2013. Total non-current assets amounted to Baht 212.65 million, Baht 659.06 million and Baht 1,082.39 million as at December 31, 2011-2013, representing 40.87%, 64.54% and 66.22% of total assets as of the end of 2011-2013 respectively and increasing by Baht 446.41 million or 209.93% as at end-2012 and by Baht 423.33 million or 64.23% as of the end of 2013. Details are as follows:

- Trade accounts receivable as of December 31, 2011-2013 were Baht 110.58 million, Baht 185.99 million and Baht 211.62 million respectively, an increase of Baht 75.41 million or 68.19% as of the end of 2012 and Baht 25.63 million or 13.78% as of year-end 2013. The main items included accounts receivable not yet due and accounts receivable past due less than three months. Accounts receivable past due over 12 months amounted to Baht 0.08 million and Baht 2.03 million as at the end of 2011 and 2013 respectively. The Company recorded allowance for doubtful accounts by basing on past collection experience and analysis of debtors' current financial status.
- Inventories as at December 31, 2011-2013 amounted to Baht 92.52 million, Baht 117.78 million and Baht 237.59 million respectively, up by Baht 25.26 million or 27.30% as at the end of 2012 and by Baht 119.81 million or 101.72% as at the end of 2013. The increase in inventories as at year-end 2012 from year-end 2011 resulted primarily from purchase of raw materials for projects and increase of finished goods, whereas the increase in

inventories as of end-2013 was mainly due to a rise in goods in transit of Baht 118.78 million. The Company has set out a policy on allowance for obsolete finished goods for prolonged non-turnover goods or goods which did not meet the specified criteria/standards. As at the end of 2011-2013, the Company set aside provision for decline in finished goods in an amount of Baht 0.73 million.

- Investment in associates as at December 31, 2011-2013 totaled Baht 168.47 million, Baht 198.78 million and Baht 270.04 million respectively, growing by Baht 30.31 million or 17.99% as of year-end 2012 and by Baht 71.26 million or 35.85% as of year-end 2013. Investment in associates included investment in Bangchak Biofuel Co., Ltd., a producer and distributor of biodiesel, through shareholding of 30% and investment in SEBIGAS UAC Co., Ltd., a provider of construction services, through shareholding of 49%.
- Property, plant and equipment as of December 31, 2011-2013 amounted to Baht 25.32 million, Baht 425.21 million and Baht 802.77 million respectively, a surge of Baht 399.89 million or 1,579.34% as at the end of 2012 and Baht 377.56 million or 88.79% as at the end of 2013. Such yearly increase in property, plant and equipment was attributed chiefly to continuous business expansion with construction of a petroleum product manufacturing plant and a CBG plant.

The Company and its subsidiaries had total liabilities of Baht 100.52 million, Baht 379.55 million and Baht 667.80 million as of December 31, 2011-2013 respectively, mounting by Baht 279.03 million or 277.59% as at the end of 2012 and by Baht 288.25 million or 75.95% as at the end of 2013. Total liabilities consisted of total current liabilities of Baht 93.28 million, Baht 326.81 million and Baht 515.26 million as of December 31, 2011-2013 respectively, which rose by Baht 233.53 million or 250.35% as at the end of 2012 and by Baht 188.45 million or 57.66% as at the end of 2013, and total non-current liabilities of Baht 7.24 million, Baht 52.74 million and Baht 152.54 million as of year-end 2011-2013 respectively, surging by Baht 45.50 million or 628.45% as at the end of 2012 and by Baht 99.80 million or 189.23% as at the end of 2013. Such increase in total liabilities as at the end of 2012 from year-end 2011 was caused mainly by an increase in bank overdrafts and short-term loans from financial institutions of Baht 153.86 million and an increase in trade and other payables of Baht 51.58 million. The increase in total liabilities as at the end of 2013 resulted from increases in trade and other payables of Baht 155.60 million and in long-term loans of Baht 87.91 million.

The Company and its subsidiaries recorded total shareholders' equity of Baht 419.81 million, Baht 641.67 million and Baht 966.78 million as at December 31, 2011-2013 respectively. The growth in shareholders' equity of the Company as at the end of 2012 from year-end 2011 was contributed primarily by a capital increase of Baht 123.41 million and an increase in operating performance for the year of Baht 115.70 million, net of dividend payment during the year of Baht 17.25 million. The increase in total shareholders' equity as at year-end 2013 was attributable mainly to a capital increase of Baht 190.83 million, an exercise of warrants to purchase ordinary shares by shareholders of Baht 8.54 million and an increase in performance for the year of Baht 130.86 million, net of dividend payment during the year of Baht 5.12 million.

#### **Financial position as at September 30, 2014**

The Company and its subsidiaries had total assets as of September 30, 2014 of Baht 1,698.27 million, which grew by Baht 63.69 million or 3.90% from year-end 2013 due mainly to increases in property, plant and equipment of Baht 69.15 million and in prepayment for fixed assets acquisition of Baht 54.12 million, net of a decrease in inventories of Baht 92.01 million.

Total liabilities as of September 30, 2014 were Baht 772.23 million, increasing from year-end 2013 by Baht 104.43 million or 15.64% as a result of increases in financial lease liabilities of Baht 173.62 million, long-term loans of Baht 114.69 million and provision for demolition of Baht 30.63 million, net of decreases in trade and other payables of Baht 151.96 million and bank overdrafts and short-term loans from financial institutions of Baht 67.32 million.

Total shareholders' equity as of September 30, 2014 stood at Baht 926.04 million, which dropped from the end of 2013 by Baht 40.74 million or 4.21% owing primarily to dividend payment of

Baht 88.67 million, offset by a capital increase and exercise of warrants by shareholders totaling Baht 10.61 million and an increase in performance for the period of Baht 37.34 million.

## 2.5 Liabilities

2.5.1 Total amount of debt instruments sold and those not yet issued as per resolution of the shareholders' meeting and authorization for the board of directors of the listed company to consider issuing as deemed fit

-None-

2.5.2 Total amount of term loans with details of collateral security

Details of liabilities of the Company are as follows:

### Credit facilities from commercial banks

As of September 30, 2014, the Company had working capital credit lines from four commercial banks, totaling Baht 690 million, composed of overdraft loans, P/N lines, L/G lines, and L/C & T/R lines, granted on a security-free basis. Details of these credit facilities as of September 30, 2014 are as follows:

Short-term loans with an outstanding balance of Baht 145.27 million

| Particulars                 | Outstanding<br>as of Sep 30, 2014<br>(Baht) | Remark  |
|-----------------------------|---|---|
| Bank overdrafts             | -   | Amount approved of Baht 35 million; interest rate of MOR p.a.                     |
| Short-term loans from banks | 100,000,000.00                              | P/N due October and December 2014; interest rate of 3.48%-4.75% p.a.              |
| T/R                         | 45,268,101.51                               | Amount approved of Baht 420 million; interest rate as agreed as of borrowing date |
| <b>Total</b>                | <b>145,268,101.51</b>                       |   |

### Long-term loans

As of September 30, 2014, the Company had a long-term credit line from one commercial bank totaling Baht 266.11 million, with an outstanding balance as of such date of Baht 197.60 million, details of which are as shown below:

| Particulars                                   | Outstanding<br>as of Sep 30, 2014<br>(Baht) | Remark   |
|---|---|--|
| Loan from bank                                | 197,599,366.23                              | The loan has been secured by machinery & equipment and assets under construction, which as of September 30, 2014 had a cost price of Baht 158.53 million and Baht 34.89 million respectively, and also secured by part of land leasehold right, which as of September 30, 2014 had the minimum amount payable under operating lease in the future of Baht 24.17 million. |
| <u>Less</u> Current portion of long-term loan | (40,386,000.00)                             |  |
| <b>Net</b>                                    | <b>157,213,366.23</b>                       |  |

### Financial lease liabilities

As of September 30, 2014, the Company had financial lease liabilities from hire-purchase of vehicles and machinery, with an outstanding balance, excluding future interest expenses, of Baht 253.01 million, details of which are as follows:

| <b>Particulars</b>                            | <b>Outstanding<br/>as of Sep 30, 2014<br/>(Baht)</b> | <b>Remark</b>  |
|---|--|--|
| Payables under hire-purchase agreement        | 5,678,952.44   | Loans under financial lease have been secured by machinery and vehicles, which as of September 30, 2014 had a cost price of Baht 536.71 million and Baht 16.56 million respectively. |
| Payables under lease agreement                | 247,326,778.93                                       |  |
| <b>Total</b>                                  | <b>253,005,731.37</b>                                |  |
| <u>Less</u> Current portion of long-term debt | (74,256,735.22)                                      |  |
| <b>Net</b>                                    | <b>178,748,996.15</b>                                |  |

The minimum amount payable for assets under financial lease is as follows:

|   | <b>As of Sep 30, 2014<br/>(Baht)</b> |
|---|--------------------------------------|
| Within 1 year                                       | 85,193,274.00                        |
| More than 1 year but not exceeding 3 years          | 168,622,968.81                       |
| More than 3 years but not exceeding 5 years         | 20,649,902.27                        |
| <b>Total</b>  | <b>274,466,145.78</b>                |
| <u>Less</u> Future interest of financial lease      | (21,460,414.41)                      |
| <b>Present value of financial lease liabilities</b> | <b>253,005,731.37</b>                |

### 2.5.3 *Commitments and contingent liabilities*

As of September 30, 2014, the Company had commitments and contingent liabilities as follows:

- The Company had commitments under non-cancellable operating leases with numerous lessors for its office building, warehouse, CBG plant and PPP plant. The minimum amount payable by the Company in the future under those operating leases is as follows: Baht 5.66 million payable within one year; Baht 5.85 million payable in more than one year but not exceeding five years; and Baht 12.66 million payable in more than five years, making up a total amount payable in the future of Baht 24.17 million, as follows:
- The Company had commitments under office building and warehouse services agreements with several service providers, paying a monthly service fee of approximately Baht 0.19 million, and is liable to pay the service fee for the completion amount under the agreements of Baht 3.29 million.
- The Company had commitments under goods and fixed assets acquisition agreements with suppliers and contracting service agreement with a contractor in the amount of USD 2.82 million, EUR 5.20 million and Baht 51.34 million.
- The Company had commitments under letter of credit agreements relating to goods acquisition with two banks, with an outstanding balance of USD 0.05 million and EUR 0.06 million.
- The Company had commitments under Employee Joint Investment Program (EJIP). On October 1, 2011, the Company signed the covenants of Employee Joint Investment Program between employer and employees of the Company and its subsidiaries for the objective to boost working motivation and a sense of joint ownership of the Company as well as to retain the employees with the Company. The project duration is three years. The participating employee shall pay contribution to the project at a rate of 5% of his/her

monthly salary, and the Company and its subsidiaries have to pay contribution at a rate of 5%-7% of the participating employee's salary. Every month, such contribution will be used to purchase shares of the Company ("UAC") which are traded on the Stock Exchange of Thailand on the indicated date. Participating employees can gradually sell "UAC" shares after a lapse of one year at a stipulated ratio. Tisco Securities Co., Ltd. has been authorized to manage the EJIP. The Company and its subsidiaries recognized contribution payment to such project as expenses in the statements of comprehensive income for the accounting period in which the contribution is paid.

- The Company had contingent liabilities with several banks from issuance of letters of goods quality guarantee to some customers, guarantee for contracting service agreements, and guarantee for duties and taxes on import of goods from abroad, involving a total amount of approximately Baht 62.89 million. Such letters of guarantee have no collateral.

## **2.6 Opinion of the board of directors regarding adequacy of working capital**

The Company's Board of Directors is of the opinion that the acquired funding sources are sufficient for the acquisition of assets of the Company and will have no impact on level of working capital and business operation of the Company.

## **2.7 Material lawsuits or disputes that are under proceeding**

As of September 30, 2014, the Company did not have any legal disputes that could adversely affect business operation of the Company and its subsidiaries in material aspect, nor any legal disputes that could negatively affect its assets in an amount higher than 5% of shareholders' equity.

## **2.8 Mutual benefits or related party transactions between the listed company and its directors, management and shareholders holding, directly or indirectly, 10% or more of shares**

In 2013 and 9M/2014, the Company entered into related party transactions with juristic entities and persons who might have a conflict of interest as follows:

| Related party                         | Nature of relationship  | Details of transaction  | Transaction value<br>(Baht million) |                   | Necessity and reasonableness of<br>the transaction  |
|---------------------------------------|---|---|-------------------------------------|-------------------|---|
|                                       |   |   | 2013                                | Jan-Sep<br>2014   |   |
| 1. UAC Hytrotek Co., Ltd. (UAC HYDRO) | - UAC HYDRO is the Company's subsidiary in which the Company holds 49.997% of the paid-up capital (total shares held by the Company's executives, namely Mr. Kitt Jivacate, Mr. Chatchaphol Prasopchoke and Miss Preeyaporn Thanaratseth, are 0.006% and Hydrotek Plc. holds 49.997%). In addition, Mr. Kitt Jivacate, Miss Nilrat Jarumanopas and Mr. Chatchaphol Prasopchoke, the Company's directors, also are directors of UAC HYDRO. | <b>Other income:</b> The Company received fee from rendering service in office areas including other service fees, i.e. electricity, photocopying, cleaning, etc., from UAC HYDRO pursuant to the Service Contract from April 1, 2012 to March 31, 2014 at a rate of Baht 21,680 per month and the Service Contract from April 1, 2014 to March 31, 2015 at a rate of Baht 39,540 per month.<br><u>Outstanding balance</u><br>Other receivables | 0.26<br><br>-                       | 0.30<br><br>-     | The Company rendered office services including other services, i.e. electricity, photocopying, cleaning, etc., to UAC HYDRO. The service fee was charged by basing on cost of leased areas and average expenses of services rendered.<br>The Audit Committee opined that such service provision was reasonable and beneficial to the Company as it could facilitate coordination with the subsidiary, and that the rate of service fee charged was appropriate. |
| 2. Bangchak Biofuel Co., Ltd. (BBF)   | - BBF is an associated company in which the Company holds 30% of total issued shares. In addition, Mr. Kitt Jivacate and Mr. Chatchaphol Prasopchoke, the Company's directors, also are directors of BBF.   | <b>Purchase of products:</b> The Company purchased glycerin for export and sale in foreign countries. Such purchase was conducted pursuant to a normal course of business and at the market price.<br><u>Outstanding balance</u><br>Account payable   | 47.27<br><br>-                      | 32.19<br><br>1.07 | Such transaction was made in a normal course of business, with general trading terms. Purchase price was based on the market price.<br>The Audit Committee opined that such transaction was conducted in the Company's normal course of business under general trading terms and was reasonable.  |

| Related party                     | Nature of relationship  | Details of transaction   | Transaction value<br>(Baht million)            |  | Necessity and reasonableness of<br>the transaction  |
|-----------------------------------|---|--|--|--|---|
|                                   |   |  | 2013   | Jan-Sep<br>2014                                |   |
| 3. Hydrotek Plc.<br>(HYDRO)       | - HYDRO is a joint venture partner in the Company's subsidiary, i.e. UAC HYDRO. HYDRO holds 49.997% of UAC HYDRO's paid-up capital and two HYDRO's representatives, Mr. Salip Soongsawang and Mr. Pichai Klongpitak, are directors of UAC HYDRO.  | <p><b>Income from sales:</b> The Company sold filter at the market price which was the same price it sold to other general customers.</p> <p><u>Outstanding balance</u><br/>Account receivable<br/>Other receivables</p> <p><b>Contractor's fee:</b> The Company entered into a turnkey contract for design, procurement and installation of waste water recycle system with Bangchak Petroleum Plc. Selling prices and services were fixed based on market prices, similar to selling and provision of services to other general customers.</p> <p><u>Outstanding balance</u><br/>Account payable</p> | 0.16<br><br>-<br>5.75<br><br>41.49<br><br>8.93 | 0.11<br><br>-<br>5.75<br><br>4.03<br><br>23.49 | Such transaction was a normal business operation of the Company, with the agreed trading terms and prices based on market prices. The Audit Committee opined that such transaction was a normal course of business of the Company and was reasonable. |
| 4. K&N Commercial Co., Ltd. (K&N) | - K&N is a related company. Mrs. Niramol Jivacate, wife of Mr. Kittu Jivacate, is the authorized director of K&N.<br>- Mrs. Niramol Jivacate holds 35% of shares in K&N.<br>- Miss Nilrat Jarumanopas (Mrs. Niramol Jivacate's younger sister), who is the Company's director, executive and shareholder, holds 10% of shares in K&N. | <p><b>Administrative expenses:</b> The Company purchased uniforms from K&amp;N for use in its business by comparing price with market price.</p> <p><u>Outstanding balance</u><br/>Other payables</p>  | 0.07<br><br>-                                  | 0.03<br><br>0.01                               | Such transaction was a normal business operation of the Company, with the agreed trading terms and prices based on market prices. The Audit Committee opined that such transaction was a normal course of business of the Company and was reasonable. |

| Related party                             | Nature of relationship   | Details of transaction  | Transaction value<br>(Baht million) |                 | Necessity and reasonableness of<br>the transaction   |
|---|--|---|-------------------------------------|-----------------|--|
|   |  |   | 2013                                | Jan-Sep<br>2014 |  |
| 5. UAC and TPT Energy Co., Ltd. (UAC&TPT) | - UAC&TPT is the Company's subsidiary in which the Company holds 50.0094% of total issued shares (total shares held by the Company's executives, namely Miss Nilrat Jarumanopas and Mr. Chatchaphol Prasopchoke, are 0.0006%). In addition, Mr. Kitti Jivacate, Miss Nilrat Jarumanopas and Mr. Chatchaphol Prasopchoke, the Company's directors, also are directors of UAC & TPT. | <p><b>Other income:</b> The Company received income from management service and other service fees, i.e. electricity, photocopying, cleaning, etc., from UAC&amp;TPT pursuant to the following contracts:</p> <ol style="list-style-type: none"> <li>1. Management Service Contract from November 1, 2013 to October 31, 2014 at a rate of Baht 250,000/month (for Nov-Dec 2013 the fee was charged at 20%).</li> <li>2. Service Contract from November 1, 2013 to October 31, 2014 at a rate of Baht 5,000/month (for Nov-Dec 2013 the fee was charged at 20%).</li> </ol> <p><u>Outstanding balance</u><br/>Other receivables</p> | 0.10                                | 2.00            | <p>The Company rendered management service and other services such as electricity, photocopying, cleaning, etc. to its subsidiary. The fee rate charged was calculated from number of personnel and proportion of period of time working for UAC&amp;TPT, including average expenses of services rendered.</p> <p>The Audit Committee opined that such service provision was reasonable and beneficial to the Company as it could facilitate coordination with the subsidiary, and that the rate of service fee charged was appropriate.</p> |
| 6. SEBIGAS UAC Co., Ltd.                  | - SEBIGAS UAC is an associated company in which the Company holds, through UAC Energy Co., Ltd., 49.00% of total issued shares. In addition, Miss Nilrat Jarumanopas and Mr. Chatchaphol Prasopchoke, the Company's directors, also are directors of SEBIGAS UAC.<br>- <u>Note:</u> UAC Energy is 100.00% owned by the Company.  | <p><b>Other income:</b> The Company received income from management service and other service fees, i.e. electricity, photocopying, cleaning, etc., from SEBIGAS UAC pursuant to the Service Contract from November 1, 2013 to December 31, 2014 at a rate of Baht 206,000/month (up to April 2014) and Baht 236,000/month (May-December 2014).</p>   | -                                   | 2.07            | <p>The Company rendered management service and other services such as electricity, photocopying, cleaning, etc. to its subsidiary. The fee rate charged was calculated from number of personnel and proportion of period of time working for SEBIGAS UAC, including average expenses of services rendered.</p> <p>The Audit Committee opined that such service provision was reasonable and beneficial to the Company as it could facilitate coordination with the subsidiary, and that the rate of service fee charged was appropriate.</p> |



| Related party            | Nature of relationship   | Details of transaction   | Transaction value<br>(Baht million) |                            | Necessity and reasonableness of<br>the transaction  |
|--------------------------|--|--|-------------------------------------|----------------------------|---|
|                          |  |  | 2013                                | Jan-Sep<br>2014            |   |
|                          |  | <p><b>Contractor's fee (fixed assets):</b> This is an EPC Contract for biogas plant (Mae Taeng 2) of the Company. Contract price and service fee were fixed based on market prices, similar to sales and services provided to other general customers.</p> <p><u>Outstanding balance</u><br/>Prepayment for fixed assets acquisition<br/>Account payable</p>   | 0.49<br><br>-<br>0.52               | 34.70<br><br>53.60<br>1.99 | Such transaction was a normal business operation of the Company, with the agreed trading terms and prices based on market prices. The Audit Committee opined that such transaction was a normal course of business of the Company and was reasonable.   |
| 7. Miss Chavisa Jivacate | - Miss Chavisa Jivacate is daughter of Mr. Kittu Jivacate who holds positions of director, executive director, and President & Chief Executive Officer of the Company. He is also the authorized director and major shareholder of the Company, holding 54.21% of total issued shares of the Company as of September 30, 2014. | <p><b>Warehouse rental fee:</b> The Company paid rental fee for warehouse which is used for storing chemicals and equipment pending for sales and delivery to the customers. The rental area is 2,200 square meters with a rental period of three years, from January 1, 2013 to December 31, 2015. Rental rate is Baht 60 per square meter per month or Baht 132,000 per month (the Company is responsible for payment of withholding tax at the rate of 5% of monthly rental fee; therefore, rental fee including withholding tax is equal to Baht 138,947.37 per month).</p> <p><u>Outstanding balance</u><br/>Accrued warehouse rental fee payable</p> | 1.67<br><br>-<br>-                  | 1.25<br><br>-<br>-         | The Company needs to acquire areas for storing goods due to its business expansion. Such transaction was conducted under general trading terms and conditions. The Audit Committee opined that such transaction was reasonable and rental rate was lower when compared with market price. Note: On December 28, 2012, the counterparty was changed from P&P Partnership to Miss Chavisa Jivacate. |

| Related party                            | Nature of relationship  | Details of transaction   | Transaction value<br>(Baht million) |                 | Necessity and reasonableness of<br>the transaction  |
|--|---|--|-------------------------------------|-----------------|---|
|  |   |  | 2013                                | Jan-Sep<br>2014 |   |
| 8. Theprathanporn Watsaduphan Ltd. Part. | <ul style="list-style-type: none"> <li>- This is a related party, with Mr. Pratchaya Thongthaengthai serving as authorized director of both Theprathanporn Watsaduphan Ltd. Part. and UAC&amp;TPT which is the Company's subsidiary.</li> <li>- Mr. Pratchaya Thongthaengthai is managing partner and holds 7.1429% of shares in TPT Theprathanporn Co., Ltd. TPT Theprathanporn Co., Ltd. holds 49.99% of total issued shares of UAC&amp;TPT.</li> </ul> | <p><b><u>Building materials:</u></b> The Company made payment for prestressed reinforced concrete piles used for constructing foundation of factory building.</p> <p><b><u>Outstanding balance</u></b></p> | -                                   | 0.54            | [Such transaction was a normal business operation of the Company, with the agreed trading terms and prices based on market prices. The Audit Committee opined that such transaction was a normal course of business of the Company and was reasonable.] |
| 9. Phakdi Phandin Khon Kaen Ltd. Part.   | <ul style="list-style-type: none"> <li>- This is a related party, with Mr. Heng Thongthaengthai serving as authorized director of both Phakdi Phandin Khon Kaen Ltd. Part. and UAC&amp;TPT which is the Company's subsidiary.</li> <li>- Mr. Heng Thongthaengthai is managing partner and holds 28.5714% of shares in TPT Theprathanporn Co., Ltd. TPT Theprathanporn Co., Ltd. holds 49.99% of total issued shares of UAC&amp;TPT.</li> </ul>            | <p><b><u>Building materials:</u></b> The Company made payment for crushed stone used for improvement of factory land.</p> <p><b><u>Outstanding balance</u></b></p>   | -                                   | 0.25            | Such transaction was a normal business operation of the Company, with the agreed trading terms and prices based on market prices. The Audit Committee opined that such transaction was a normal course of business of the Company and was reasonable.   |

## **2.9 Opinion of an independent financial advisor**

The Independent Financial Advisor is of the opinion that the entire business transfer from APC is an appropriate transaction since it is an investment in an entity with business potential and readiness in terms of assets, personnel and customer base. Moreover, this is a new venture that will add to the group's income source in the future and help to reduce risk associated with the business in import and distribution of chemical products, as the Company will expand from being only an importer to becoming a producer itself. The sale and purchase price is deemed reasonable. The conditions and/or requirements for entering into the transaction are favorable and beneficial to the Subsidiary, allowing it to acquire assets that are in the condition as agreed upon by both parties before entering into the transaction. Further details are presented in Report of the Independent Financial Advisor in Enclosure No. 3.

## **2.10 Summary of material agreements executed during the past two years**

All agreements entered into by the Company are agreements executed in the normal course of business of the Company on an arm's-length basis.

## **2.11 Responsibility of the Board of Directors for information contained in documents submitted to the shareholders**

The Board of Directors of the Company is responsible for the information stated in this Information Memorandum and in the documents submitted to the shareholders, and hereby certifies that there is not any false statement or omission of material facts that must be contained or stated in this Information Memorandum and there is not any statement that causes misunderstanding.

We hereby certify that the information stated in this Information Memorandum is correct and complete, is not false information and does not cause misunderstanding, and that there is not a lack of any information which should be disclosed in material aspect.

- *Chatchaphol Prasopchock* -  
(Mr. Chatchaphol Prasopchock)  
Director

- *Nilrat Jarumanopas* -  
(Miss Nilrat Jarumanopas)  
Director