



UAC Global Public Company Limited  
บริษัท ยูเอซี โกลบอล จำกัด (มหาชน)

# Energy Transformation for Future

ANNUAL  
REPORT  
2016

รายงานประจำปี 2559

# Contents

Vision and Mission	1
Financial Highlights	2
Message from the Board of Directors	3
Organization Structure	4
Board of Directors	5
Details of the Board of Directors and Executives	6
Report of the Audit Committee	14
Report of Corporate Governance Committee	15
Report of Risk Management Committee	17
Report of the Nomination and Remuneration Committee	18
General Information and Nature of Business	19
Revenue Structure	48
Risk Factors	49
Shareholders Structure and Management Structure	60
Corporate Governance	78
Connected Persons and Related Transaction	94
Discussion and Analysis of Financial Position and Operating Results	102
Report of the Boards of Directors' Responsibilities for Financial Statements	107
Auditor's Report	108
Financial Statements	112
Notes to Financial Statements	121

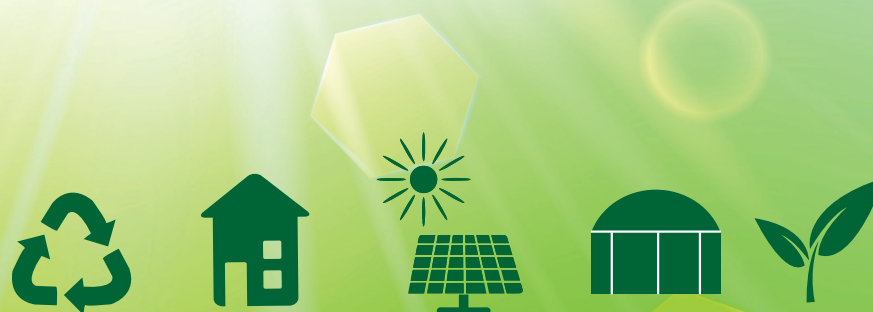


## Vision:

**The Company determines to be an environmental friendly operator of clean energy, petrochemicals and utilities and it shall maintain its national leadership and to be accepted at international level.**

## Missions

1. To determine to engage business in clean and environmental friendly energy, petrochemicals and utilities beneficially to the country, environment and society,
2. To operate business by adhering to corporate governance principles by treating business partners fairly, transparently and anti-corruption.
3. To be responsible to shareholders by adding values to business continually and creating stable returns to the shareholders in the long run.
4. To determine to become a happy organization by taking into consideration the fair working environment and compensation and promotion of career path of the employees.



# Energy Transformation for Future



# Financial Highlights

Unit : Million Baht

Financial Highlights	2016	2015	2014
Total Assets	2,980.09	2,735.14	1,780.05
Total Liabilities	1,713.89	1,623.73	810.30
Total Shareholders' Equity	1,266.19	1,111.41	969.75
Total Revenue	1,324.55	1,446.38	992.63
Selling and Administrative Expenses	248.50	197.80	123.82
Other Revenues	25.37	18.79	18.95
Share of gain(loss) from Investment in Associated Company	31.19	79.19	62.13
<b>Net Profit</b>	<b>24.40</b>	<b>94.00</b>	<b>51.04</b>
EBITDA	191.31	217.31	128.13
Earning per Share (Baht)	0.05	0.15	0.09
Registered capital	433.94	373.17	331.75
Paid-up capital	333.80	315.94	277.11

Financial Ratio	2016	2015	2014
Net Profit Margin	1.84	6.50	5.14
Return on Equity	2.13	9.70	5.70
Return on Assets	0.85	4.27	3.14
Debt to Equity (times)	1.4	1.53	0.88



## Message from the Board of Directors



(Mr. Paiboon Sareewiwatthana)  
Chairman of the Board of Directors



(Mr. Kitt Jivacate)  
Chief Executive Officer

In 2016, it could be said that the country faced numerous changes and fluctuation situations both on economic and political aspects and for global economic conditions, the remaining low level of crude oil prices evidently slowdown economic conditions in many countries including Thailand. UAC Global Public Company Limited and its subsidiaries have also been impacted by such stagnation, in terms of reduction of revenues and slowdown in energy project investments as there are various factors that need to be carefully considered by taking into consideration the maximum interest of the shareholders.

Nonetheless, the Company still determines to create sustainable and continual values to the business by developing and keeping the strategic plans in line with the consequent. At the same time, the Company still adheres to existing vision and mission to be the operator of clean energy, petrochemicals and utilities which are social and environmental friendly, as well as to take responsibility to the shareholders and all groups of stakeholders, i.e. employees, business partners and relevant communities by observing good governance principles on equitable treatment and anti-corruption. Such determination has been evidenced from being considered to participate in the projects of the Stock Exchange of Thailand, such as Corporate Sustainability Advisory Program, Class 2 and Innovation Capability Promotion of the Listed Companies Program. Consequently, in 2016 the Company received “Sustainable Share” awards or “Thailand Sustainability Investment : THSI” Awards and “Total Innovation Management Award”, from presentation of the research and development work on chemical products of UAC Advance Polymer Company Limited (UAPC), a subsidiary whose 100% of its shares held by the Company.

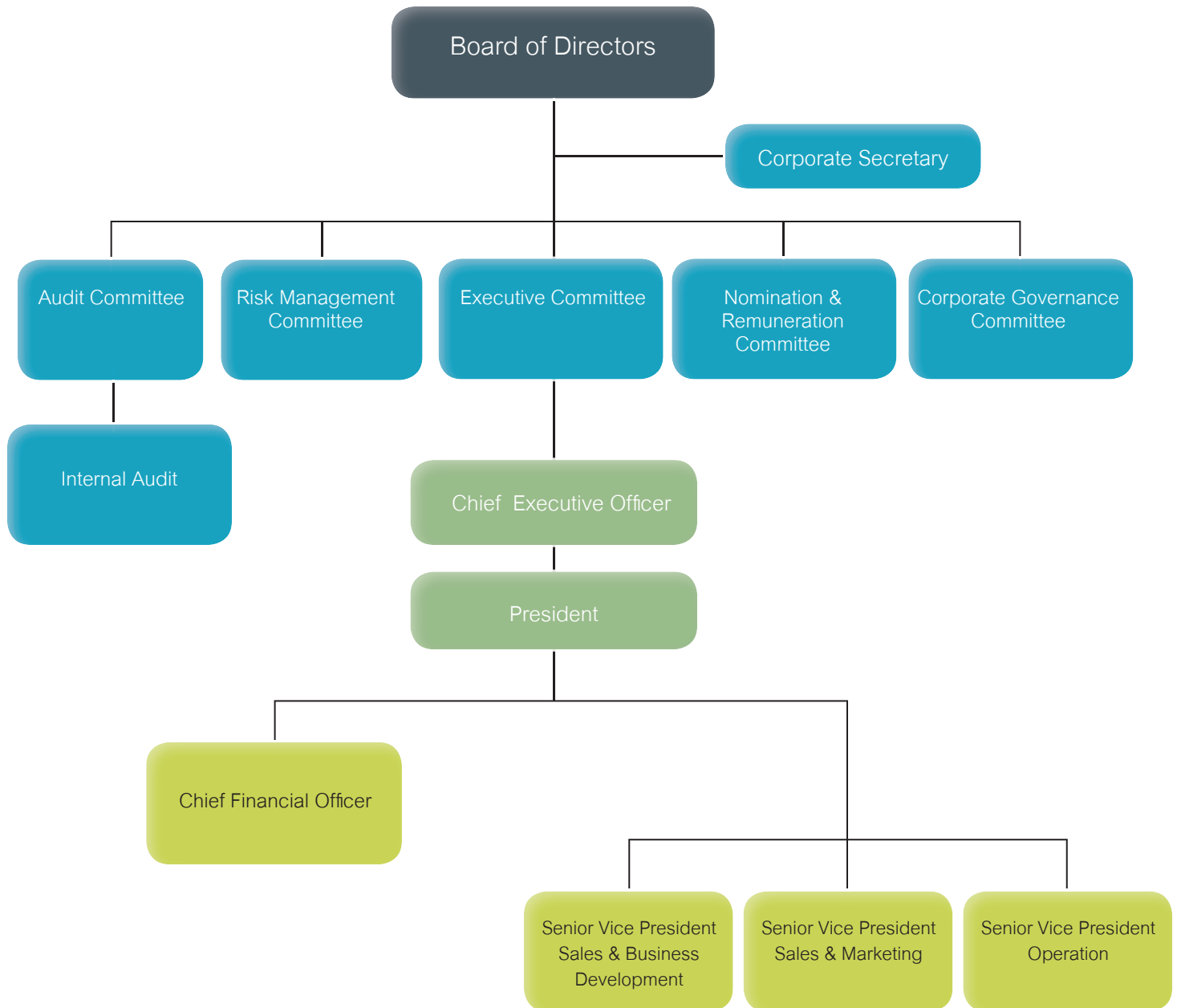
For operating results in 2016, revenues from sales and services of Trading Business, the Company's core business, was at Baht 823.43 million which was lower than the previous year, due to the slowdown of domestic and global economic conditions coupled with the reduction of investments from public and private sectors. On the contrary, revenues from renewable and alternatives energy business of the Company and its subsidiaries have increased by Baht 101.30 million when compared with the previous year. This was the result from investment in gas pipeline construction from Sao Sathien Oil Well to the Petroleum Production Plant (PPP) to increase feedstock for production pursuant to the designed generating capacity. Hence, gross profit margin in 2016 increased to 21.38 percent from 17.42 percent in 2015. Furthermore, revenues of UAC Advance Polymer and Chemicals Company limited (UAPC), which generates and supplies chemical products, have increased by Baht 88.17 million, when compared with the past year. Such increase was attributable to the expansion of market shares by development of new products, expansion to new customer groups as well as jointly development of products with the customers and expansion of business into CLMV countries. Such outcomes could reflect that the Company has appropriately developed and improved its business operations strategies to handle the occurring situations and that they were in the acceptable levels.

Profit sharing from investments in Bangchak Bio-fuel Company Limited, an associated company that the Company held 30% of its shares, has decreased by 56.35 percent because the Department of Energy Business has announced to decrease mixing ratio of bio diesel in diesel oil from B7 to B5 and B3, with effective from July 25, 2016 and August 25, 2016, respectively, as well as from the stock loss caused by reduction of crude palm oil prices. However, presently, the Department of Energy Business has announced to increase mixing ratio of bio diesel in diesel oil from B3 to B5, with effective from November 25, 2016. Hence, it is a promising sign for such business as the construction of the 2nd factory to increase generating capacity from 360,000 liters/day to 810,000 liters/day has been completed and its commercial operation date has been commenced on the 2nd quarter of 2016.

According to the economic outlook which forecasted that the economic situations have tendency to be better than the previous year, so the Company has established business and strategic plans to make them consistent with the short and medium vision for the current businesses by focusing on personnel potential development on continued basis to make them have knowledge, capability and initiatives for Operation Excellence. Other business and strategic plans included the expansion of market shares by employment of various strategies, i.e. import and development of new products, expansion of new customer bases and development of products jointly with the customers including expansion business to CLMV countries. With regard to the expansion of investment projects on energy business or acquisition, the Company will focus on project or business that the Company has experiences and expertise and it will prepare readiness for investments in renewable energy projects pursuant to the government policy. In this regard, the Risk Management Committee shall consider about project investment risks before proposing to the Board of Directors and/or the shareholders for consideration and approval (as the case may be).

On behalf of the Board of Directors, we would like to thank all shareholders, valued customers, business partners, all stakeholders including the Company's management and employees for their dedication and for being important forces in driving the organization to achieve the specified vision continually, by adhering to good corporate governance principles, considering of benefits of all stakeholders without causing any negative economic, social and environmental impacts with ultimate aim for stable and sustainable growth of the organization.

## Organization Structure





## Board of Directors



**1. Assoc.Prof.Dr.Paiboon Sareewiwatthana**

- Chairman of the Board of Director

**2. Mr.Kitti Jivacate**

- Director
- Chief Executive Officer
- Chairman of Executive Committee

**3. Mr. Chatchaphol Prasopchoke**

- Director
- President
- Member of Executive Committee
- Member of Risk Management Committee

**4. Miss Nilrat Jarumanopas**

- Director
- Chief Financial Officer
- Member of Executive Committee
- Member of Corporate Governance Committee

**5. Assoc.Prof.Dr.Aekkachai Nittayakasetwat**

- Independent Director
- Chairman of Audit Committee
- Chairman of Corporate Governance Committee
- Member of Nomination & Remuneration Committee
- Member of Risk Management Committee

**6. Assoc.Prof.Dr. Paritud Bhandhuyanyong**

- Independent Director
- Chairman of Risk Management Committee
- Member of Audit Committee
- Member of Nomination & Remuneration Committee

**7. Miss Jeerapan Jinda**

- Independent Director
- Chairman of Nomination & Remuneration Committee
- Member of Audit Committee
- Member of Corporate Governance Committee

# Names and Experiences of Board of Directors and Executives

## Names and Experiences of Board of Directors and Executives

### Assoc.Prof.Dr.Paiboon Sareewiwatthana

Chairman of the Board of Directors

Age 62 years

#### Education / Training

- Ph. D. (Finance) University of Mississippi, U.S.A.
- M. B.A., (Management) National Institute of Development Administration
- B. Eng. (Chemical Engineering) Chulalongkorn University
- Directors Certification Program (DCP) #12/2001 (IOD)
- Role of the Chairman Program (RCP) #33/2014 (IOD)

% of shareholding UAC : 1,620,505 shares (0.24% including related persons)  
Decrease from 2015 = 18,440,017 shares

Relationship of other Executives None

#### Work Experience

#### UAC Global Public Company Limited

Feb 2012 - Present Chairman

#### Other Business

Aug 2016 - Present	Chairman - Chic Republic Company Limited
Aug 2014 - Present	Chairman - BT Wealth Industry Public Company Limited
May 2013 - Present	Chairman - Thai Packaging Industry Public Company Limited
2012 - Present	Chairman - Union Auction Public Company Limited
2002 - Dec 2015	Independent Director and Chairman of Audit Committee - Maybank Kim Eng Securities (Thailand) Public Company Limited
2001 - Mar 2015	Independent Director and Member of Audit Committee - Team Precision Public Company Limited
1984 - Present	Associated Professor level 9 - National Institute of Development Administration



**Mr. Kitti Jivacate**

Director / Chairman of Executive Committee / Chief Executive Officer

Age 62 years

**Education / Training**

- M.B.A., Sasin Graduate  
Institute of Business Administration of Chulalongkorn University
- B. Eng. (Chemical Engineering) Chulalongkorn University
- Directors Accreditation Program (DAP) # 82/2010 (IOD)
- Directors Certification Program (DCP) #142/2011 (IOD)
- Top Management Program # 16 (Capital Market Academy)

**% of shareholding** UAC : 322,390,663 shares (48.29%)  
 DEcrease from 2015 = 25,371,600 shares

**Relationship of other Executives** Brother-in-law with Miss Nilrat Jarumanopas

**Work Experience****UAC Global Public Company Limited**

12 June 2014 - Present	Chief Executive Officer
21 Feb 2011 - 11 June 2014	President & Chief Executive Officer
1995 - 21 Feb 2011	Managing Director
2008 - Present	Director
2010 - Present	Chairman of Executive Committee
2010 - Mar 2012	Chairman of Risk Management Committee

**Other Business**

Jan 2016 - Present	Director - PPWE Company Limited
Jan 2015 - Present	Director - UAC Advance Polymer & Chemicals Company Limited
Aug 2013 - Present	Director - UAC Energy Company Limited
Nov 2012 - Present	Director - UAC & TPT Energy Company Limited
Apr 2011 - Present	Director - UAC Hydrotek Company Limited
2008 - Present	Director - Bangchak Biofuel Company Limited
2005 - Sept 2010	Director - Global Technology Innovation Company Limited
1997 - Present	Director - Suthossamit Company Limited
1993 - 18 Jul 2012	Director - S Group Holding Company Limited

**Mr. Chatchaphol Prasopchoke**

Director / Member of Risk Management Committee / Member of Executive Committee / President

Age 48 years

**Education / Training**

- M.B.A., Thammasat University
- B. Eng., (Electrical Engineer) King Mongkut's Institute of Technology Ladkrabang
- Directors Accreditation Program (DAP) # 82/2010 (IOD)
- Directors Certification Program (DCP) #147/2011 (IOD)
- TLCA Executive Development Program (EDP) #8/2011
- Future Entrepreneur Forum #1/2013 (CEDI)
- The Executive Program of Energy Literacy for a Sustainable Future Class 7/2015, (Thailand Energy Academy)
- Leadership Development Program 2015 (TLCA)
- Leadership Succession Program #5/2015 (IRDP)

**% of shareholding**

UAC : 4,448,442 shares (0.67%)

Increase from 2015 = 324,000 shares

**Relationship of other Executives**

-None-

**Work Experience****UAC Global Public Company Limited**

12 June 2014 - Present	President
2010 - Present	Director
2010 - Present	Member of Executive Committee
2010 - June 2014	Executive Vice President – Sales, Marketing and Operation
Mar 2012 - Present	Member of Risk Management Committee

**Other Business**

Jan 2016 - Present	Director - PPWE Company Limited
Jan 2015 - Present	Director - UAC Advance Polymer & Chemicals Company Limited
Aug 2014 - Present	Director - Solar Energy Roof Power Company Limited
Dec 2014 - Present	Director - UAC TPT Pellets Company Limited
Oct 2013 - Present	Director - Sebigas UAC Company Limited
Aug 2013 - Present	Director - UAC Energy Company Limited
Nov 2012 - Present	Director - UAC & TPT Energy Company Limited
Aug 2012 - Present	Director - Bangchak Biofuel Company Limited
Mar 2012 - Present	Director - UAC Hydrotek Company Limited
2007 - Jun 2010	Director - Khon Rak Nam Company Limited



**Miss Nilrat Jarumanopas**

Director / Member of Corporate Governance Committee/ Member of Executive Committee / Executive Vice President-Finance & Accounting

Age 58 years

**Education / Training**

- M.B.A., University of the Thai Chamber of Commerce
- B.B.A., Chiang Mai University
- B.B.A., ( Accounting), Dhurakij Pundit University
- Directors Accreditation Program (DAP) # 82/2010 (IOD)
- Directors Certification Program (DCP) #141/2011 (IOD)
- Chief Financial Officer Certification Program #17/2015
- Leadership Succession Program # 7/2016 (IRDP)

**% of shareholding** UAC : 30,298,901 shares (4.54%)  
Increase from 2015 = 2,239,500 shares

**Relationship of other Executives** Sister-in-law with Mr. Kitti Jivacate

**Work Experience****UAC Global Public Company Limited**

2012 - Present	Member of Corporate Governance Committee
2010 - Present	Member of Executive Committee
2010 - Present	Executive Vice President – Finance & Accounting
2010 - Mar 2012	Member of Risk Management Committee
2002 - Present	Director

**Other Business**

Jan 2015 - Present	Director - UAC Advance Polymer & Chemicals Company Limited
Aug 2014 - Present	Director - Solar Energy Roof Power Company Limited
Dec 2014 - Present	Director - UAC TPT Pellets Company Limited
Oct 2013 - Present	Director - Sebigas UAC Company Limited
Aug 2013 - Present	Director - UAC Energy Company Limited
Nov 2012 - Present	Director - UAC & TPT Energy Company Limited
Mar 2012 - Present	Director - UAC Hydrotek Company Limited

**Assoc.Prof.Dr.Aekkachai Nittayakasetwat**

Independent Director / Chairman of Audit Committee / Chairman of Corporate Governance /  
Member of Nomination & Remuneration Committee / Member of Risk Management Committee

Age 53 years

**Education / Training**

- Ph. D. (Finance) University of Mississippi, U.S.A.
- M. B.A., (Finance) National Institute of Development Administration
- B.Sc. (Chemical Engineer), Chulalongkorn University
- Director Accreditation Program (DAP) #35/2005 (IOD)
- Role of the Compensation Committee (RCC) #11/2010 (IOD)
- Compensation Survey #1/2011 (IOD)
- Risk Management Committee Program (RMP) #2/2015 (IOD)

% of shareholding -None-

Relationship of other Executives -None-

**Work Experience****UAC Global Public Company Limited**

2010 - Present	Independent Director
2010 - Present	Chairman of Audit Committee
2010 - Present	Member of Nomination & Remuneration Committee
2010 - Present	Member of Risk Management Committee
2012 - Present	Chairman of Corporate Governance Committee

**Other Business**

2011 - Present	Independent Director and Member of Audit Committee - Stars Microelectronics Public Company Limited
2011 - Present	Independent Director and Member of Audit Committee - Panjawattana Plastics Public Company Limited
2009 - Present	Independent Director and Member of Audit Committee - GT Wealth Management Company Limited
2008 - Present	Independent Director and Member of Audit Committee - Getabec Company Limited
2008 - 2012	Director - Securities Analyst Association
2006 - Present	Independent Director and Member of Audit Committee - TRC Construction Plc.



**Assoc.Prof.Dr. Paritud Bhandhubanyong**

Independent Director / Chairman of Risk Management Committee / Member of Audit Committee / Member of Nomination & Remuneration Committee

Age 62 years

**Education / Training**

- Honorary Doctorate, Nagaoka University of Technology
- D. English (IE) (Metallurgy), The University of Tokyo
- M.B.A., Thammasat University
- M. Eng. (IE) Chulalongkorn University
- B. Eng. (IE) Chulalongkorn University
- Director Accreditation Program (DAP) #71/2008 (IOD)
- Director Certification Program (DCP) #105/2008 (IOD)
- Auditing Committee Program (ACP) #36/2011 (IOD)
- Role of the Compensation Committee (RCC) #15/2012 (IOD)
- Successful Formulation & Execution of Strategy (SFE) #17/2013 (IOD)
- How to Measure the Success of Corporate Strategy (HMS) #2/2013 (IOD)
- Director Certification Program Update (DCPU) #1/2015 (IOD)
- Advanced Audit Committee Program (AACP) #20/2015 (IOD)

% of shareholding -None-

Relationship of other Executives -None-

**Work Experience****UAC Global Public Company Limited**

2010 - Present	Independent Director
2010 - Present	Member of Audit Committee
2010 - Present	Member of Nomination & Remuneration Committee
2010 - Mar 2012	Member of Risk Management Committee
Mar 2012 - Present	Chairman of Risk Management Committee

**Other Business**

Nov 2014 - 2016	Expert attached to the Member of the National Reform Council number 025
2013 - Present	Executive Director, Education and Special Project Development - Panyapiwat Institute of Management
2012 - Present	Independent Director and Member of Audit Committee - Premier Products Company Limited
2007 - Apr 2015	Independent Director - Premier Technology Public Company Limited
2007 - Present	Advisor to the President - National Science and Technology Development Agency
2009 - 2012	Director - State-of-the-Art Soshio Agro Laboratories Company Limited
2009 - 2012	Director - AT Ceramics Company Limited
2010 - Mar 2012	Director - Technology Promotion Association (Thailand-Japan)

**Miss Jeerapan Jinda**

Independent Director / Chairman of Nomination &amp; Remuneration Committee / Member of Audit Committee / Member of Corporate Governance Committee

Age 53 years

**Education / Training**

- M.B.A. (Finance), The National Institute of Development Administration
- B.Sc. (Chemistry), Chulalongkorn University
- Director Accreditation Program (DAP) 82/2010 (IOD)
- Role of the Compensation Committee (RCC) 11/2010 (IOD)
- Directors Certification Program (DCP) #168/2013 (IOD)

% of shareholding -None-

Relationship of other Executives -None-

**Work Experience****UAC Global Public Company Limited**

2010 - Present	Independent Director
2010 - Present	Audit Committee
2010 - Present	Chairman of Nomination & Remuneration Committee
2010 - Mar 2012	Member of Risk Management Committee
2012 - Present	Member of Corporate Governance Committee

**Other Business**

2004 - Present	Managing Director Wisen Consultants Co., Ltd
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**Miss Preeyaporn Thanaratset**

Senior Vice President – Sales &amp; Marketing

Age 50 years

**Education / Training**

- M.B.A., Bangkok University
- B.Sc. (Chemistry), Chulalongkorn University
- Directors Accreditation Program (DAP) # 93/2011 (IOD)
- Executive Development Program (EDP) #9/2012 (TLCA)
- Management Development Program (MDP) #19/2014 (TMA)

% of shareholding UAC : 92,201 shares (0.01%)  
Increase from 2015 = 0 shares

Relationship of other Executives -None-

**Work Experience****UAC Global Public Company Limited**

Oct 2010 - Present	Senior Vice President - Sales & Marketing
2009 - Oct 2010	Marketing & Business Development Manager Team 1

**Other Business**

Apr 2011 - Mar 2012	Director - UAC Hydrotek Company Limited
2004 - 2008	Business Development Manager - Avery Dennison (Thailand) Plc

**Mr. Chaiyot Chunwijitra****Senior Vice President – Operation**

Age 44 years

**Education / Training**

- MBA. General Management : Dhonburi Rajabhat University
- Bachelor of Engineering : Rajamangala Institute of Technology North Bangkok Campus
- Bachelor of Science (Industrial Technology) : Rajabhat Rajanagarindra University
- Capital Expenditure Budget Analysis for Sustainable Growth #1/2016 (TMA)

% of shareholding -None-

Relationship of other Executives -None-

**Work Experience****UAC Global Public Company Limited**

15 Feb 2016 - Present Senior Vice President - Operation

**Other Business**

2014 - Feb 2016	Plant Engineering Manager SEA.- National Starch and Chemical (Thailand) Ltd.
2011 - 2014	Regional Project Manager GPO - SEA.- GE Energy Co., Ltd.
2010 - 2011	Plant Manager - Summit Corporation Co., Ltd. Lamchabang Chonburi
2001 - 2010	Plant Engineer & Logistics Manager - HMC Polymers Co., Ltd.



# The Audit Committee's Report

## To The Shareholders

The Audit Committee of UAC Global Public Company Limited consists of 3 competent, independent and experienced directors, namely Assoc. Prof. Aekkachai Nittayakasetwat, the Chairman of the Audit Committee, Assoc. Prof. Dr. Paritud Bhandhubanyong and Miss Jeerapan Jinda, the Audit Committee members. This Audit Committee which has been assigned by the Board of Directors to independently perform the assigned duties and pursuant to the Audit Committee Charter, by emphasizing on compliance with the corporate governance principles, having efficient and effective internal control system and internal audit system which are correctly and completely consistent with the requirements and prudent operating guidelines of the Stock Exchange of Thailand, the Office of Securities and Exchange Commission and the relevant laws.

In 2016, the Audit Committee arranged 5 meetings, where 4 meetings have been jointly participated by the management, the internal auditor and the auditor and 1 meeting has been held with the auditor without participation of the management team. The material subjects discussed and considered could be summarized as follows:

1. To consider and review the financial reports which include quarterly and annual financial statement and notes to financial statement. The Audit Committee has attended the meetings with the auditor and the management where the auditor has been enquired about opinion and observation found from inspection of financial statement. The Committee also provided suggestions to the management to make sure that preparation of financial statement and information disclosure are adequate, correctly, completely, on timely manner and in accordance with the generally accepted accounting standards. The Audit Committee also reviewed the related transactions between the shareholders and the subsidiaries or the related companies to ensure that such transactions have been undertaken pursuant to normal commercial conditions, without any benefit transfer and for the best interest of the Company as well as pursuant to the laws, and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. Moreover, on November 10, 2016, the Audit Committee has arranged the annual meeting with the auditor without the Company's management to discuss and exchange views on important matters for preparation of the financial statement, disclosure, internal control and cooperation from the management. The Audit has informed that the Company has completely and correctly prepared the financial statement and no material issue which may impact the financial statement has been found, and the management has provided good cooperation with the auditor.
2. To review the internal audit and internal control system to ensure that such systems are sufficiently, properly, transparently, independently and effectively. The works performed were to monitor performance and approve the annual audit plan of the Internal Audit Unit, review the audit reports of the Company and its subsidiaries, constantly consider important matter and follow up on improvement, as well as consider and approve the budget and appropriateness of workforce of the Internal Audit Unit.
3. To review the corporate governance principles: The Audit Committee places importance on having the management policy based on corporate governance principles by reviewing compliance with the specified work systems, integrity business operations, related transactions, compliance with the laws on stock and securities, regulations of the Stock Exchange of Thailand including other laws relevant to business operations of the Company to ensure that the Company reasonably complied with all normal business conditions as well as reviewing the compliant and whistleblowing systems to make them conform to the corporate governance principles.
4. To consider on appointment of the auditor and auditing fee for 2017: Criteria used for consideration of the auditor are quality of past year performance, independence, suitable qualifications as well as reasonable auditing fees. After that, this matter shall be proposed to the Board of Directors for consideration and approval then to the 2017 Annual General Meeting of Shareholders for further consideration and approval.

In conclusion, the Audit Committee has performed duties and responsibilities as per specified in the Audit Committee Charter which has been approved by the Board of Directors by applying adequate knowledge, capability, carefulness and independence for the equitable benefits of the stakeholders. The Audit Committee is of opinion that the Company's report on financial information is accurate, reliable and corresponding to the generally accepted accounting standards. In addition, the Company has suitable and efficient internal control and has performed the works pursuant to the governance principles as well as the laws, regulations and obligations relevant to the Company's business operations.

On behalf of the Audit Committee,



(Assoc. Prof. Dr. Aekkachai Nittayakasetwat)  
Chairman of the Audit Committee

# Report of the Corporate Governance Committee

The Board of Directors puts strong emphasis on promotion and demands that the Company must operate business pursuant to the corporate governance principles to strengthen confidence of all stakeholders. The Board of Directors assigned the Corporate Governance Committee which consists of 3 members to propose corporate governance practices to the Board of Directors, supervise operations of the directors and the management to ensure that they shall comply with the specified corporate governance policy of the Company. In 2016, the Corporate Governance Committee has arranged 1 meeting to review and improve the Company's corporate governance policy to make it corresponding to the international operating practice as well all relevant laws, rules, criteria and regulations. This Committee also monitored the operations pursuant to 5 main topics which can be summarized as follows:

## 1. The Right of Shareholders

- Provide the sufficient information on date, time, venue and meeting agenda of the 2016 Annual General Meeting of Shareholders as well as all information related to the agenda which are required to be considered to the shareholders in advance and on timely manner.
- Disseminate information related to the 2016 Annual General Meeting of Shareholders through the Company's website in advance to allow the shareholders to have adequate time to study information as well as facilitate the shareholders so that they can fully exercise their rights to participate and to vote in the meeting. As a result, the Company obtained 94 scores from assessment on AGM Checklist by the Thai Investors Association.

## 2. The Equitable Treatment of Shareholders

- As part of corporate governance principle, the Company allowed the shareholders to propose meeting agenda and nomination of director's name for the General Meeting of Shareholders in advance during November 8, 2016 to January 31, 2017.
- The Company specified that the directors and the executives are obligated to report their securities holding of the Company. In case of trading of the Company's securities, they shall report the Company Secretary at least 1 day in advance and shall report all of the Company's securities they hold to the Office of the Securities and Exchange Commission within the specified period of time.

## 3. The Role of Stakeholders

- The Company is well aware of importance of the rights of all stakeholders by conducting business legally and correspondingly to the laws, regulations or standards or requirements and such business operation shall not have any adverse effects to environment, community and society as well as all groups of stakeholders. The Company has specified the anti-corruption policy and set up measures to prevent and handle corruption which may occur or has occurred in the Company. Social responsibility policy has also been defined by emphasizing on conducting business with social and environmental responsibility as well as placing importance on promotion and support activities for the society, community and environment continually, such as to provide scholarship and learning tools during the National Children Day to the schools located around the factory locations both in Chiangmai Province and Sukhothai Province, participate in Pee Kunnam, a traditional practice, with the communities located around the factory areas at Lum Huay Hia Water Source, Chiangmai Province, construct road within Ban Nongsaothien School in Sukhothai Province, repair access road to the village and to provide traffic mirror to the villages around the factory areas to reduce the accidents, and etc.

- The Company has provided channels for the stakeholders and the investors to notify, suggest, file a complaint or clue with regard to illegal act, correctness of financial statement, defective internal control system or any act which is against the ethics principles to the Board of Directors via the Audit Committee at email address: chairman\_auditcom@uac.co.th or visit the Company's website and click at Icon: Send Email to Chairman of the Audit Committee. Details of the person who notifies such information (the whistle blower or the informant) or the clues shall be kept confidential to protect the right of such informant. During 2016, the Company did not receive any complaint or clue on illegal act at all.

#### 4. Disclosure and Transparency

- The Company has participated in the 'Opportunity Day' Event arranged by the Stock Exchange of Thailand to hold a press conference on performance of the Company 2 times and video of this activity including the supporting document has been publicized on the Company's website, so that the investors can access to such information at all times.
- The Company has prepared the Annual Information Disclosure Form (56-1 Form) and the Annual Report. In addition, the information of the Company's performance on quarterly basis and important information for the shareholders, the investors and general public which consisted of adequate, reliable and update material information has also been disclosed via various channels continually, such as Elcid System of the Stock Exchange of Thailand, including the Company's website (www.uac.co.th).

#### 5. Responsibilities of the Board of Directors

- The Board of Directors is required to conduct self-assessment every year and the result from such assessment in 2016 was in 'Excellence' level. In addition in 2016, assessment results on performance of member of the Board individually and by all committees were also in 'Excellence' level.

In 2016, the Company's assessment results from the 2016 Corporate Governance Report Program (CGR 2016) of Thai Listed Companies by the Thai Institute of Directors Association (IOD) was ranked in the "Very Good" level and in Top Quartile of the group of companies with a market capitalization of 3,000-9,999 million Baht. The Corporate Governance Committee still determines to develop efficiency of the corporate governance including anti-corruption operations continually. In addition, the Company became a member of the Partnership Against Corruption for Thailand (PACT Network) and encouraged the employees to participate in "2016 Anti-Corruption Day" arranged by the Anti-Corruption Organization of Thailand (ACT), so that the employees can participate in and are aware of the importance on anti-corruption, which could lead to efficient and transparent operations by taking into consideration benefits of the Company and all stakeholders.



(Mr. Aekkachai Nittayagasetwat)

Chairman of the Corporate Governance Committee

## Report of the Risk Management Committee of 2016

The Company's Risk Management Committee comprises of 2 Independent Directors and 1 Executive Director. The Chairman of the Committee is Assoc. Prof. Dr. Paritud Bhandhubanyong, the Independent Director, and the committee members are Assoc. Prof. Dr. Aekkachai Nittayagasetwat, the Independent Director and Mr. Chatchaphol Prasopchoke, the Executive Director.

In 2016, the Risk Management Committee conducted 4 meetings to perform material tasks which can be summarized as follows:

1. To consider and approve risk management policy to be used as framework for managing risks with higher efficiency and with sustainability
2. To consider on restructuring of the risk management working group and appointment of secretary of the working group for effective and conformity to the directions specified by the Company including risk management policy framework.
3. To consider, monitor and provide recommendation on preparation of suitable and concise risk management plan for new investment projects so that risk management for such investment projects can be operated with more efficiency
4. To consider and approve on arrangement of internal training courses on Advanced Enterprise Risk Management (ERM) and Business Continuity Management (BCM) to the executives, managers and supervisors to provide knowledge and understanding on business continuity management so that they can be effectively applied and implemented in the organization.

The Risk Management Committee deems that during the past year, the Company has developed its risk management system throughout the organization continually, for instance, arrange the meetings to prepare and review risk management plans, operate and monitor risk management to ensure that they are consistent with the Company's plans. The Company has adequately managed material risks and controlled them to be in the acceptable levels. The Company also determines to improve its risk management system pursuant to the corporate governance principles.

(Assoc. Prof. Paritud Bhandhubanyong)

Chairman of the Risk Management Committee



## The Nomination & Remuneration Committee's Report

The Nomination & Remuneration Committee comprises of 3 Independent Directors, namely Miss Jeerapan Jinda, the Chairman and two Committee Members who are Assoc. Prof. Aekkachai Nittayakasetwat and Assoc. Prof. Dr. Paritud Bhandhubanyong. In 2016, the Nomination & Remuneration Committee held 2 meetings with the Company's management and essence of the meetings can be summarized as follows:

### 1. To consider the nomination of the director to replace the vacant director position:

The Committee has considered and resolved to nominate Assoc. Prof. Paiboon Sareewiwatthana, Miss Jeerapan Jinda and Miss Nilrat Jarumanopas to replace the vacant director positions because they are fully qualified with regards to proficiency, expertise, working experiences and etc. They also do not possess any prohibited characteristics under the Public Limited Company Act, the Law on Securities and Exchange Act and the relevant notifications, requirements and/or regulations.

### 2. To assess performance of the Chief Executive Officer:

The Committee has assessed annual performance of the Chief Executive Officer in order to consider on adjustment of his salary and annual bonus and to propose to the Board of Directors.

### 3. To consider and approve bonus allocation and payment for 2016

The Committee has considered on approval of bonus allocation and payment for 2016 by comparing the performance of 2016 with the projected estimation, in addition, information on average rate of bonus payment and profitability in 2014 and 2015 were also taken into account for consideration. Such bonus allocation was proposed by Management and the Committee has agreed with the criteria and procedure which were considerably clear, transparent and appropriate.

### 4. To consider draft budgeting of wage for 2017:

The Committee has considered draft budgeting by divided into 2 parts, i.e. draft budgets for salary and for bonus which has been proposed by the Management and information gained will be used as framework for wage management for 2017. However, draft budgeting of salary of the Chief Executive Officer will not include in this draft budgeting.

The Committee has considered bonus allocation and payment based on the guidelines proposed by the management and deemed that the criteria, method and process used are transparent and appropriated.

The Committee has considered salary of the Chief Executive Officer by comparing his annual performance results with the business operating results in 2016 and in 2015 as well as comparing salary rate of 2016 with that of 2015 including survey results on salary adjustment in the market for similar business groups.

In conclusion, the Nomination & Remuneration Committee has performed duties pursuant to the Charter which has been approved by the Board of Directors and pursuant to the corporate governance principles. In addition, the Committee was of view that the Company has clear, transparent and fair criteria and methods for wage management which are in line with corporate governance principles and they are considered for the best interests of the Company.



(Miss Jeerapan Jinda)

The Chairman of the Nomination & Remuneration Committee

## General Information

### General Information

Name of Company	: UAC Global Public Company Limited
Type of Business:	: The Company engages in business of import and distribution of chemicals and equipment used in various industries, i.e. offshore natural gas exploration and production, oil refinery, upstream petrochemicals, engine oil lubricant manufacturing plants, polymer and plastic manufacturing plant, chemical industrial plants, power and utilities plant as well as investment in alternative energy and utilities system.
Registration No.	: 0107553000085
Registered Capital	: 433,942,650.50 Baht
Paid-up Capital	: 333,802,650.50 Baht
Number of Shares	: 667,605,301 Shares
Par value	: 0.50 Baht (Registration for the change of par value has been made on October 22, 2012)
Address of Head Office	: No. 1, TP&T Tower, 19th Floor, Soi Vibhavadirangsit 19, Vibhavadirangsit Road, Chatuchak Sub-District, Chatuchak District, Bangkok 10900
Telephone	: 0-2936-1701
Facsimile	: 0-2936-1700
Web Site	: <a href="http://www.uac.co.th">www.uac.co.th</a>
Corporate Secretary	: 0-2936-1701 Ext. 118 Email: <a href="mailto:sajjaporn@uac.co.th">sajjaporn@uac.co.th</a>
Investor Relations	: 0-2936-1701 Email: <a href="mailto:ir@uac.co.th">ir@uac.co.th</a>

### General Information of Subsidiary and Associated Companies

#### Subsidiary Company : 6 companies

(1) Name of Company	: <b>UAC Utilities Company Limited (previously named UAC Hydrotek Company Limited)</b>
Shareholding Portion	: 100%
Type of Business	: Investment in renewable energy and utilities projects
Registration No.	: 0105554049345
Registered Capital	: 10,000,000 Baht
Paid-up Capital	: 10,000,000 Baht
Number of Shares	: 100,000 Shares
Par value	: 100 Baht
Address of Head Office	: No. 1, TP&T Tower, 19th Floor, Soi Vibhavadirangsit 19, Vibhavadirangsit Road, Chatuchak Sub-District, Chatuchak District, Bangkok 10900
Telephone	: 0-2936-1701
Facsimile	: 0-2936-1700
(2) Name of Company	: <b>UAC &amp; TPT Energy Company Limited</b>
Shareholding Portion	: 50.01%
Type of Business	: Investment in Biogas plant for transportation and general industry
Registration No.	: 0105555167953
Registered Capital	: 150,000,000 Baht
Paid-up Capital	: 99,600,000 Baht
Number of Shares	: 1,500,000 Shares
Par value	: 100 Baht
Address of Head Office	: No. 1, TP&T Tower, 19th Floor, Soi Vibhavadirangsit 19, Vibhavadirangsit Road, Chatuchak Sub-District, Chatuchak District, Bangkok 10900
Telephone	: 0-2936-1701
Facsimile	: 0-2936-1700

**(3) Name of Company : UAC Energy Company Limited**

Shareholding Portion : 100%

Type of Business : Investment in energy projects

Registration No. : 0105556136130

Registered Capital : 95,000,000 Baht

Paid-up Capital : 95,000,000 Baht

Number of Shares : 950,000 Shares

Par value : 100 Baht

Address of Head Office : No. 1, TP&T Tower, 19th Floor, Soi Vibhavadirangsit 19, Vibhavadirangsit Road, Chatuchak Sub-District, Chatuchak District, Bangkok 10900

Telephone : 0-2936-1701

Facsimile : 0-2936-1700

**(4) Name of Company : Solar Energy Roof Power Company Limited**

Shareholding Portion : 100% (Shareholding by UAC Energy Company Limited)

Type of Business : Generating and distribution of electricity from Solar power

Registration No. : 0105556138311

Registered Capital : 12,525,000 Baht

Paid-up Capital : 12,525,000 Baht

Number of Shares : 125,250 Shares

Par value : 100 Baht

Address of Head Office : No. 1, TP&T Tower, 19th Floor, Soi Vibhavadirangsit 19, Vibhavadirangsit Road, Chatuchak Sub-District, Chatuchak District, Bangkok 10900

Telephone : 0-2936-1701

Facsimile : 0-2936-1700

**(5) Name of Company : UAC TPT Pellets Company Limited**

Shareholding Portion : 100% (Shareholding by UAC & TPT Energy Company Limited)

Type of Business : Manufacturing and distribution of wood pellets

Registration No. : 0105557187838

Registered Capital : 1,000,000 Baht

Paid-up Capital : 250,000 Baht

Number of Shares : 10,000 Shares

Par value : 100 Baht

Address of Head Office : No. 1, TP&T Tower, 19th Floor, Soi Vibhavadirangsit 19, Vibhavadirangsit Road, Chatuchak Sub-District, Chatuchak District, Bangkok 10900

Telephone : 0-2936-1701

Facsimile : 0-2936-1700

**(6) Name of Company : UAC Advance Polymer & Chemicals Company Limited**

Shareholding Portion : 100%

Type of Business : Manufacturing and distribution of latex emulsion and latex polymer

Registration No. : 0105558011415

Registered Capital : 180,000,000 Baht

Paid-up Capital : 180,000,000 Baht

Number of Shares : 1,800,000 Shares

Par value : 100 Baht

Address of Head Office : No. 1, TP&T Tower, 21st Floor, Soi Vibhavadirangsit 19, Vibhavadirangsit Road, Chatuchak Sub-District, Chatuchak District, Bangkok 10900

Telephone : 0-2537-9016

Facsimile : 0-2537-9015

**Associated Company : 4 companies****(1) Name of Company : Bangchak Biofuel Company Limited**

Shareholding Portion : 30%

Type of Business : Production and distribution of biodiesel and by-products

Registration No. : 0105551029246

Registered Capital : 281,500,000 Baht

Paid-up Capital : 281,500,000 Baht

Number of Shares : 2,815,000 Shares

Par value : 100 Baht

Address of Head Office : No. 28, Moo 9, Bangkrason Sub-district, Bangpain District, Pranakornsriyutthaya Province 13160

Telephone : 035-276-500

Facsimile : 035-276-549

**(2) Name of Company : Sebigas UAC Company Limited**

Shareholding Portion : 49% (Shareholding by UAC Energy Company Limited)

Type of Business : Engineering, Procurement and Construction of energy projects

Registration No. : 0105556161801

Registered Capital : 14,000,000 Baht

Paid-up Capital : 14,000,000 Baht

Number of Shares : 140,000 Shares

Par value : 100 Baht

Address of Head Office : No. 1, TP&T Tower, 18th Floor, Soi Vibhavadirangsit 19, Vibhavadirangsit Road, Chatuchak Sub-District, Chatuchak District, Bangkok 10900

Telephone : 0-2936-1701

Facsimile : 0-2936-1700

**(3) Name of Company : Enerray UAC (Thailand) Company Limited**

Shareholding Portion : 25% (Shareholding by UAC Energy Company Limited)

Type of Business : Engineering, Procurement and Construction of energy projects

Registration No. : 0105559045038

Registered Capital : 6,000,000 Baht

Paid-up Capital : 6,000,000 Baht

Number of Shares : 60,000 Shares

Par value : 100 Baht

Address of Head Office : No. 1, TP&T Tower, 18th Floor, Soi Vibhavadirangsit 19, Vibhavadirangsit Road, Chatuchak Sub-District, Chatuchak District, Bangkok 10900

Telephone : 0-2936-1701

Facsimile : 0-2936-1700

**(4) Name of Company : PPWE Company Limited**

Shareholding Portion : 50% (Shareholding by UAC Energy Company Limited)

Type of Business : Investment in energy projects

Registration No. : 0105559005541

Registered Capital : 1,000,000 Baht

Paid-up Capital : 1,000,000 Baht

Number of Shares : 10,000 Shares

Par value : 100 Baht

Address of Head Office : No. 2/2 Soi Krungthep Kritha 8(5), Krungthep Kritha Road, Huamark Sub-District, Bangkok District, Bangkok 10240

Telephone : 0-2379-3902

Facsimile : 0-2379-3097



**Other Long Term Investment : 1 companies**

(1) Name of Company	: ODIN Power Company Limited
Shareholding Portion	10% (Shareholding by UAC Utilities Company Limited)
Type of Business	: Investment in energy projects
Registration No.	: 0115541003996
Registered Capital	200,000,000 Baht
Paid-up Capital	: 200,000,000 Baht
Number of Shares	: 2,000,000 Shares
Par value	: 100 Baht
Address of Head Office	No. 333/3 Moo 6, Thumbon Bang Preang, Amphur Bang Bor, Samut Prakarn Province 10560
Telephone	0-2108-0360-6
Facsimile	0-2108-0367

**Name and Location of the Referenced Persons:**

Share Registrar:	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building 93 Ratchadapisek Road, Dindaeng, Bangkok 10400 Telephone 0-2009-9999
Auditor	Miss Somjintana Pholhirunrat (CPA No. 5599) D I A International Audit Co., Ltd. 316/32 Sukhumvit Soi 22, Sukhumvit Road, Klongtoey Sub-district, Klongtoey District, Bangkok 10110 Telephone 0-2259-5300

## Nature of Business

UAC Global Public Company Limited (“the Company” or “UAC”) was founded on April 11, 1985 and listed in MAI Stock Market on October 11, 2010. Initially, the Company engaged in business of import and distribution of chemicals and equipment used in various industries, i.e. off-shore natural gas exploration and production, gas separation plant, oil refinery, upstream petrochemicals, engine oil lubricant manufacturing plant, polymer and plastic manufacturing plant, chemical industrial plant, power and utilities plant.

In addition, the Company has expanded its business by investing in the projects related to renewable and alternative energy, for instance the production of compressed bio-methane gas (CBG) and the biodiesel plant through the associated company (Bangchak Biofuel) which is a joint investment with Bangchak Petroleum Public Co., Ltd. (“BCP”) including the petroleum product plant project in Sukhothai Province, the biogas power plant by using energy crops (Napier grass) as fuel, Solar PV Rooftop projects. The Company also invests in chemicals business, i.e. latex polymer and latex emulsion used in the country’s infrastructure industries to build on existing business for sustainable growth, including to conduct the study on the project development to invest in utilities business concerning tap water system. The Company emphasizes on conducting business under following vision and mission:

### Vision:

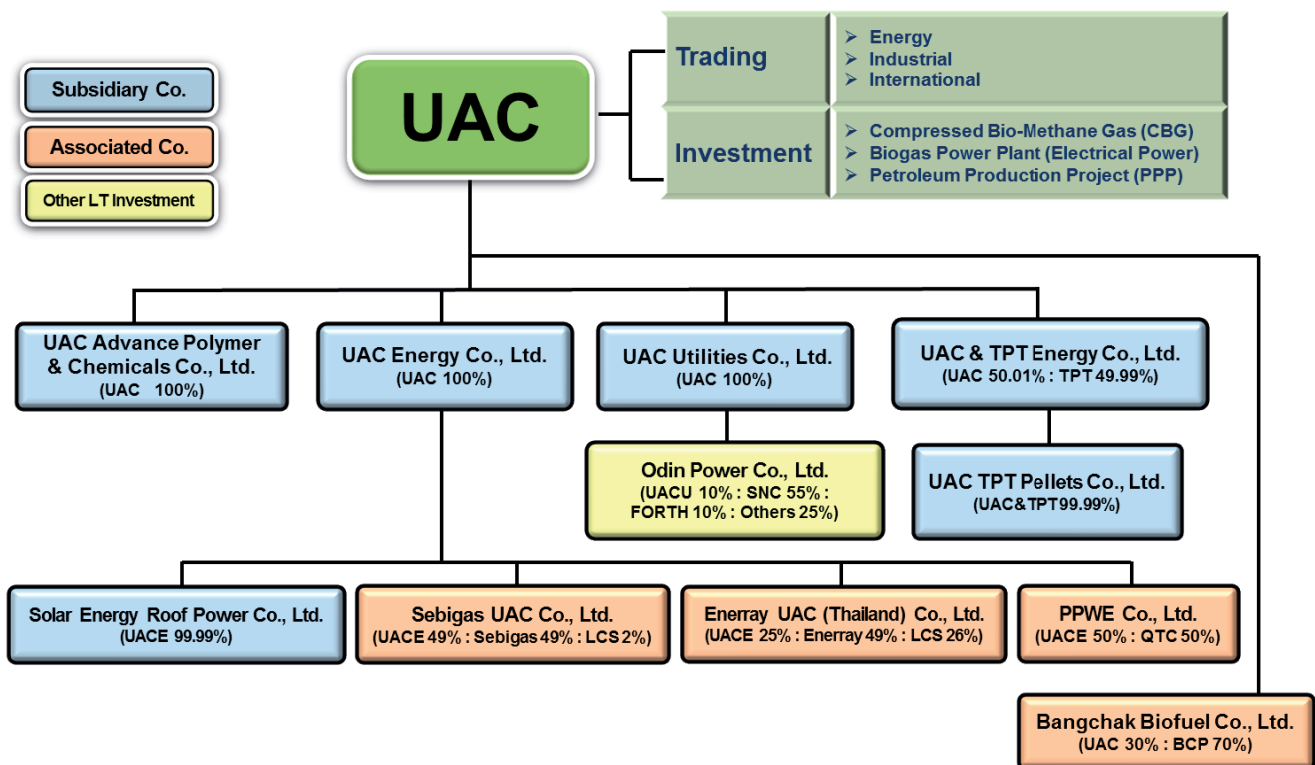
The Company determines to be an environmental friendly operator of clean energy, petrochemicals and utilities and it shall maintain its national leadership and to be recognized at international level.

### Missions

1. To determine to engage business in clean and environmental friendly energy, petrochemicals and utilities beneficially to the country, environment and society,
2. To operate business by adhering to corporate governance principles by treating business partners fairly, transparently and anti-corruption.
3. To be responsible to shareholders by adding values to business continually and creating stable returns to the shareholders in the long run.
4. To determine to become a happy organization by taking into consideration the fair working environment and compensation and promotion of career path of the employees.

For more than 20 years of experiences, the Company’s business expanded continually by focusing on projects related to renewable and alternative energy. During the 2014 Annual General Meeting of Shareholders on April 4, 2014, the meeting approved to change the Company’s name from “Universal Adsorbents and Chemicals Public Company Limited” to “UAC Global Public Company Limited” to support present and future business operations. The Company registered the change in the Company’s name with the Ministry of Commerce on April 18, 2014.

## Shareholding structure of Group of Company as at December 31, 2016



## Subsidiaries

- UAC Utilities Co., Ltd. (UAC Utilities) (formerly UAC Hydrotek Co., Ltd.)** was established on April 8, 2011 with an initial registered capital of Baht 5,000,000, with objectives to engage in business of 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 Utilities increased its registered capital to Baht 10,000,000 to support joint venture in Hydrotek Public Co., Ltd. ("HYDRO") where shareholding proportion of the Company and HYDRO in such joint venture are equally at 49.997 percent and the remainder of 0.006% is held by the Company's management and its name has been changed to UAC Hydrotek Co., Ltd.

Later on June 17, 2016, the Company has purchased all of ordinary shares from HYDRO and changed the name back to UAC Utilities Co., Ltd. on July 25, 2016. In addition on December 20, 2016, the Company acquired shares of Odin Power Co., Ltd., at ratio of 10% in order to jointly develop the power plant to produce and supply electricity generated from community waste.

- UAC & TPT Energy Co., Ltd. ("UAC TPT")**, 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, UAC TPT 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 Thepprathanporn Co., Ltd. ("TPT"). Therefore, the Company's shareholding proportion in UAC TPT 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 UAC TPT. On November 17, 2014, UAC TPT has increased its registered capital by Baht 120 million to Baht 150 million to support for investment in 2 biogas projects in Khon Kaen Province.

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 and increased by Baht 40 million to Baht 70 million on December 19, 2014. In addition, March 18, 2016 and July 14, 2016, UAC Energy has increased the registered capital to Baht 90 million and Baht 95 million, respectively. The objectives of such increase are to support the investment in solar PV rooftop projects of Metropolitan Electricity Authority and Provincial Electricity Authority, to serve capital increase and investment in the associated companies (PPWE Co., Ltd., Sebigas UAC Co., Ltd. and Enerray UAC (Thailand) Co., Ltd), as well as for acquisition of 2 power plants from Rachaburi Energy Co., Ltd. (Sao Thian-A and Pra Du Thao). Presently, four solar PV rooftop projects of UAC Energy located in Nonthaburi Province and Samut Prakarn Province with total generating capacity of 1.3 MW including Sao Thian-A power and Pra Du Thao power plant with total generating capacity of 6.9 MW have already commenced their commercial operations.
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 Sun Edison Energy (Thailand) Co., Ltd. on November 18, 2014 and registered capital has been increased from Baht 25,000 to Baht 15,525,000. SERP has been awarded a solar PV rooftop project from Provincial Electricity Authority with total capacity of 750.20 kW to install on rooftop of rubber sheet factory of Wong Bundit Co., Ltd. in Khun Thale Sub-district, Surat Thani Province and commercial operation has been commenced on July 21, 2015.
5. **UAC TPT Pellets Co., Ltd. ("UAC TPT PELLETS")**, an indirect subsidiary of the Company with shareholding of 99.99% through UAC TPT, was established on December 25, 2014 with an initial registered capital of Baht 1,000,000. Its objective is to engage in business of wood pellets (briquette fuel) production and distribution.
6. **UAC Advance Polymer & Chemicals Co., Ltd. (UAPC)** was established on January 21, 2015 with initial registered capital of Baht 50,000,000 with objective to accept the entire business transfer from Advance Polymer and Chemicals Co., Ltd. (APC), the manufacturer and seller of mainly latex (polymer emulsions and polymer solutions) for use in various industries, such as paint and coating, printing ink and publishing, adhesive, paper, synthetic material to be used as raw material in production of textiles and apparel, and etc. The Company held 99.99 percent and the management held 0.03 percent of total shares of UAPC. On May 9, 2015, UAPC has increased its registered capital by Baht 130 million, from Baht 50 million to be totally Baht 180 million in order to support for business operations and to comply with condition of the BOI.

## Associated Company

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 and etc.
2. **Sebigas UAC Co., Ltd. ("SEBIGAS UAC")**, is a joint venture between SEBIGAS S.p.A. ("SEBIGAS"), 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 countries in Southeast Asia. Later, it has increased registered capital by Baht 10 million to Baht 14 million to serve as working capital to support its business operations.
3. **Enerray UAC (Thailand) Co., Ltd. ("Enerray UAC")**, is a joint venture between ENERRAY S.p.A ("ENERRAY"), Italy and UAC Energy Co., Ltd., of with UAC Energy holding 49%, ENERRAY holding 25% and a legal consulting firm holding 26%. Enerray UAC was established on March 15, 2016 with an initial registered capital of Baht 6 million to engage in business of construction of solar power plant and provision of O&M services in Thailand and countries in Southeast Asia.



4. **PPWE Co., Ltd. (“PPWE”)**, is a joint venture between QTC Energy Public Co., Ltd. (“QTC”) and UAC Energy Co., Ltd., with shareholding ratio of 50:50. PPWE was established on January 12, 2016 with an initial registered capital of Baht 1 million to engage in energy business investment, both in Thailand and overseas.

### Other Long Term Investment

1. **Odin Power Co., Ltd. (“ODIN”)** is a joint venture between SNC Former Public Co., Ltd, Forth Corporation Public Co., Ltd., UAC Utilities Co., Ltd. and natural persons at ratio of 55%, 10%, 10% and 25%, respectively, by acquiring capital increase amounting to Baht 191 million. Consequently, on December 20, 2016, registered capital of ODIN was at Baht 200 million to be used for investment in power plant project from waste and alternative energy.

### Significant developments and changes of the Company during the past 5 years:

2012	<ul style="list-style-type: none"> <li>Approve for capital increase in UAC Hydrotek Company Limited (“UAC HYDRO”) from Baht 5 million to Baht 10 million to be used as working capital and for preparation for investment in tap water production project and approve Hydrotek Public Company Limited to purchase shares accounting for shareholding proportion of 49.997%.</li> <li>The Extraordinary General Meeting of Shareholders No. 1/2012 on June 27, 2015 has resolution to approve the investment in the Petroleum Production Project (PPP), consisting of compressed natural gas (CNG), liquefied petroleum gas (LPG) and natural gasoline (NGL). This project is located in Sukhothai Province and the total investment is approximately Baht 620 million.</li> <li>Construction project of CBG production from pig excrement to use as alternative fuel for cars, located in Mae Tang, Chiang Mai Province, has been completed.</li> <li>The Extraordinary General Meeting of Shareholders No. 2/2012 dated October 19, 2012 has resolution to approve a change of par value from Baht 1.00 to Baht 0.50 and also approved to increase the registered capital from Baht 198,374,739 to Baht 276,474,739, by issuing 156,200,000 new common shares, at par value of Baht 0.50, to offer to existing shareholders and general public and to support issuance and offering of warrants. The Company offered 39.7 million capital increase shares to the existing shareholders already and has registered a new registered capital with the Ministry of Commerce on December 4, 2012. Therefore, the Company’s total paid-up capital amounted to Baht 218,224,739, dividing into 436,449,478 common shares, at par value of Baht 0.50.</li> <li>The Company has submitted 20 proposals to request for the supporting fund from the Energy Conservation Promotion Fund (the “Fund”) in the “5th Biogas Technology Promotion Project for the Industrial Plants for 2012 (“the Project”)” of the Energy Policy and Planning Office, Ministry of Energy. Ten biogas projects of the Company have been approved for fund allocation, and ten biogas projects of UAC &amp; TPT Energy Co., Ltd. are now under consideration of the Energy Policy and Planning Office, Ministry of Energy and it is expected that the consideration shall be concluded within January 2013.</li> </ul>
2013	<ul style="list-style-type: none"> <li>The Company offered capital increase shares to general public and investors not exceeding 24,300,000 shares at par value of Baht 0.50 with offered price at Baht 7.90. Such increased capital has been registered with the Ministry of Commerce on January 15, 2013. Hence, new paid-up capital is now amounting to Baht 230,374,739, dividing into 460,749,478 shares at par value of Baht 0.50.</li> </ul>

## 2013

- The Company requested the Stock Exchange of Thailand to accept 92,149,503 UAC-W1 as the registered securities and the first trading day was February 15, 2013. The holders of UAC-W1 can exercise their right on the last working day of March, June, September and December of each calendar year. The last exercise date of UAC-W1 is January 31, 2016 with exercised price at Baht 7.50 per share and exercise rate is 1 unit per 1 share.
- On February 15, 2013, Prime Minister Yingluck Shinawatra and the cabinet including Chiang Mai Governor presided over the opening ceremony of CBG Project for Communication of the Company, which is the first of its kind in Thailand. This project is located at Mae Tang District, Chiang Mai Province.
- March 26, 2013, the Company arranged a plant visit activity by inviting the shareholders to study business operation of Bangchak Fuel Co., Ltd. to make them understand about nature of business of the Company's joint venture.
- May 3, 2013, the Company paid dividend payment to its shareholders at the rate of Baht 0.11112 per share, with total dividend payout of Baht 51,198,482 or accounting to 60.88 % of its total net profit after taxes and all required legal reserves. Dividend paid to shareholders of the Company consisted of stock dividend which was paid at ratio of 5 existing shares to 1 stock dividend (or Baht 0.10 per share) and cash dividend which was paid at ratio of Baht 0.01112 per share (in case any shareholder held the indivisible share remaining after such allocation, the dividend was paid in cash in the amount of Baht 0.10 per share). Such payment of stock dividend resulted in a right adjustment of UAC-W1 to maintain return benefits of UAC-W1 holders not to be lower than the current one. The new exercise price was 6.25 Baht per share and exercise ratio was 1 warrant: 1.20 shares (any fraction has been disregarded). The effective date was April 1, 2013.
- The meeting of the Board of Directors No. 7/2013 on August 9, 2013 resolved to increase registered capital of UAC and TPT Energy Co., Ltd. for Baht 29 million which made its total registered capital amounted to Baht 30 million by offering capital increase shares to some of the existing shareholders and offering to TPT Thepprathanporn ("TPT"). Therefore, the Company's shareholding proportion was reduced to 50.0093 percent. The shareholding proportion of the Company's management is 0.0007 percent and shareholding proportion of TPT is 49.990 percent of the issued and paid-up shares amounting to Baht 30 million.
- The Board of Directors resolved to approve the additional investment in 3 more biogas projects at Mae Tang district, Chiangmai Province, Doilor district, Chiangmai Province, and at Poopaman district, Khon Kaen Province.
- The Company signed Joint Venture Agreement with SEBIGAS S.p.A ("SEBIGAS"), an Italian company. SEBIGAS engages in electrical energy and biogas production business. It also has expertise in construction of biogas plant for more than 50 projects in Europe. The name of a newly joint venture is SEBIGAS UAC Co., Ltd. and it was established on October 4, 2013 with initial registered capital of Baht 4 million to engage in business concerning construction of biogas plant and O&M services within the country and countries in the South East Asia region.
- Three solar PV Rooftop proposals of UAC Energy Co., Ltd., a subsidiary, with total generating capacity of 1.3 MW have been selected by Metropolitan Electricity Authority. It shall rent areas on rooftop of Bangkok Dec-Con Public Co., Ltd. and Saha Thai Steel Pipe Public Co., Ltd.
- On December 31, 2013, UAC-W1 holders notified their intention to exercise their rights for 1,139,033 units, or accounting for the Company's shares of 1,307,680 shares, amounting to 8,542,737.50 Baht. There are 91,010,470 remaining warrants, which made the registered capital of the Company amounted to 277,102,419.50 Baht, dividing into 554,204,839 ordinary shares at par value of 0.50 Baht.

2014	<ul style="list-style-type: none"> <li>The 2014 Annual General Meeting of Shareholders approved to change the Company's name from "Universal Adsorbents &amp; Chemicals Public Company Limited" to "UAC Global Public Company Limited" and the Company registered the change in the Company's name and address with the Ministry of Commerce on April 18, 2014.</li> <li>The following projects of the Company began to commence their commercial operation: <ul style="list-style-type: none"> <li>Petroleum Production Plant (PPP) in Sukhothai Province commenced its commissioning test in January and began to supply some of LPG and NGL in May.</li> <li>Two Solar PV Rooftop projects which were installed at Bangkok Dec-Con Public Co., Ltd. began commercial operation in August and December, respectively.</li> </ul> </li> <li>UAC Energy Co., Ltd., a subsidiary, acquired Solar Energy Roof Power Co., Ltd., which received the concession to sell electricity from solar energy to Provincial Electricity Authority with total generating capacity of 752.4 KW from Sun Edison Energy (Thailand) Co., Ltd.</li> <li>The Company has established a new subsidiary, UAC TPT PELLETS Co., Ltd., to produce and sell wood pellets.</li> <li>The Board's meeting has resolutions to approve on investment in the following alternative energy projects: <ul style="list-style-type: none"> <li>Biogas project at Poopaman District, Khon Kaen Province (2nd Project).</li> <li>Gas pipeline construction project from Sao Sathien Oil Well to increase feedstock for PPP Plant.</li> <li>Construction project of wood pellet production plant in biogas project areas of UAC TPT at Poopaman District, Khon Kaen Province.</li> <li>Solar PV Rooftop project of Solar Energy Roof Power Co., Ltd. by renting rooftop areas of Wong Bundit Company Limited at Khun Thale Sub-district, Surat Thani Province.</li> </ul> </li> <li>The following subsidiaries and associated company have increase their capital to support business and investment in various projects: <ul style="list-style-type: none"> <li>UAC TPT from Baht 30 million to Baht 150 million,</li> <li>UAC Energy from Baht 30 million to Baht 70 million,</li> <li>SEBIGAS UAC from Baht 4 million to Baht 14 million.</li> </ul> </li> <li>On December 31, 2014, UAC-W1 holders notified their intention to exercise their rights for 14,365 units, or accounting for the Company's shares of 17,237 shares, amounting to Baht 107,731.25. There are 90,966,105 remaining warrants, which made the registered capital of the Company amounted to Baht 277,111,038, dividing into 554,222,076 ordinary shares at par value of Baht 0.50 Baht.</li> </ul>
2015	<ul style="list-style-type: none"> <li>On January 21, 2015, a new subsidiary, UAC Advance Polymer &amp; Chemicals Co., Ltd., has been established to accept the entire business transfer from Advance Polymer &amp; Chemicals Co., Ltd.</li> <li>The Extraordinary General Meeting of Shareholders No 1/2015 resolved to approve UAC Advance Polymer &amp; Chemicals Co., Ltd. to accept the entire business transfer from Advance Polymer &amp; Chemicals Co., Ltd. (APC), at total amount not exceeding Baht 730 million. Such entire business transfer has completed on April 30, 2015.</li> </ul>

2015	<ul style="list-style-type: none"> <li>• April 30, 2015, the Company paid dividend payment to its shareholders at the rate of Baht 0.06945 per share, with total dividend payout of Baht 38,490,723.18 or accounting to 49.75 % of its total net profit after taxes and all required legal reserves. Dividend paid to shareholders of the Company consisted of stock dividend which was paid at ratio of 8 existing shares to 1 stock dividend (or Baht 0.06250 per share) and cash dividend which was paid at ratio of Baht 0.00695 per share (in case any shareholder held the indivisible share remaining after such allocation, the dividend was paid in cash in the amount of Baht 0.06250 per share). Such payment of stock dividend resulted in a right adjustment of UAC-W1 to maintain return benefits of UAC-W1 holders not to be lower than the current one. The new exercise price was 5.5555 Baht per share and exercise ratio was 1 warrant: 1.35 shares (any fraction has been disregarded). The effective date was April 1, 2015.</li> <li>• UAC Advance Polymer &amp; Chemicals Co., Ltd. has increased its registered capital from Baht 50 million to be Baht 180 million to support for business operation and conform to condition of BOI.</li> <li>• The following projects of the Company have commenced their commercial operations: <ul style="list-style-type: none"> <li>- Solar PV Rooftop installed at Saha Thai Steel Pipe Public Co., Ltd. has commenced its commercial operation on June 2015.</li> <li>- Solar PV Rooftop installed at Wongbundit Co., Ltd. has commenced its commercial operation on July 2015.</li> <li>- Biogas power plant project at Mae Tang District, Chiang Mai has commenced its commercial operation on December 2015.</li> </ul> </li> <li>• The Meeting of the Board of Directors resolved to approve the acquisition of 2 power plants: Sao Thian A and Pra Du Thao, from Ratchburi Energy Co., Ltd., which has total generating capacity of 7 MW, at the amount of Baht 250 million (excluding VAT).</li> <li>• On December 31, 2015, UAC-W1 holders notified their intention to exercise their rights for 6,229,084 units, or accounting for the Company's shares of 8,374,915 shares, amounting to Baht 46,718,125. There are 84,767,021 remaining warrants, which made the registered capital of the Company amounted to Baht 315,937,050.50, dividing into 631,874,101 ordinary shares at par value of Baht 0.50.</li> </ul>
2016	<ul style="list-style-type: none"> <li>• The Company has been selected to participate in Corporate Sustainability Advisory Program, Class 2 from total 5 companies. This program has been supported by mai to develop knowledge on sustainable development to the listed companies in mai. In addition, the Company has been selected to receive "2016 Thailand Sustainability Investment: THSI" Award, where 51 listed companies have been selected and it was one of 6 listed companies in mai.</li> <li>• On January 29, 2016, which is the last exercised date of UAC-W1, UAC-W1 holders notified their intention to exercise their rights totaled 26,467,570 units, representing the Company's shares of 35,731,200 shares, accounting to Baht 198,504,685.35, which made the paid-up capital of the Company amounted to Baht 333,802,650.50, dividing into 667,605,301 ordinary shares at par value of Baht 0.50 per share.</li> <li>• On April 1, 2016, power plant business Sao Thian-A and Pra Du Thao, which locate at Kongkrait District, Sukhothai Province and have total generating capacity of approximately 7 MW, had been delivered from Ratchburi Energy Co., Ltd. to UAC Energy Co., Ltd. (the subsidiary).</li> <li>• The 2016 Annual General Meeting of Shareholders resolved to approve the capital increase under General Mandate of 200.28 million shares to issue and offer to right offering amounting to 133.52 million shares and private placement amounting to 66.76 million shares, including to issue and offer debentures in the amount of not exceeding Baht 1,000 million. The first offering date of debenture was made on May 26, 2016, at offering amount of Baht 500 million and at interest rate of 5.3% with objectives to repay short-term loan, invest in gas pipeline project and serve as working capital of the Company. Its maturity date is May 25, 2018.</li> </ul>

2016	<ul style="list-style-type: none"> <li>On May 19, 2016, the Company paid dividend in cash to its shareholders at the rate of Baht 0.10 per share, with total dividend payout of Baht 66,760,530.10, or accounting to 81 % of net profit after taxes and all required legal reserves.</li> <li>Registered capital of UAC Energy Co., Ltd. has been increased from Baht 70 million to Baht 90 million and Baht 95 million, respectively to support the acquisition of power plant business from Ratchburi Energy Co., Ltd.</li> <li>On June 17, 2016, the Company has purchased all of ordinary shares of UAC HYDRO from Hydrotek Public Co, Ltd. and the name of UAC HYDRO has changed back to UAC Utilities Co., Ltd. on July 25, 2016.</li> <li>The Company has been selected to be one of 30 listed companies in mai to participate in “Innovation Capability Promotion of the Listed Companies Program”, of the Stock Exchange of Thailand which has arranged by National Innovation Agency (NIA) and received “Total Innovation Management Award”, from presentation of the research and development work on chemical products of UAC Advance Polymer Co., Ltd. (UAPC).</li> <li>Bangchak Bio-fuel Company Limited (BBF), an associated company that the Company held 30% of its shares, has increased its generating capacity from 360,000 liters/day to 810,000 liters/day to support the increased demand and commercial operation of such increased capacity has been commenced on the 2nd quarter of 2016.</li> <li>The Company has cooperated with PTT Exploration and Production Public Co., Ltd. (PTTEP) on construction of natural gas pipeline from Sao Thian-A source to Petroleum Production Plant (PPP) to increase feedstock on producing compressed natural gas (CNG), liquefied petroleum gas (LPG) and natural gasoline (NGL), so that the plant could be operated at full capacity as per design. Commissioning test has been performed since July 2016 and the commercial operation has been commenced on August 2016.</li> <li>On December 16, 2016, UAC Energy Co., Ltd. (the Company’s subsidiary) has sold 2 of its solar PV rooftop projects, which have total generating capacity of 300 kW, installed at Bangkok Dec-con Public Co., Ltd. to Bangkok Dec-Con Public Co., Ltd.</li> <li>On December 20, 2016, UAC Utilities Co., Ltd. (the Company’s subsidiary), acquired shares of Odin Power Co., Ltd., at ratio of 10% of paid-up registered capital of Baht 200 million, to jointly invest in 3 MW power plant project to produce and supply electricity generated from waste in the Southern region and other projects in the future</li> </ul>
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## Details on business operations of the Company and its Subsidiaries are as follows:

### Import and Supply of Chemicals and Equipment for Industrial Use

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

Almost of the Company’s products have been supplied within the country through sale channels by sales teams who have skills and expertise in each group of products who can provide recommendations, plan about application of products which are corresponding to requirements of the customers, including provision of after sales services. Most of the Company’ customers are large infrastructure industrial manufacturers of the country, such as oil refinery, gas separation plant and petrochemical plants and more. The Company is a distributor of more than 30 world’s leading manufacturers and domestic manufacturers, i.e. UOP LLC, PALL Corporation and TOC GLYCOL and the products supplied include adsorbent and molecular sieve products, filtration products and etc. since 1995 continually including at present time. The Company is also a distributor of Monoethylene Glycol (MEG) and Diethylene Glycol (DEG) to be used in painting industries and solvents in textiles industries, plastic pellet, bottle and resin production plants since 2006 including at present time. Additionally, the Company is also a distributor of various



manufacturers for supplying catalyst, additives and chemicals in petrochemical industry, lubricant oil production industry, production of lubricant oil for metal works, glue manufacturing, bio-diesel production and vegetable oil production and more.

### Products and services

The Company engages in business of import and supply of chemicals and equipments used in various industries, such as, natural gas exploration and projection industry, petroleum refinery, lubricant oil production plant, polymer and plastic industrial plant, chemical industrial plant, power plant and utilities and etc. Products and services supplied by the Company can be classified into 4 groups according to nature of business and services of the customers as follows:

- 1) Products in Energy and Petroleum Group, such as :
  - Off-shore natural gas production, refineries and upstream petrochemicals group
  - Liquid chemicals, Power & Utilities
  - Emission & waste management
- 2) Product in Industrial Group, such as:
  - Chemical and solvent products
  - Base oil and additives
- 3) Other products, i.e. crude glycerin, refined glycerin and other export products
- 4) Provision of services, such as consultancy and coordination services for design of manufacturing process, refineries, petrochemical refineries plant and other industries, including service on turnkey construction and installation.

### Warehouse and transportation of products to customers

The Company has 2 warehouses with details as follows:

1. Rental warehouse located at No. 999 Moo 4, Soi Sermmit 99, Sukhumvit Road, Bangpoo Sub-district, Muang Samutphrakan District, Samutphrakan Province. It has been rented from a juristic person who is related to the Company with lease team of 1 year from January 1, 2016 - December 31, 2016. It is a warehouse building with utilization areas of 2,200 square meters on areas of 2 rais to store stocks of products and chemicals. Packages of chemicals stored in the Company have various sizes and all of them have Certificate of Acceptance (COA) from the manufacturers and are pending for delivery to the customers.
2. Rental warehouse located at No. 613/13, Songkhla-Chana Road, Moo 2, Pawong Sub-district, Muang District, Songkhla Province. It comprises of 1 warehouse building with approximately 300 square meters. It has been rented from the third party with lease team of 3 years, from March 1, 2014-February 28, 2017 to store chemical stock for customers in off-shore exploration group and natural gas production business group in the Gulf of Thailand.

The Company supplies products from such warehouses to its customers by using various sizes of trucks hired from the third party transportation operators which have been registered to certify safety operation under the standards of Department of Industrial Works. For safety of the warehouse, the Company has employed security guards to station at the warehouse 24 hours a day. Hazardous chemicals shall be divided by chemical type and stored as per prescribed by laws with the hazardous control officer in the warehouse. The Company shall not allow any third party or any person even its employees whose duties are not related to such warehouse to enter into the warehouse without a permit. In addition, the Company has executed an insurance to cover goods stored in the warehouse in case of accident during storage period or from operations as well as having insurance for goods during transportation to the customers as well.

## Quality and standards of products supplied

The Company places importance on quality and standards of the products supplied to ensure that they are in compliance with specifications agreed with the customers. Chemicals that the Company orders from the manufacturer shall be packed in closed drum with Certificate of Acceptance (COA) from the manufacturer before they are shipped to the Company. The Company shall supply such chemicals in closed drum with COA to the customers without opening the drum to ensure that the customer shall receive products with complete quality and standards from the manufacturers. In case the chemicals are transported in bulk and not in a closed drum, when they arrived at the port, they shall be inspected by the Surveyor employed by the Company on the ship (before disembark from the ship), and its quality shall be inspected once again after they have been transported into the storage tank.

In addition, the Company has been certified on ISO 9001:2008 Quality Management System Standards from SGS (Thailand) Co., Ltd. for import and distribution of chemicals, adsorbent, catalysts, filter and equipment used in oil, energy, petrochemicals and utilities business.

## Characteristics of the customers and target customers

The Company's customer groups are manufacturers in various industries which need chemicals and equipment to use in their production process. Main customer groups of the Company are the manufacturers in infrastructure industries of the country, i.e. gas separation plant, oil refinery, petrochemicals and etc. Products sold by the Company can be used variedly, depending on application requirements of the customers. Target customers can be divided by service & products characteristics into 4 groups as follows:

Product and Service Groups	Target Customers
<b>1. Products in Energy and Petroleum Group</b>	
★ Offshore, Refinery and Upstream Petrochemicals	Drilling and production unit of natural gas and petroleum products both onshore and offshore, gas separation plant, petrochemical plants, ethylene plant, aromatics plant and contractors of oil refinery and petrochemicals plants.
★ Liquid Chemicals, Power & Utilities	Oil refinery, petrochemical plant, plastic pallet plant, aromatics plant, olefins plants, power plant and tap water production plant.
★ Emission & Waste Management	All types of industrial plants
<b>2. Products in Industrial Group</b>	
★ Chemical & Solvent Products	Intermediate chemicals plant which produce chemicals for continuous industries, such as production plant for shampoo, fabric softener, detergent; paint, cement and printing ink industry and etc.
★ Base oil and Additives	Lubricant mixing plant, biodiesel production plant, glue manufacturing plant, vegetable oil production plant, metal lubricant oil production plant and etc.
<b>3. Other products</b> , i.e. Crude Glycerin and other products	Pure glycerin production plants in foreign countries.
<b>4. Service provision</b>	
★ Provision of consultancy and coordination services for design of manufacturing process.	Groups of refineries & petrochemical plant, alternative energy & renewable energy
★ Turnkey construction and installation	All types of industrial plants

The Company always has good relationship with the customers and new products has been sought continually to respond to the customers' needs. Apart from selling various types of products and equipment, the Company also provides related consultancy and after-sales-services to the customers. The Company places importance on quality of products and on time

delivery and commits to improve work operations continually by conducting satisfactory survey with the customers regularly, and the results gained shall be used to improve our operation. The Company also provides suggestions and jointly plans with the customers to enhance efficiency of service provision, as well as completely complies with conditions, criteria and requirements of the customers, so the Company has always been trusted by the customers.

### Pricing policy

Pricing policy used by the Company is cost plus pricing and selling price must be flexible pursuant to market prices of each type of products. Most of chemicals products supplied by the Company are products of crude oil refinery process and petrochemical productions. Pricing mechanism of products or product costs of the Company shall be defined and fluctuated by pricing condition of oil and petrochemicals. Consequently, product pricing must be flexible and suitable with nature of each product, target group of customer, quantity and value of purchasing order and it must also be able to compete with other competitors in the market and at the same time it must be able to maintain adequate margin to support expenses on sales, management and operations.

### Distribution and distribution channel

Almost of the Company's products are sold within the country by the Company's sales team who work in head office in Bangkok and branch office in Rayong Province. Sales team shall divide responsibility into each product group, and shall contact, take care of customers' requirements and present products directly. They also contact with the manufacturers or the business partners continually, so that demand of the customers including details of products, tendency of quantity and pricing in the manufacturer's market, competitive environment in the market shall be acknowledged in advance for purposes of effective planning and fixing of product price.

Most of the products supplied by the Company have received purchase order from the customers in advance with preparation period for purchasing and delivery process as per agreed schedule. The customers usually specify their requirements, standards, sources or manufacturers for the Company, so that the Company can procure the products in accordance with their requirements, including propose price and sales conditions in bidding nature. Most of the products supplied are products which are made from the manufacturers trusted by the customers and corresponding to the customers' production process standards which they have to use them continually.

### Procurement of products and services

Most of the products supplied by the Company have been imported from many manufacturers in foreign countries and most of them are world-class manufactures of leading chemicals products and equipment used in oil refinery and petrochemicals industries. The Company has a policy to focus on distribute and being a distributor of the products with good quality and standards that conform to requirements of the customers, with clear process on selection of product, COA, source and details of products, i.e. type of chemicals, chemicals compounds, chemical hazardous preventive and corrective action and etc. The business partners who supply the products to the Company must register with the Company and the Company shall regularly review such list for effective operations and creation of confidence on the product supplied.

The Company plans about purchase order for products to be supplied to the customers in advance in the appropriated amount by taking into consideration market trends, requirements of the customers in each period and inventory amount. Reasons are that the Company can prepare products adequately for such supply, can reduce loss from opportunity loss due to shortfall amount of inventory or inability to supply products on time and sufficiently with the customers' demand. At the same time, the inventory kept in the warehouse must be controlled in suitable level and it should not be kept in warehouse for a lengthy period of time that it can cause burdens to the Company.

The Company is a distributor and agent of products in each product group for the following manufacturers:

Product and Service Group	Manufacturer/Distributor
<b>1. Product in Energy and Petroleum group</b>	
★ Offshore, Refinery and Upstream Petrochemicals	UOP LLC PALL Corporation Filtration and Separations (Thailand) Ltd. INEOS Oxide Nikki Universal Co., Ltd.
★ Liquid Chemicals, Power & Utilities	UOP LLC Nippon Ketjen Co., Ltd. Albemarle Asia Pacific Dorf Ketal Chemicals PALL Corporation Filtration and Separations Brüel & KjærVibro A/S
★ Emission & Waste Management	Donau Carbon Nikki Universal Honeywell UOP
<b>2. Products in Industrial Group</b>	
★ Chemical and Solvent Products	TOC Glycol Co., Ltd. INEOS Oxide Clariant Chemical
★ Base oil and Additives	Neste Oil (Suisse) S.A. Daelim Corporation Clariant Chemical Johnson Matthey
<b>3. Other products, i.e. crude glycerin and sales of other products.</b>	Bangchak Biofuel Co., Ltd.
<b>4. Provision of services,</b>	
★ Provision of consultancy and coordination services for design of manufacturing process	UOP LLC Vogelbusch GmbH
★ Turnkey construction and installation	PALL Corporation Filtration Separation Manoir Industries

## Investment in renewable and alternative energy industry

### 1. Petroleum Production Project (PPP)

The Company invested in the Petroleum Production Project (PPP) in Sukhothai Province. The production process uses residue gas which is by-product from oil drilling from Burapa-A production platform of Siam Moeko Co., Ltd. (which is not the connected person of the Company) that obtains the petroleum concession in Burapa source, Kongkrailat District, Sukhothai Province from the Ministry of Energy to transform into various petroleum products which can be used as fuels, such as

- 1). Compressed Natural Gas (CNG),
- 2). Liquefied Petroleum Gas (LPG),
- 3). Natural Gasoline (NGL), and
- 4). Fuel Gas

The project has 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 for this project is approximately 620 million Baht. The commissioning test has been commenced since January 2014 and sales of LPG and NGL had been started since May 2014, while sales of CNG had been started on November 2014.

In 2016, the Company has invested Baht 110 million in construction project of 7 KM natural gas pipeline between Petroleum Production Plant (PPP) and Sao Thian-A power plant to receive associated gas, which is by-product from manufacturing of petroleum from Sao Thian-A platform of PTT Exploration and Production Public Co., Ltd. (which is not the Company's connected person) at Kongkrait District, Sukhothai Province to increase the generating capacity. The construction has been commenced on February 2, 2016 and completed on June 30, 2016. The commissioning test has been performed since July 2016 and commercial operation date has commenced since August 2016.

### Characteristics of products or services

The production process uses associated gas which is by-product from oil drilling from Burapa-A production platform of Siam Moeko Co., Ltd. and Sao Thian-A platform of PTT Exploration and Production Public Co., Ltd. which obtain petroleum concession in Burapa source and Sao Thian-A source, Kongkrait District, Sukhothai Province from the Ministry of Energy to transform into various petroleum products which can be used as fuels, such as 1) Compressed Natural Gas (CNG), 2) Liquefied Petroleum Gas (LPG), 3) Natural Gasoline (NGL), and 4) Fuel Gas, as fuel for Sao Thian-A power plant of UTC Energy Co., Ltd.. Revenue of the existing part could be recognized continually since the 1st quarter of 2016 while revenue from the expansion phase which received gas from Sao Thian-A platform could be recognized since the 3rd quarter of 2016. The Company has realized continued revenue from the first quarter of 2016 for the existing phase and realized revenue from the expansion phase which received gas from Sao Thien-A source since the third quarter of 2016. The production process of petroleum product from the plant at Kongkrait District, Sukhothai Province uses benefits from associated gas which is by-product from oil drilling from Burapa-A production platform of Siam Moeko Co., Ltd., and Sao Tien A platform of PTT Exploration and Production Public Co., Ltd. Hence, it can help reduce pollution and destruction of environmental conditions which have impact to the communities and the environment located in nearby areas.

### Project Site



**Location of the project, Kongkrait District, Sukhothai Province**



### Pricing policy

Pricing is pursuant to the pricing formula jointly determined in the Purchase and Sales Agreement between the Company and the purchaser, which is PTT Public Co., Ltd., a fuel trader pursuant to Section 7 of Fuel Trade Act B.E. 2543 (2000) by referring to the main factors, such as prices of fuel oils, inflation rate, electricity charge and etc., which is the selling price in front of petroleum production plant.

Selling price of liquefied petroleum gas (LPG) is pursuant to the pricing formula of the Energy Policy Executive Board including local government tax + excise tax + remittance to or reimbursement from Oil Fund. The Purchaser must register to be the fuel trader pursuant to Section 7 of Fuel Trade Act B.E. 2543 (2000) by referring to the main factors, such as prices of fuel oils, inflation rate, electricity charge and etc., which is the selling price in front of petroleum production plant.

Selling price of natural gasoline (NGL) is pursuant to the pricing formula agreed between USAC Global Public Co., Ltd and the purchaser, the fuel trader pursuant to Section 7 of Fuel Trade Act B.E. 2543 (2000) by referring to the main factors, such crude oil price in the world market.

### Distribution and distribution channel

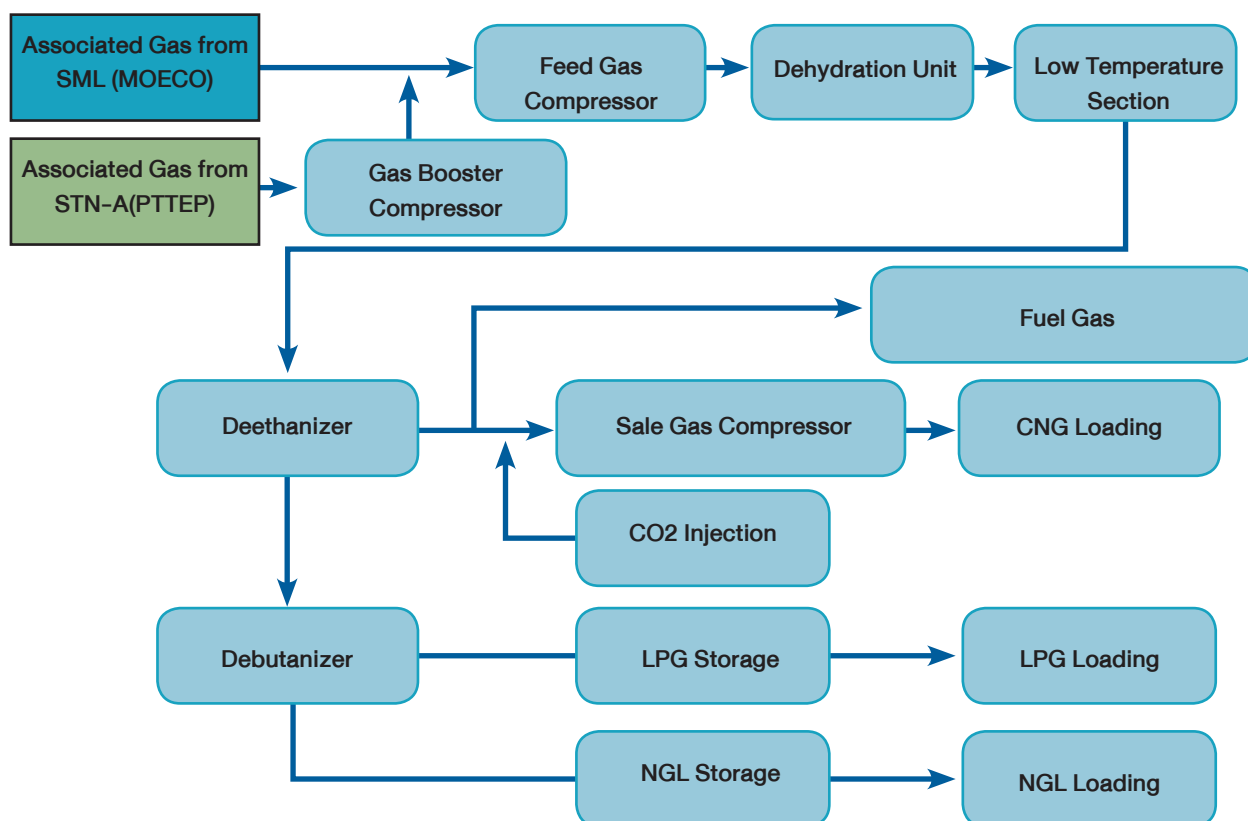
The Company shall sell all of CNG produced from PPP plant in Kongkrait District, Sukhothai Province to PTT Public Co., Ltd. only. The Company has entered into the contract to produce CNG for deliver and sale to PTT at the prices specified in the contract. The Company sells LPG to the fuel trader pursuant to Section 7 and sells NGL to the domestic operators of solvent.



### Production Process

Manufacturing technique used by PPP Project is Refrigerant Process or Dew Point Control Unit (DCPU), a dew point control unit to control quality of natural gas, which is a process generally used by the gas separation plants to control quality of natural gas as it is suitable with the small gas source. Main principle of gas production process is to increase pressure through dehumidifier and reduce temperature of natural gas to condense and turn part of gas into liquid. Then liquid gas will be separated at the refinery tower in order to become the petroleum product, i.e. CNG, LPG, NGL and Fuel Gas.





## 2. Generation and distribution of electricity from solar power

UAC Energy and SERP, the Company's subsidiaries, invested in 4 construction projects of solar power from Solar PV Rooftop with Metropolitan Electricity Authority and Provincial Electricity Authority. All of 4 projects have commenced commercial operation with total generating capacity of 2 MW and have recognized revenue since the 3rd of quarter of 2014.

On December 16, 2016, UAC Energy has sold 2 of its Solar PV Rooftop projects, which has total generating capacity of 300 kW, installed at Bangkok Dec-con Public Co., Ltd. to Bangkok Dec-Con Public Co., Ltd.

### Characteristics of products or services

Produce and supply electricity from renewable energy in form of solar PV rooftop.

### Location of the Project



### Location of 2 projects: Bangkok Dec-con Public Co., Ltd., Nonthaburi Province by UAC Energy

(The project has been transferred and sold to Bangkok Dec-Con Public Co., Ltd. on December 16, 2016)



### Project Location: Saha Thai Steel Pipe Public Co., Ltd., Samut Prakarn Province by UAC Energy



**Project Location: Wong Bundit Co., Ltd., Surat Thani Province, which invested by SERP**

### Characteristics of products or services

Direct customers of the Company for distribution of electrical energy is Metropolitan Electricity Authority and Provincial Electricity Authority

### Pricing policy

Pricing policy of electricity shall be as per specified by Metropolitan Electricity Authority or Provincial Electricity Authority which shall be Feed in Tariff (FIT) throughout the contract term of 25 years.

## 3. Power Generation from Fuel Gas and Associated Gas

On June 1, 2015, the Board of Directors of UAC Global Public Co., Ltd. has approved UAC Energy Co., Ltd. (its Subsidiary) to acquire 2 power plants, Sao Thian-A power plant and Pra Du Thao power plant, from Ratchburi Energy Co., Ltd. at total value of Baht 205 million. Sao Thian-A power plant is located at Moo 11, Nongsaothien Tai Village, Krainai Sub-district, Kongkraitat District, Sukhothai Province while Pra Du Thao power plant is located at Moo. 11, Thammaikrai Village, Kong Sub-district, Kongkraitat District, Sukhothai Province. Business transfer of such 2 power plants have been completed on April 1, 2016, and UAC Energy Co., Ltd. can recognize revenue from electricity supply immediately from the business transfer date, so it can generate long-term revenues to the Company.

Sao Thian-A power plant has generating capacity of 3.9 MW and its uses fuel gas, by-product from gas separation process of Petroleum Production Plant (PPP) and associated gas of Sao Thian-A crude oil production well of PTT Exploration and Production Public Co., Ltd, which has been granted concession from Energy Ministry in Sao Thian-A Source, Kongkraitat District, Sukhothai Province, as its fuel to produce electricity. Such electricity will be supplied to distribution and transmission system of Provincial Electricity Authority with generating capacity of approximately 3,650 MW per year.

Pra Du Thao Power Plant has generating capacity of 3.0 MW and its uses associated gas, by-product from Pra Du Thao-A crude oil production well of PTT Exploration and Production Public Co., Ltd, which has been granted concession from Energy Ministry in Pra Du Thao Source, Kongkraitat District, Sukhothai Province, as its fuel to produce electricity. Such electricity is supplied to distribution and transmission system of Electricity Generating Authority of Thailand (EGAT) and Provincial Electricity Authority with generating capacity of approximately 7,200 MW per year.



### Characteristics of products or services

Products of Sao Thian-A power plant and Pra Du Thao-A power plant are electricity which is supplied to Provincial Electricity Authority (PEA) for Sao Thian-A power plant and supplied to Electricity Generating Authority of Thailand (EGAT) and Provincial Electricity Authority for Pra Du Thao-A power plant.

### Power Plant Site



**Location of Sao Thian-A power plant, Kongkrait District, Sukhothai Province**



**Location of Pra Du Thao power plant, Kongkrait District, Sukhothai Province**

### Pricing Policy

Electricity selling will be as per Regulations on Power Purchase from Small Power Producers which has been jointly specified in Non-Firm Power Purchase Agreement between the Company and the Purchaser, which is Electricity Generating Authority of Thailand (EGAT) and Provincial Electricity Authority (PEA).

### Distribution and distribution channel

The Company sells all of its generated electricity through transformer and into transmission system of Electricity Generating Authority of Thailand (EGAT) and Provincial Electricity Authority (PEA) where determination of purchase price is as per Regulations on Power Purchase from Small Power Producers.

#### 4. Electricity generation from biogas by using energy crops (Napier grass)

The Company invested in one 1.5 MWp biogas power plant which uses energy crop (Napier grass) as main raw material in Mae Tang District, Chiang Mai Province which commenced its commercial operation on December 2015. In addition, UAC TPT also invested in 2 projects in Phuphaman District, Khon Kaen Province where construction is nearly completed. Generating capacity of each project is 1.5 MWp. It is now under requesting for electricity selling permit from Provincial Electricity Authority and it is expected that the commercial operation date can be commenced on the 4th quarter of 2017, so total generating capacity of these plants will be 4.5 MWp, however, it will depend on policy and consideration of the public sector agencies.

##### Biogas Plant for electricity generation from Napier grass as raw materials, Mae Tang

Mae Tang Biogas Power Plant which uses Napier grass as raw material is located in Mae Tang District, Chiangmai Province on the leased land near pig farm of Mongkol and Sons Farm (who is not the Company's connected person). It has area of approximately 15 rai and generates electricity from biogas which is obtained from fertilization of energy crop (Napier grass). Its maximum capacity has been designed to produce 1.5 MWp. Such power plant has been certified on ISO 9001:2015 Quality Management Systems from SGS (Thailand) Co., Ltd. on December 2016.

##### Location of the Project



**Project Location: Mae Tang District, Chiang Mai Province**



### Characteristics of products or services

Maximum electrical energy at 1.0 MWp at voltage of 22,000 volts and frequency of 50 Hz, which has been obtained from fertilization of energy crops to generate methane gas at approximately 50-55%, then supplied to the generator from biogas.

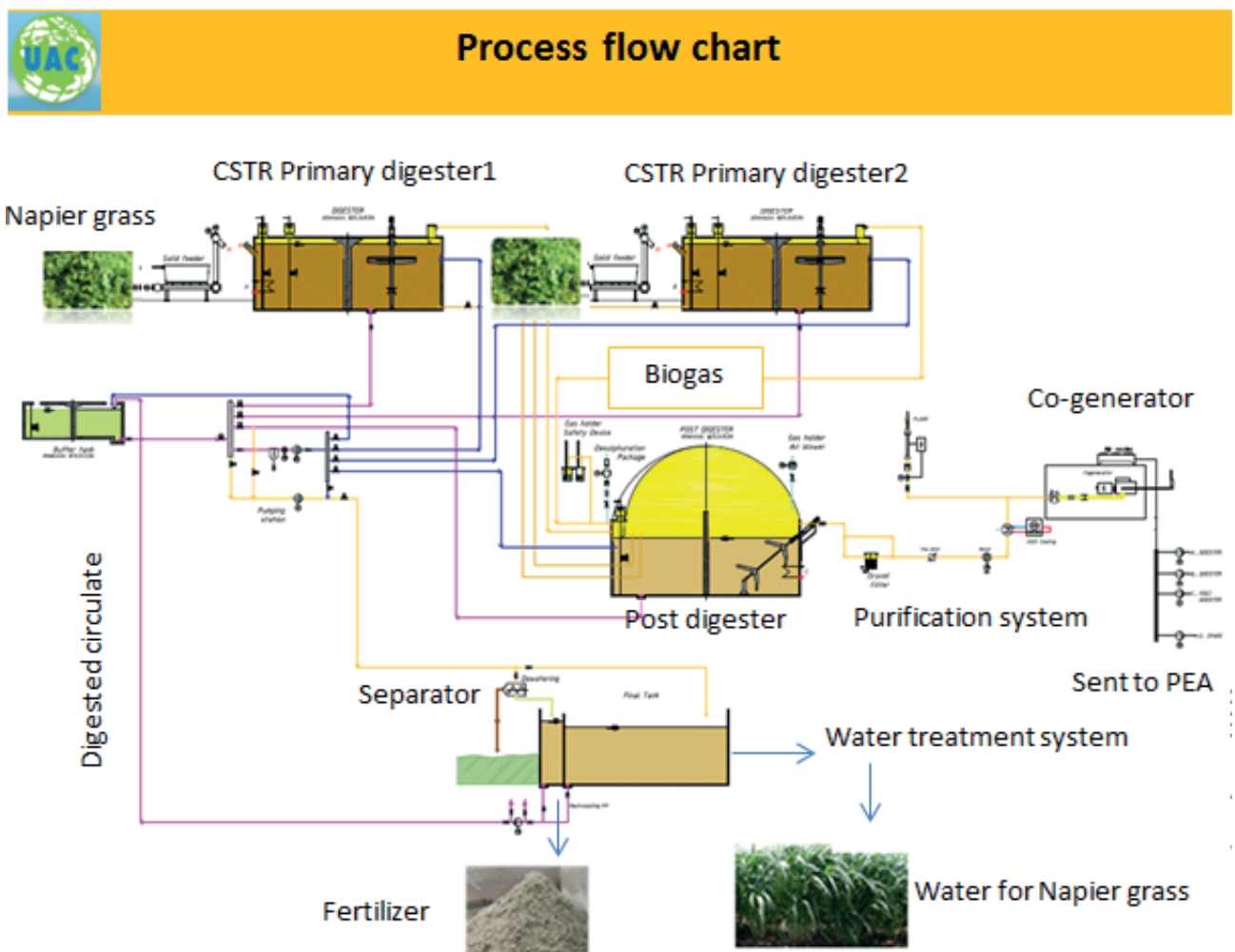
### Characteristics of customers and target customers

Direct customer of the Company for distribution of electrical energy is Provincial Electricity Authority (PEA) only because the biogas plant for electricity generation from energy crop of the Company was the project which has been initiated with the cooperation of the government sector by the Energy Plan and Policy Office (EPPO), Ministry of Energy pursuant to "Biogas Technology Promotion for Industrial Plant" project to promote the use of energy crops and transform to biogas to be used as renewable energy in the form of thermal and electricity.

### Pricing policy

Pricing policy of electricity shall be as per Notification of the Energy Regulatory Commission Re: Purchase of electricity from renewable energy (excluding solar energy) at "FiT" or "Feed in tariff" for very small power producer (VSPP) from renewable energy with the contract term of 20 years.

### Production process





## 5. Compressed Bio-methane Gas (CBG) Project

CBG is one of renewable energy project that can support usage of renewable energy pursuant to the main policy of the Ministry of Energy. This project is located in Mae Tang District, Chiangmai Province on the leased land near the pig farm of Mongkol and Sons Farm Co., Ltd. (which is not the connected person of the Company) covering areas of 11 rai 1 ngan. CBG produced from waste from such pig farm shall be used as fuel for vehicle fuel to replace NGV.

The construction of this project has been completed and it can produce CBG which has qualification equivalent to NGV for vehicle pursuant to the notification of the Department of Energy Business. It has been designed to have production capacity of approximately 6 tons per day or approximately 2,160 tons per year, however at present, its generating capacity is 1,100 tons per year.

In addition, the project has been granted promotional privileges from the Board of Investment on March 16, 2010. Privileges granted are exemption of corporate income tax on net profit for a period of 8 years commencing as from the date of earning operating income and a 50% reduction of corporate income tax of net profit derived from the promoted operations for a period of 5 years after the tax-exemption period ends. The Company realized revenues from sales of CBG at its plant in Mae Tang Plant, Chiangmai Province since August 2013. This project has also been certified on ISO 9001: 2008 Quality Management Systems from SGS (Thailand) Co., Ltd. on May 2015 and also ISO 9001:2015 Quality Management Systems from SGS (Thailand) Co., Ltd. on December 2016.

### Characteristics of products or services

Compressed Bio-methane Gas or CBG is produced by improving quality of biogas by reducing carbon dioxide (CO<sub>2</sub>), hydrogen sulfide (H<sub>2</sub>S) and humidity until amount of methane (CH<sub>4</sub>) has increased. Its qualification is equivalent to Natural Gas for Vehicle (NGV) or Compressed Natural Gas (CNG) which has biogas production system then compressed it in high pressure tank to be used as fuel for vehicle to replace usage of NGV. CBG produced by the Company has qualifications equal to those of NGV pursuant to the notification of the Department of Energy Business.

### Location of the Project



**Location of the project in Mae Tang District, Chiang Mai Province**

The first CBG project of the Company is located in Mae Tang District, Chiang Mai Province. It is approximately 2 kilometers far from the communities and located on the leased land with areas of 11 rai 5 ngan near the pig farm of Mongkol and Sons Farm Co., Ltd. (which is not the connected person of the Company). The Company has entered into the lease contract on August 1, 2011 with term of 18 years (August 1, 2011 to July 31, 2029).

### Characteristics of customers and target customers

Direct customer of the Company is PTT Public Co., Ltd. (PTT) only because the CBG project has been initiated with the cooperation with PTT due to the restrictions of PTT on expansion of NGV gas stations which must be located around the natural gas pipeline areas and high transportation cost when transporting NGV to the remote areas. On May 14, 2010, the Company and PTT have entered into the Memorandum of Understanding in the “Experiment Project for Development of Biogas from Animal Excrement for Communication in Chiangmai Province” with PTT to produce CBG for usage in vehicle in replacement of NGV. The Company and PTT signed in CBG purchase and sales agreement on April 5, 2011 where PTT shall purchase CBG from the Company in the appropriated price to resell as fuel for vehicle to the PTT gas stations in the areas which are far from the natural gas pipeline and the main NGV gas stations for 15 years.

### Pricing policy

Pricing of CBG is pursuant to the pricing formula jointly determined in the CBG Purchase and Sales Agreement between the Company and PTT by referring to the main factors, such as prices of fuel oils, inflation rate and electricity charge and etc.

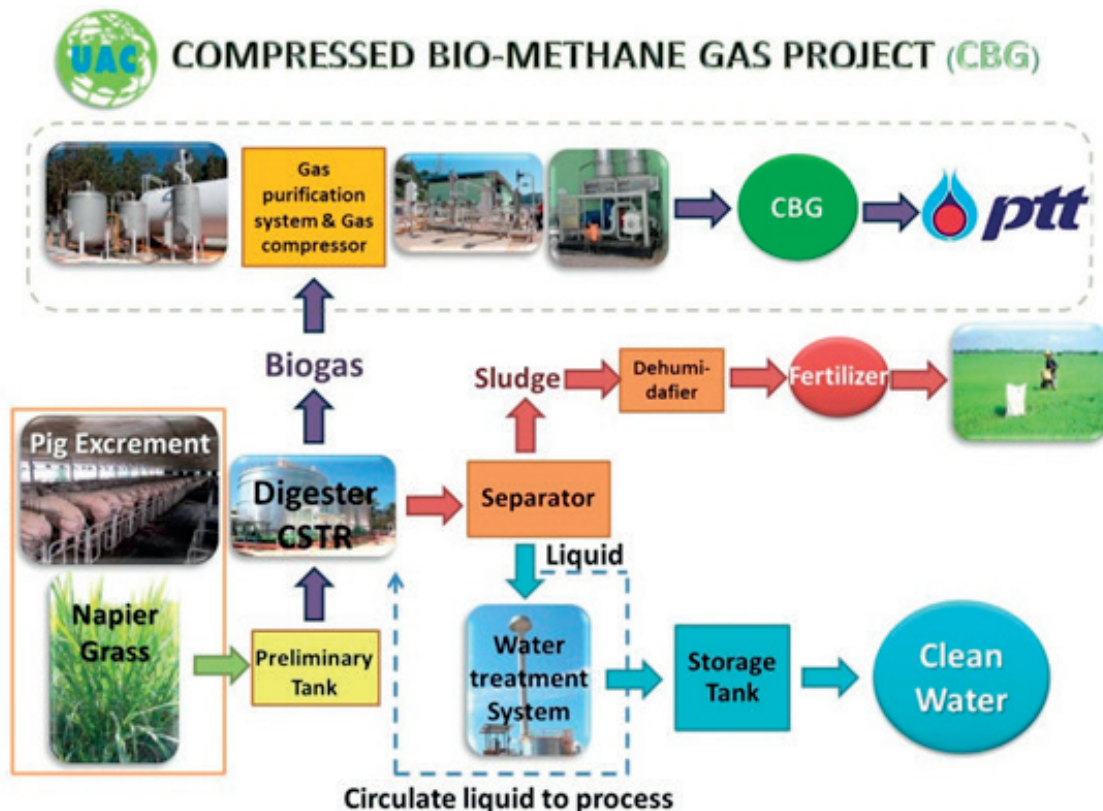
### Distribution and distribution channel

The Company sells all of CBG produced from CBG plant in Mae Tang District, Chiang Mai Province to PTT only. The Company has entered into the contract to produce CBG for deliver and sale to PTT for a period of 15 years. PTT shall purchase all of CBG produced at the prices specified in the agreement to resell to the PTT gas stations which are located in areas closed to the Company's plant.

### Production Process

CBG project of the Company uses gas production technology from Germany and pretreatment process technology from the United States of America to produce Compressed Bio-methane Gas that can be used as fuel in transportation.

CBG production process has connected with biogas pipes from pig farm of Mongkol and Sons which is located nearly to produce CBG, and it has been designed to have production capacity of approximately 6 tons per day or approximately 2,160 tons per year.



## 6. Production and distribution of biodiesel

Bangchak Biofuel Company Limited (BBF) is an associated company which engages in business of production, distribution and sales of biodiesel (B100) which is liquefied fuel to be used as mixture with some part of diesel oil obtained from petroleum production process to produce various types of biodiesel fuels, i.e. Biodiesel B7<sup>1</sup> or B10 and etc.

BBF has been granted investment privilege from the Board of Investment under biodiesel production business, activity 1.26: Manufacture of alcohol or fuel from agricultural products including scrap, garbage and/or waste pursuant to promotion certificate no. 1485(9)/2551 on October 17, 2007. The important privilege granted is exemption of corporate income tax on net profit for a period of 8 years commencing as from the date of earning operating income.

BBF has commenced its commercial operation in December 2009 to produce biodiesel. Its plant site is located closed to Bang Pa-In Tank Farm of BCP in Phra Nakorn Sri Ayudhya Province. Its main raw material is crude palm oil which must undergo chemical process called transesterification process by making palm oil interact with alcohol, i.e. methanol with as alkaline as catalyst until it generates ester which has property closed to diesel called “biodiesel” or “B100”. At present, the plant has expanded at maximum production capacity by investing in Factory 2 which is located in the same area of the Factory 1 to increase additional production capacity of 450,000 liters per days, to be 810,000 liters per day in total in order to respond to the increased demand of biodiesel and it recognized revenue on the 2nd quarter of 2016. This plant also has crude glycerin (minimum 80% purity), by-product from biodiesel production process, which can be used to produce the products in upstream industry of other chemical products apart from usage in food, medicine and cosmetics industry.

All of biodiesel products produced from BBF are supplied within the country and most of them are supplied to BCP, its parent company, to mix with diesel oil at various ratios to further supply to oil users and the remaining portions shall be supplied to other oil traders. According to B100 Biodiesel purchase and sales contract between BBF and BCP, BCP is obligated to purchase at least 60 percent of total biodiesel products produced by BBF. While crude glycerin, a by-product of biodiesel production, shall be sold to the major traders both within and outside the country including the Company.

### Production and Distribution Business of Latex Emulsion and Latex Polymer

UAC Advance Polymer & Chemicals Co., Ltd. (UAPC), a subsidiary, has been established on January 21, 2015, in which the Company held 99.97%, to accept the entire business transfer from Advance Polymer & Chemicals Co., Ltd. (APC) on April 30, 2015. UAPC engages in manufacturing selling of chemicals, mainly latex emulsion and latex polymer for use in various industries, such as:

- Painting and coating
- Ink and printing
- Synthetic materials to be used as raw material in production of textiles and apparel
- Adhesives and adhesive tape
- Paper and packaging

At present, most of the products are sold domestically. Maximum production capacity of APC is 27,750 tons per year, but currently, APC utilizes only 40% of total production capacity, so APC has high potential to expand customer-base to generate more revenue to the Company in the future. In addition APC has been granted BOI promotion privileges on category of manufacturing of polymer solution and polymer emulsion from the Board of Investment (BOI). Such benefits included exemption of corporate income tax for 8 years beginning from the date starting to have income. In case of loss, such loss can be deducted from annual net profit after the expiration of corporate income tax exemption period for 5 years. Hence, it will be good opportunity to expand production capacity to support for customer-base domestically and internationally, particularly in CLMV countries, which are now rapidly expanded and have high demand on public utility.

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<sup>1</sup> B7 biodiesel is high speed diesel mixed with 7% biodiesel which is produced from B100 biodiesel at ratio of 7 percent and diesel oil of 93 percent.



### Location of the company and the plant

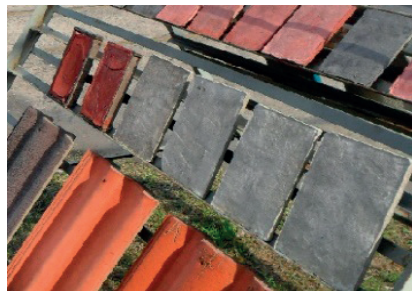
Headquarter of UAPC is located at No. 1, TP&T Tower, 21st floor, Soi Vibhavadi-rangsit 19, Vibhavadi-rangsit Road, Chatuchak Sub-district, Chatuchak District, Bangkok. UAPC owns 1 manufacturing plant and 1 warehouse, with details as follows:

- **Manufacturing plant:** No. 50 Moo 3, Sikhio-Chaiyaphum Road (Highway No. 201), Sikhio Sub-district, Sikhio District, Nakhon Ratchasima Province. It has total areas of 14-3-80 rai.
- **Warehouse:** No. 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



### Characteristic of products or services

UPAC engages in manufacturing and selling of chemicals, mainly latex (emulsion and polymer) for use in various industries, such as painting and coating, ink and painting, synthetic material to be used as raw material in production of textiles and apparel, adhesives and adhesive tape, paper and packaging. UAPC has also been certified on ISO 9001:2008 Quality Management System Standards.



### Characteristic of customer and target customers

Most of UAPC's products or approximately 99% are sold domestically to the manufacturers in painting and coating industry. Top 3 customers are:

- Mahaphant Fibre Cement Public Co., Ltd., the manufacturer and seller of fiber cement building boards and SHERA roof tiles and etc.
- Akzo Nobel Paints (Thailand) Limited, the manufacturer and seller of Dulux Paint, and
- J.B.P. International Paint Co., Ltd. the manufacturer and seller of JBP Paint.

However with its expertise and potentials, UAPC planned to expand business and customer-base into CLMV countries, which are now having fast development with high demand on utilities. It will expand production capacity pursuant to the existing BOI promotion privilege and it is expected that such business expansion will be completed within 2017.

## Engineering, Procurement and Construction : EPC and Operation & Maintenance : O&M

- Sebigas UAC Co., Ltd., an associated company, is a joint venture between UAC Energy Co., Ltd., a subsidiary, and Sebigas S.p.A., Italy which engages in electrical energy and biogas production business, as well as has expertise on EPC contract for biogas power plant for more than 50 projects in Europe. This company was established on October 4, 2013 with objectives to operate EPC contract for biogas plant and other energy plants, both in Thailand and countries in South East Asia.
- Enerray UAC (Thailand) Co., Ltd., an associated company, is a joint venture between UAC Energy Co., Ltd., a subsidiary, and Enerray S.p.A, Italy which has expertise on EPC contractor of solar energy power plant in Europe. This company was established on March 15, 2016 with objectives to operate EPC contractor for solar energy power plant and Operation & Maintenance (O&M) services both in Thailand and countries in Southeast Asia.

## Revenue Structure – Consolidated Financial Statement

(Unit: Million Baht)

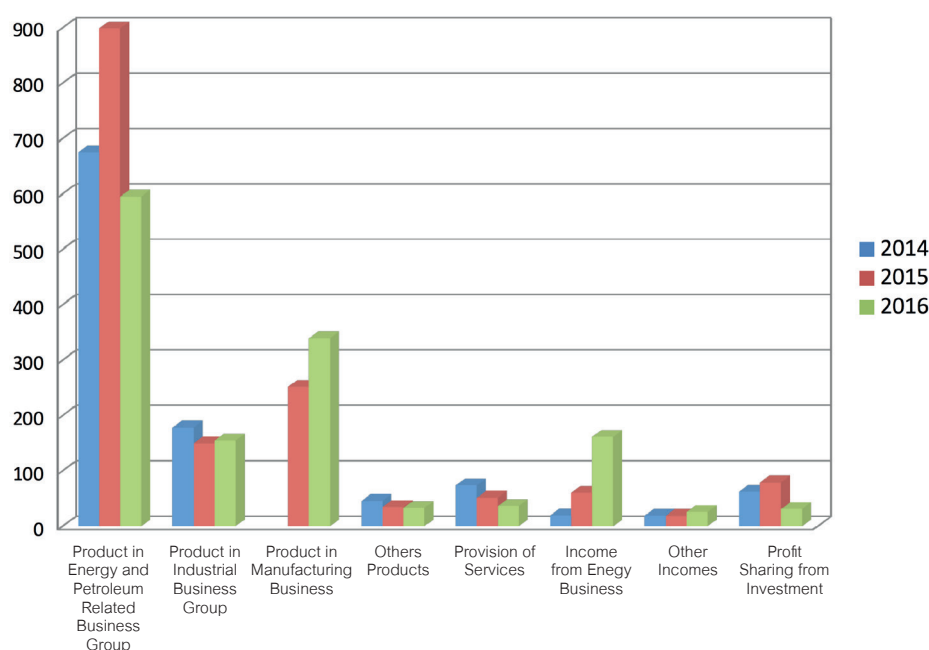
Type of Incomes	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Income from Sales						
1. Product in Energy and Petroleum Related Business Group	675.09	62.88	898.91	58.21	595.42	43.11
2. Products in Industrial Business Group	178.31	16.61	149.56	9.68	154.46	11.18
3. Products in Manufacturing Business			251.39	16.28	339.57	24.57
4. Other Products <sup>1/</sup>	45.85	4.27	34.72	2.25	33.03	2.39
5. Provision of Services <sup>2/</sup>	73.98	6.89	51.53	3.34	36.51	2.64
6. Income from Energy Business	19.39	1.81	60.26	3.90	161.55	11.70
<b>Total Incomes from Sales and Services</b>	<b>992.62</b>	<b>92.45</b>	<b>1,446.37</b>	<b>93.66</b>	<b>1,324.54</b>	<b>95.90</b>
Other Incomes <sup>3/</sup>	18.95	1.76	18.79	1.22	25.37	1.84
<b>Total</b>	<b>1,011.57</b>	<b>94.21</b>	<b>1,465.16</b>	<b>94.87</b>	<b>1,324.55</b>	<b>95.90</b>
Profit Sharing from Investment	62.13	5.79	79.19	5.13	31.19	2.26
<b>Total Incomes</b>	<b>1,073.70</b>	<b>100.00</b>	<b>1,544.35</b>	<b>100.00</b>	<b>1,381.10</b>	<b>100.00</b>

### Remark

<sup>1/</sup> Income from sales of Other Products are income received from import of crude glycerin and etc.

<sup>2/</sup> Income from EPC contract, installation service and consultant fee.

<sup>3/</sup> Other Incomes are commission from selling of products and services, interest income, gain from foreign exchange rate, proceeds from disposal of assets and others.





# Risk Factors

The Company realizes the importance of risk management under the changing conditions, both from internal and external factors, which might impact to business operation. Hence, the Company has appointed Risk Management Committee to arrange risks management systematically and will supervise the risk management of each business for maximum efficiency. Risk management working group has been appointed to undertake risk management, and the Company deems that risk management is duties of all employees and every business unit must manage and control risks to ensure they are in acceptable level. From continued risk management operations, risks in the previous year could be managed to be in the acceptable and appropriated level.

At present, the Company engaged in business of investment in clean energy and alternative energy industry including production, import and distribution of latex emulsions, chemicals and equipment used in off-shore natural gas exploration and production, oil refinery, upstream petrochemicals, engine oil lubricant manufacturing plant, polymer and plastic manufacturing plant, chemical industrial plant, garment industry, paint industry, paper industry, construction industry, power and utilities plant. The Company's associated company is engaging in the business of manufacturing, distribution and sale of biodiesel. The Company has risks relating on conducting its business operations as follows:

## 1. Strategic Risk

### 1.1 Strategic risks on business operations

The Company establishes business objectives on expansion of clean energy, chemicals and utilities with investment plants both domestically and internationally/abroad, as well as to seek for business opportunities on new investments. The Company may face risks from uncertainty of business environment, fluctuation of economic conditions, uncertainty of public policy on various aspects including fluctuation of raw material prices, amount of raw material and petrochemicals prices. Those risks may cause the Company to unable to achieve the operations as per strategic targets specified. Therefore, in order to reduce such risks, the Risk Management Committee has been arranged every year to jointly analyze future tendency of business environmental conditions, and business operation strategies have been reviewed and adjusted to make them in line with the changing business environmental conditions.

### 1.2 Risks from changes in government policy

The Company may have risk from a change in government policy because the government's policy on alternative energy may be slowed down or changed, even though the National Energy Policy Council resolved to approve the Alternative Energy Development Plan 2015-2036 (AEDP 2015) with goal to increase the proportion electricity generation from renewable energy in the form of electricity, heat and biofuels for 20 percent of power consumption or for 30 percent of total power consumption. In such case, it may impact new investment projects of the Company, so in order to reduce such risk and opportunity, the Company has assigned the responsible unit to monitor news and policy of the public sector closely in order to further jointly plan on direction of business operation and investment projects.

### 1.3 Risks resulting from technology change

At present, development and changes of technology occur rapidly and it causes new innovation that can lead to significant changes to development of the industries and business operations. Therefore, the entrepreneurs have to adjust work processes to make them conform to the changes in technology in order to respond to the needs of customer and partners. The Company places importance on information technology development in the organization in order to make it catch up to the changes, reduce risks and business opportunity loss and increase competitive edge of the organization. The Company has guidelines to improve and develop its information technology system to make it ready to support the expansion of work and new business to be occurred in the future, as well as to prepare readiness on security of information technology system to enhance efficiency and modernize the work. Moreover, the Company has policy to encourage the employees in all level to put emphasis on innovation to create sustainable growth.

## 1.4 Risks resulting in overseas business investment

The Company has plans to invest in clean energy, chemicals and utilities in CLMV countries to build up the current businesses and to increase opportunity of long-term growth. The Company may have risks from expansion of investments in such target countries as follows:

- Fluctuation of economic condition of the target countries,
- Fluctuation of foreign exchange rate,
- Change in government, investment support policy, law and regulations on taxes and others related to investment,
- Fluctuation of raw material price and product prices in the markets, and
- Potential and capability of the joint investor and partner.

In order to reduce such risks, the Company has conducted detailed study and analysis on laws, policy of public sectors and matters relevant to taxes, including the above mentioned factors to evaluate the impact which may impact investment. Analysis results will be used to consider on appropriated on investment.

## 2. Operation Risk

The Company may have operation risks and material ones are as follows:

### 2.1 Risks from engaging in business of procurement, import and distribution chemicals (Trading)

#### 2.1.1 Risks from Highly Dependent on Major Customers

The Company procures, imports and distributes chemicals and equipment used in key industries and most of them are national infrastructure manufacturers, such as gas separation plant, oil refinery and petrochemical plants. The Company's income derives from sale of products and renders of services to major customers and nature of business of most of the major customers can be divided into many business groups and demand of products of each group is diversified. The Company has separated process on orders, dealing and negotiation with each business group. Ratio of combined sales income from each major customer in each business was rather high when comparing with the Company's overall sales income.

The Company may have risks from dependent on major customers in some certain extents. However, when considering that such major customers require to use the Company's products on continued basis as some of them are essential for their manufacturing process and because the Company is a distributor of those products which are manufactured by the well-known and biggest manufacturers in foreign country which has been trusted by the customers, so demands for such products have increased consistently and continually. In addition, the Company has good relationship with such customers for many years and apart from selling various products and equipment, the Company's experienced sales teams who are knowledgeable in this field of business have also provided relevant consultancy service including after-sales-services. The Company has conducted customer satisfaction survey to improve services constantly. Moreover, the Company also provides suggestions and jointly plans with the customers to increase efficiency of services rendering as well as fully complies with the rules, criteria and requirements of the customers, so the Company is trusted by the customers all along. Besides, the Company has a policy to find new and additional customers to reduce too much dependence on any customer.

#### 2.1.2 Risks from Changes in Costs of Goods

Most of the chemical products distributed by the Company are products of petrochemical industries of which their prices are fluctuated pursuant to prices of crude oil in the world's markets and the petrochemical industrial conditions which have been changed in cycle. Such conditions make the Company has risks on cost of goods which might have unavoidably impact to margin of the Company. The Company keeps tracking movement of chemical product prices both domestically and overseas, as well as tendency of crude oil prices in the world market constantly in order to prepare itself for changes in cost of goods and to conduct sales and inventory management plan effectively.

However, such risks from changes in product prices in the world market can be restricted to some certain levels, because most of the Company's customers are in the petroleum and petrochemical business, so they have good and thorough understandings about conditions, trends and cycle of raw materials prices. Hence, the Company has flexibility in fixing selling prices of products if there is any change which can have impact to such product prices. Moreover, most of the products ordered or imported for distribution already have purchase orders from the customers or they are products with the annual purchase and sales contract and purchased prices have already been fixed.

### 2.1.3 Risks from Dependent on Principal Manufacturers

The Company imports and places orders on chemical products and equipment used in various industrial plants with the manufacturers from abroad and within the country. The Company is a distributor of 3 principal manufacturers, i.e. UOP LLC, PALL Corporation and TOC Glycol Co., Ltd., a subsidiary of PTT Chemicals Public Co., Ltd.

The Company has been appointed to be a distributor of products and equipment of such principal manufacturers and contract term of such distribution contracts is approximately 1-3 years with clearly conditions on the contract renewal. Nonetheless, the Company may have risk if such manufacturer does not renew the contract or terminates the contract upon the expiry term which can make the Company loses income from being the distributors of such products.

During the past period, the Company can keep good relationship and has been trusted by those companies continually. The Company has a tendency to increase order from such manufacturers in proportion to the growth of sales amount of the Company. Therefore, the Company is confident that the distribution contract shall be renewed continually in the future. Moreover, the Company did not have any historical record for unable to renew contract with such principal manufacturers at all.

## 2.2 Risks from energy business from energy corps

### 2.2.1 Risk relating to raw materials

This biogas power plant uses Napier grass as main raw material. The Company is aware of risks relating to shortage of raw material, so it encouraged the farmers who live in the surrounding plant areas to grow Napier grass. In addition, the Company also imported mechanical lawn mowers to increase work efficiency on grass cutting at the lowest cost. At the same time, the Company has conducted the study to find alternative energy crops, to reduce the risks in case of shortage of Napier grass. In this regard, the Company used corns, of which in the past they were burnt by the farmers after harvesting, as alternative raw material in the production process.

### 2.2.2 Risks relating to accident within the plant

The plant may have risk from critical accident within the plant because products of the plant are inflammable which may cause severe impact to the plant and nearby communities. Such accident included gas leakage or fire which may cause by the defect in design or installation of gas production and storage system, failure of safety equipment and lack of the right knowledge and understanding from the personnel in charge. However, as CBG 2 Plant is designed for biogas production where piping, connecting point and safety systems of the CBG 2 Plant have been correctly designed pursuant to the prudent engineering principles and safety operation standards. The plant also uses safety equipment for biogas system of Sebigas S.p.A from Italy which has long experiences in this field to prevent and reduce accident including to maintain efficiency of the system. Besides, the Company has trained and educated its personnel whose works are relevant to the production process to have knowledge and understanding pursuant to the engineering principles and safety standards to prevent risks which may occur to the plant and may have impact to the nearby communities. In addition, in order to mitigate damages which may arise from such risks, the Company has effected all industrial risks insurance policy by specifying conditions that they must cover all property damages, the Company's personnel and the third parties.

## 2.3 Risks relating to Petroleum Production Plant (PPP)

The Company's Petroleum Production Plant (PPP) is located in Kokrat Sub-district, Kongkrailat District, Sukhothai Province and its commercial operation has commenced since early of 2014. The Company may have risks from operation of this plant as follows:

### 2.3.1 Risk relating to fluctuation of volume of feedstock

Main feedstock used in the petroleum production process of this project is the associated gas, which is by-product from the crude oil production process. The Company has entered into the associated gas sales and purchase contract with Siam Moeko Company Limited (SML) from the petroleum concession area at Burapa-A production platform and gas sales and purchase contract from PTT Exploration and Production Public Co., Ltd. (PTTEP) on petroleum concession area Sao-Sathian A. The Company may have risk if SML and PTTEP cannot supply the estimated raw materials in an adequate amount for the production which may make the Company encounter with shortfall of feedstock or if quality of feedstock is not as per expected which may impact to performance of the project. In order to reduce such risk, the Company has negotiated to increase additional amount of gas and extend the gas procurement contract, as well as try to negotiate for other gas reserves.

Furthermore, the Company may have risk from changing of associated gas price because usage of associated gas is regarded as usage of benefit of by-product of petrochemicals production, which is natural resource of the country. The determination of purchase and sales price of associated gas is required to have approval from the Department of Natural Fuels first because it shall impact fee income of the public sectors to be occurred in the future. Therefore, if price of the associated gas increases, it shall impact cost of main raw material, which consequently shall impact performance of the Company.

### 2.3.2 Risk relating to dependence on a few major customers

The Company supplies CNG which is main product and has the highest amount when compared with other products obtained from the production process to PTT Public Company Limited. According to the memorandum of understanding (MOU) of the CNG production project obtained from crude oil production source for communication purpose (Sukhothai Province) that the Company has made with PTT on July 30, 2012, PTT expressed its intention to consider to purchase all of CNG produced by the Company from this project at the worthily and appropriated price for further resale purpose. The contract for purchase and sales of CNG from the joint project has been executed on March 12, 2013.

The production amount of LPG and NGL are lower than CNG and they are not a large amount when compared with demand of the market. The Company supplies LPG to potential purchasers who are in the group of fuel traders under Section 7 of Fuel Trade Act B.E. 2543 (A.D. 2000), while NGL has been supplied to general petrochemicals manufacturers.

The Company may have risk from dependence on one customer in case of selling of CNG or from having only a few customers in case of selling of all three types of products because the Company may not have high bargaining power. In addition, natural gas is the product under control of the government, so Company may not be able to truly specify its selling price. In 2016, UAC Energy Co., Ltd. has acquired businesses of Pra Du Thao power plant and Sao Sathian-A power plant with generating capacity of 7 MW, and fuel used CI or CNG as fuel, as alternative on dependence on CNG market.

### 2.3.3 Risk from the change in policy of the government

The prices of products produced from the petroleum production plant are fluctuated pursuant to the world market prices. However, for the past period, the government has the policy to promote usage of natural gas as alternative fuel for transportation sector in order to reduce impact to economic conditions due to continued increasing prices of crude oil and petroleum products in the world market. Other reasons were to reduce pollution to the environment and to support energy strategy of the country which encouraged usage of fuel that can be procured from domestic

sources. The prices of natural gas sold in the country have been controlled by the public sectors continually and they are still below prices of the world market and do not vary much. Hence, the entrepreneur cannot specify selling price appropriately, fairly and consistent with the actual production cost.

#### 2.3.4 Risk from not having ownership right in the land of the plant site

The Company has entered into the land lease agreement with 3 non-related parties for the land to be used as project site with lease term of 4 years. Upon expiry of the lease term, the lessor shall consent renewal right to the Company for another 4 years each, but total term shall not exceed 16 years from expiration of the 4 years of the first land lease agreement. The lease renewal shall be effective after the Company sends a notice informing its renewal intention to the lessor at least 60 days prior the expiry of the lease term. Pursuant to conditions of such lease agreement, the Company may have risk if the lessor terminates the lease agreement with the Company in the future. However, under conditions on expiration of the agreement and termination of the lease agreement which has not been initiated by the Company, such conditions can be applied only after the Company has been adjudged bankrupt by the court. In addition, as the Company has entered into the land lease agreement and has registered the land lease with the land official in order to have legal binding effect, so the Company can use benefits from such land in the long term to undertake business as per specified in the agreement (if legal registration has not been made, such land lease agreement shall be in effect for only 3 years, after that the landlords may exercise their right to terminate the agreement). Moreover, the conditions of the land lease agreement also specified that if right of the Company has been deprived or refuted due to whatever reason which made the Company unable to possess or use benefits of the leased properties, either partly or wholly, the lessor or the owner of the land must compensate for damages, opportunity loss including all expenses incurred to the Company which will be quite a large sum of money, so it is very unlikely that the landlord shall breach such agreement

#### 2.3.5 Risk from accident within the plant

Products of the plant are flammable and have high risks for causing dangers which may have severe impact to the project and the surrounding communities. Such accident includes gas leakage or fire, which may either cause by negligence of the employees or from usage life of component of equipment which requires carefulness in control, supervise and management of the plant.

However, the PPP Plant uses production technology equivalent to those of the leading natural gas manufacturers and design of the production systems must obtain approval from the relevant government agencies and they must be pursuant to conditions specified in the associated gas purchase and sales contract with SML. The project design must be pursuant to the international standards and Thai standards which shall also mean that the piping, the interconnection points with combustion system and safety system of the plant must be pursuant to the international standards to prevent risks which might be occurred to the plant and impacted SML which is located closed to the plant site. In addition, in order to prevent damages which may arise from such risks, the Company has effected all industrial risks insurance policy by specifying the conditions that it must provide coverage for the risk against property damages, the Company's personnel and the third parties.

### 2.4 Risks from engaging in solar energy business

UAC Energy Company Limited invested in 4 Solar PV Rooftop projects with total generating capacity of 2 MW and it has entered into the power purchase agreements with the Metropolitan Electricity Authority and the Provincial Electricity Authority with contract term of 25 years. Presently, commercial operation date of following 2 projects have been commenced:

1. Solar PV Rooftop Project, capacity of 750.20, of Wong Bundit Co., Ltd., located in Muang District, Surat Thani Province.
2. Solar PV Rooftop, capacity of 924.56 kWp, of Saha Thai Steel Pipe Public Co., Ltd., located in Prapadaend District, Samut Prakarn Province.

The Company may have risks from operation of solar PV rooftop business as follows:

#### 2.4.1 Risk related to power generation system, for instance, its efficiency may not be as per designed capacity

Since efficiency of solar power generation system depends on various factors, such as quality of solar cells and related equipment, weather conditions, sunlight and heat. Additionally, dirtiness of solar PV may impact to production efficiency as well. Such risks may lessen efficiency of power generating system and make its output unable to achieve as per designed capacity. Therefore, the Company reduced such risks by using technology designed by the Italian experts from Enerray S.p.A and also executed the O&M contract on maintenance, inspection and improvement on efficiency of such systems so that they can produce maximum electricity constantly.

## 2.5 Risks related to chemical products

### Risk of the Subsidiary (UAC Advance Polymers and Chemicals Company Limited or UAPC)

UAPC engages in production and distribution of latex emulsion and latex polymers to be used in various industries, i.e. painting and coating industry, printing ink and publishing industry, adhesive and adhesive tape, paper and packaging industry as well as construction industry. The Company may have risks from such business operations as follows:

#### 2.5.1 Risk relating to fluctuation of economic conditions

The Company has plans to increase production capacity by construction new manufacturing plant which has better and state-of-the-art technology that can reduce production cost. Tools and equipment from modern research development to build new product will be used in the plant. In this regard, the Company will have to find source of fund for loan, so it will have burden from loan interest which may impact operations of the Company, in case the performance of the Company cannot achieve the target caused by fluctuation of economic condition, which is uncontrollable factor. Hence, in order to reduce such risk, the Company will accelerate its business policy to increase more customer bases and develop new products to the markets which including overseas markets and follow up economic conditions closely at all times. The Company has conducted study and carefully considered on any investment in order to reduce risks on cash flow and interest burden as mentioned above.

#### 2.5.2 Risk related to shortage of raw materials

Main raw material for production process must be imported from abroad and it takes some time for ordering and delivery. In addition, if during a certain period, some large customers may order a large amount of raw materials, the Company may have risk from shortage of raw materials to produce as per the customers' demand. Hence, the Company has managed such risks by preparing a plan on amount of raw material to be used by analyzing or estimating from purchase orders regularly placed by the customers as well as estimating from orders from the market demand including keep stocks of such raw material in the appropriated amount.

#### 2.5.3 Risk from a change of new technology in production process

The Company may have risk from changing or using new and modern technology in the production process as it may make the existing equipment and machines unable to operate compatibly with the new technology implemented, which subsequently may make the productivity unable to achieve the target. Hence, in order to reduce such risks, the Company's teamwork who has keen knowledge and expertise as well as the consultant team conducted the study about advantage and disadvantage of such technology before using it in the production process. At the same time, the company has coordinated with the National Science and Technology Development Agency (NSTDA) to develop new products by using new technology installed by NSTDA.

#### 2.5.4 Risk related to natural disaster

Risks relating to natural disasters, i.e. flood, earthquake or drought, may make the plant unable to manufacture products pursuant to the customers' demand and it may impact to business operations of the Company. The Company realized about such risk, so it effected insurance policy which provided insurance coverage for such risks already. In addition, in order to mitigate risk in case of drought, the company has collaborated with the Water Institute for Sustainability to drill underground well and has installed large water tanks to store water.



## 2.6 Risks related to personnel development to support business growth

As the Company has business expansion plans and investments, as well as always seeking for opportunity to invest in new businesses, therefore, readiness of personnel is very crucial for successful results. If the Company cannot prepare and develop personnel who have adequate expertise and experiences, it will impact business expansion goals in the long term.

The Company reduces such risk by using personnel development tools to develop potentials of employees and career management to support demand for high-level management both on quantity and quality. There are important position determination and individual development plan in place. The Company also monitors personnel development plan and adjusts such plan to make it correspond to the strategic and target of the organization on continued basis.

## 2.7 Risks related to lack of successor in important positions

Presently, the retirement of personnel will be gradually takes place and turnover rate of personnel in the organization may impact business operation and target, therefore having succession plan for important position is regarded as important component of strategic planning in order to make the business operations smoothly and continually. In order to reduce such risk, the Company has prepared the succession plan, by starting from executive level and important positions and operation plan including evaluation result on operation have been monitored to ensure that they will be as planned.

## 2.8 Risks related to information technology

Information technology management is very importance for the organization, as the information on the Company's server may be lost or damaged caused by defective of server itself or external factor, such as fire. In order to reduce such risks, the Company has rented DR Site from outside to support business interruption which might occur from such risk factor, In addition, the Company also prepares business continuity plan to support any unexpected incident.

## 2.9 Risks from business interruption

The Company's businesses are diversified in each business unit with manufacturing plants in various locations in the country, so it may have risks from interruption of production and business operation which might cause by human error, accident, malfunction of machinery, natural perils, terrorism, policy unrest and other which are very hard to foresee and it may cause significant damage to the Company.

In order to reduce risks and impacts from such threats, the Company has Business Continuity Management Plan, which is the management tool to support occurrence of crisis which may impact business operations. The Company has performed the work systematically, arranged trainings for the executives, managers and supervisors level to make them have knowledge and understanding on such matter, as well as enhanced on awareness of participation of such operations. It also has emergency plan and business continuity drill. Moreover, the Company also effected industrial all risks insurance policy to cover all main properties used in business operations including business interruption insurance policy.

## 3. Compliance Risk

Compliance risk is the important risk which may impact business operations of the Company in the long term in case the Company fails to fully comply with criteria specified by the external supervisory agency, such as on laws, rules and regulations. In order to reduce such risk, the Company has specified the responsible unit to monitor information and news from such external supervisory agency closely including to increase warning notification system on compliance as well as carefulness to prevent mistakes on observing of such compliance regulations.

## 4. Financial Risk

### 4.1 Risks Relating to Foreign Exchange Rates

Fluctuation of Baht against US Dollar can impact trading operation of the Company because most of the chemicals and equipment distributed by the Company have been ordered and imported from foreign countries of which most of them are denominated in US Dollar, while most of products are sold within the country and incomes are largely denominated in Baht. Therefore, the Company is exposed to fluctuation risk from exchange rates. Higher appreciation of US dollar shall

increase the products purchasing cost of the Company. Therefore, the Company has a policy to reduce risk relating to exchange rates by entering into the currency forward contract with the financial institutes and term of such contract is approximately 1-6 months. The Company also monitors movement of foreign exchange rate closely, negotiates and denominates purchasing and selling price in foreign currency and increases revenue ratio from exporting (natural hedge), like the past year.

## 4.2 Fund Raising and Financial Costs

The Company engages in business of investment in the renewable & alternative energy projects including production, import and distribution of latex emulsions, chemicals and equipment used in off-shore natural gas exploration and production, gas separation plant, oil refinery, upstream petrochemicals, engine oil lubricant manufacturing plant, polymer and plastic manufacturing plant, chemical industrial plant, garment industry, paint industry, paper industry, construction industry, power and utilities plant. The objectives for renewable energy expansion business, investment or joint venture are to generate long term revenue and sustainable profit. The Company shall plan about loan and capital structure carefully and cautiously to prevent such investment impact to working capital used in normal business operations and for stably growth in the future. The Company closely monitors money market and capital market as well as develops usage of financial instrument. Therefore, the Company believes that it can raise fund by using appropriate financial cost.

As the Company has plans to invest in the projects for future growth, so it is expected that amount of long-term loans shall be increased but Debt to Equity Ratio (D/E Ratio) and Debt Service Coverage Ratio (DSCR) shall be within the frame the banks specified in the loan agreements executed with the Company.

## 5 Risks from Operating Performance of the Associated Company

### 5.1 Risks from Joint Operating Performance of Bangchak Biofuel Company Limited

The Company has invested in Bangchak Biofuel Company Limited ("Bangchak Biofuel"), the Company's associated company, with shareholding ratio of 30%. Its commercial operation has been commenced since December 2009. The Company may have risk from performance of Bangchak Biofuel and such performance shall have direct impact to net profit and financial statement of the Company. Income from profit/loss sharing from such investments shall not be recorded as any costs in profit and loss statement of the Company and it is not subject to any calculation for corporate income tax.

Therefore, if Bangchak Biofuel has good performance, it can make the Company realize more profits from investments and subsequently can increase its net profit. On the other hand, poor or loss performance of Bangchak Biofuel can impact and reduce net profit of the Company as well. In 2014, Bangchak Biofuel decided to invest in the 2nd biodiesel unit which is now under design for construction process and it is expected to be completed within the 2nd quarter of 2016. Risks from business operation of Bangchak Biofuel can be summarized as follows:

#### 5.1.1 Risks from Fluctuation of Amount and Price of Raw Materials

Since production of biodiesel still mainly depends on crude palm oil and prices crude palm oil are fluctuated pursuant to demand and supply of the market. The imbalance of demand and supply shall have impact to stability of crude palm oil prices and it may impact biodiesel production cost.

Bangchak Biofuel is aware of the risk from fluctuation price of crude palm oil which is main cost for biodiesel production. Thus, in order to reduce risk from fluctuation of amount of raw materials, it has selected more than 30 good quality and credible manufacturers as its trading partners in order to diversify risks on raw materials procurement. Additionally, it has executed a long term contract (3 years) for purchase and sales of crude palm oil with some of major suppliers with agreed amount in each contract and criteria of purchase price shall be referred to market prices of crude palm oil market.

#### 5.1.2 Risks from Dependent on Major Customers

At present, most of biodiesel products are supplied to Bangchak Petroleum Public Company Limited ("BCP"), a parent company of Bangchak Biofuel (BCP holds 70 percent of shares in Bangchak Biofuel). According

to B100 Biodiesel purchase and sales contract between Bangchak Biofuel and BCP, BCP is obligated to purchase at least 60 percent of total B100 Biodiesel produced by Bangchak Biofuel for a period of 8 years (until 2017) at normal purchase price and term of conditions. The remaining portions shall be supplied to other fuel traders.

Bangchak Biofuel may have risk from dependent on a major customer (BCP). However, the opportunity to lose such primary customer is very unlikely because BCP is a parent company and a founder of Bangchak Biofuel pursuant to alternative energy development project which specified that Bangchak Biofuel shall be manufacturer and supplier of B100 Biodiesel as feedstock to BCP to produce biodiesel fuel. In addition, Bangchak Biofuel is also capable to sell biodiesel products to other customers who are the major oil companies.

#### 5.1.3 Risk from Changes in Government Policy

At present, the government sectors encourage the production and usage of biodiesel instead of diesel fuel with objectives to reduce import of fuel from foreign countries, to increase energy stability and to support usage of alternative energy from plants which are domestic productivity. Many measures have been set up to assist and support the biodiesel manufacturers, for instance, support on raw materials or expansion of oil palm plantation areas; support biodiesel manufacturers pursuant to privileges and benefits of the Board of Investment (BOI); mandatory usage of biodiesel (B100) to mix with high speed diesel fuel; prescription of the referenced selling prices of biodiesel; creating biodiesel markets by using taxing measures so that retail prices of biodiesel shall be lower than diesel fuel; prescription of characteristics and quality of biodiesel to enhance confidence of consumers, as well as fixing compensation rate to be obtained from oil fund because biodiesel prices produced shall be higher than the ex-refinery price of normal diesel fuel.

However in the future, if the government sectors change the policy on support of production and usage of biodiesel, biodiesel manufacturers may have been impacted and their return of the investment may be not as per estimated or it may be reduced or not worth the investment. Anyhow, the opportunity that the government sectors may revoke such biodiesel supporting policy is very rare because the alternative energy development is regarded as main energy development strategy of Thailand. This strategy can strengthen national energy stability by distributing risks and preventing energy costs of the country from solely binding with petroleum prices which consequently shall be beneficial and can contribute to sustainable growth of the country's economy.

#### 5.1.4 Risk from Reduction of Demand of Diesel Fuel

Since biodiesel products of Bangchak Biofuel is used as mixing component with diesel fuel in various proportions, therefore, demand of biodiesel depends on usage demand of diesel fuel in the market, which depends on economic growth of the country, demand on vehicle usage, tendency on diesel fuel prices and other fuels including growth and substitution of energy usage in various forms. If demand of diesel fuel changes from the forecasted amount, it may have an impact to supply of biodiesel and income of Bangchak Biofuel.

Bangchak Biofuel always follows up economic conditions, market status and trends concerning fuel and other energy industries as well as domestic demand of energy both in short term and long term, so that it can adapt itself to the changing situations which may have impact to business operations in the future.

## 5.2 Risks from Operating Performance of the Associated Company on Engineering, Procurement and Construction (EPC)

The Company has jointly invested business with the experts from Italy, Sebigas S.p.A, the experts on EPC contract of biogas plant and Enerray S.p.A, the expert on EPC contract for solar cell plant by establishment of company in Thailand where UAC Energy Co., Ltd., is the joint investor to operate EPC contract and O&M Services, both in Thailand and countries in South East Asia. The objectives are to increase revenue and opportunities to the Company on continued basis. In addition, such joint venture will increase potential of Company on renewable energy business. Shareholding proportion in such companies is as follows:

Sebigas UAC Co., Ltd.		Enerray UAC (Thailand) Co., Ltd.	
Sebigas S.p.A	49%	Enerray S.p.A.	49%
UAC Energy Co., Ltd.	49%	UAC Energy Co., Ltd.	25%
Legal and Commercial Service International Co., Ltd.	2%	Legal and Commercial Service International Co., Ltd.	26%
Establishment date: October 4, 2013		Establishment date: March 15, 2016	

The Company may have risk from operating results of both companies because it will directly impact to net profit and financial statement of the Company, as share of loss (profit) from such investments will not deduct with any costs in the Company's statement of income. Risk from such business operation could be summarized as follows:

#### 5.2.1 Risks from change in government policy

Even though the National Energy Policy Council resolved to approve the Alternative Energy Development Plan 2015-2036 (AEDP 2015) with goal to increase the proportion electricity generation from renewable energy in the form of electricity, heat and biofuels for 20 percent of power consumption or for 30 percent of total power consumption which is a good opportunity for EPC contract for renewable energy projects. However, presently such government's policy does not have clear measures on promotion and stimulus for investments in renewable energy. Consequently, it will result in the significant loss on the opportunity to be awarded with construction project.

Nonetheless, as renewable energy development is the main strategy for energy development of Thailand to increase of domestic stability on energy, so it is very likely that the government agencies related to energy will specify policy to support investment for both public and private sectors in order to stimulate economics in the related industries, as well as the EPC and O&M operators who will have more opportunity to be awarded more projects.

#### 5.2.2 Risks relating to fluctuation of foreign exchange rate

Fluctuation of Baht against Euro and US Dollar can impact operating results of EPC business, because most of the equipment placed order by the Company have to be imported from foreign countries, such as Europe and China of which most of them are denominated in Euro and US Dollar, while most of EPC contracts are denominated in Baht. Therefore, the Company is exposed to fluctuation risk from exchange rates. Higher appreciation of US dollar shall increase the products purchasing cost of the Company. Therefore, the Company has a policy to reduce risk relating to exchange rates by entering into the currency forward contract with the financial institutes and term of such contract is approximately 1-6 months as well as monitor movement of foreign exchange rate closely,

## 6 Other Risks

### 6.1 Risks from Having Principal Shareholder who has Authority to Specify Management Policy

Presently, Mr. Kitti Jivacate, who holds a position of Chief Executive Director, and his family holds shares at approximately 55 percent of total issued shares of the Company which is regarded as having the majority vote to control almost resolutions of the shareholders' meeting, as well as can control policy and management tasks in the Company, particularly on a request for resolution which require majority votes of shareholders' meeting, except in matters that the laws or the Company's articles of association specified that it required to have three fourth votes of the shareholders' meeting. Therefore, other shareholders may have risk from inability to collect votes to balance the matters proposed by the principal shareholder.

However, in order to make business operations of the Company transparent with balance of power, the Company has established the management structure which is responsible by the competent personnel and also specified a clearly scope of work and delegation of authority to the directors and the executives. Three independent external persons have been appointed to be the members of the Board of Directors (all of them are the Audit Committee) which is more than one thirds of total 7 directors, to audit, balance decision making including consider and approve the matters before presenting to the shareholders' meeting. Additionally, the Company has prescribed measures on transaction with person

who might have conflict of interest by restricting voting right of the concerned person. The Company also establishes an internal audit unit by employing the expert from the third party's company who can work independently and report directly to the Audit Committee. Main duty and responsibilities of this internal audit unit are to oversee internal control system to ensure that it complies with the specified system, in order to strengthen confidence of the shareholders with regard to transparency and balance of the management power of the Company. In addition, the Board of Directors has assigned the Risk Management Committee to prepare organization risk management manual and appointed the working group to study, monitor and review risk management plan of the Company continually.



# Shareholders Structure and Management Structure

## Shareholders Structure

List of Top 10 Major Shareholders		No. of Shares	Percent
1.	Jivacate Group	372,390,663	55.78
	1.1 Mr. Kittti Jivacate	322,390,663	48.29
	1.2 Miss Chavisa Jivacate	25,000,000	3.74
	1.3 Miss Alisa Jivacate	25,000,000	3.74
2.	Jarumanopas Group	46,443,206	6.96
	2.1 Miss Nilrat Jarumanopas	30,298,901	4.54
	2.2 Miss Niranuch Jarumanopas	16,144,305	2.42
3.	Sareewiwatthana Group	45,586,659	6.83
	3.1 Mrs. Waranee Sareewiwatthana	1,620,505	0.24
	3.2 Miss Pimsiri Sareewiwatthana	23,906,137	3.58
	3.3 Miss Pichsinee Sareewiwatthana	20,060,017	3.00
4.	Koseeyarakwong Group	23,654,425	3.54
	5.1 Mr. Paitoon Koseerakwong	23,654,375	3.54
	5.2 Miss Pailin Koseerakwong	50	0.000
5.	Lerdachkul Group	14,464,575	2.17
	6.1 Mr. Chiaranai Lerdachkul	12,187,530	1.83
	6.2 Mrs. Ladda Lerdachkul	2,277,045	0.34
6.	Mr. Sutthipong Veswarut	13,777,082	2.06
7.	Thai NVDR Company Limited	7,319,500	1.10
8.	Lumprasert Group	6,033,666	0.90
	8.1 Miss Kalaya Lumprasert	5,999,091	0.90
	8.2 Miss Malee Lumprasert	27,825	0.00
	8.3 Mr. Surachai Lumprasert	6,750	0.00
9.	Mr. Nattachai Tangjarupongsakul	5,026,700	0.75
10.	Miss Nirin Jui-in	4,719,910	0.71
	Total Major Shareholders	539,416,386	80.80
	Minor Shareholders	128,188,915	19.20
	<b>Total</b>	<b>667,605,301</b>	<b>100.00</b>

The remaining registered capital amounting to Baht 100,140,000.00 will be reserved for capital increase under General Mandate at not exceeding 200,280,000 shares at par value of Baht 0.50.

## Restrictions on foreign shareholding

The number of foreign shareholders and percentage of foreign shareholding shall not be more than 49 percent of total issued and paid-up share capital of the Company. As at December 31, 2016, the number of shares held by the foreigners was approximately 0.002 percent of the Company's total paid-up share capital.

As at December 31, 2016, Thai NVDR Company Limited ("Thai NVDR"), a subsidiary company of the Stock Exchange of Thailand, has issued the Non-Voting Depository Receipt (NVDR) to the Company's shareholders as underlying assets at 7,319,500 shares or 1.10 percent of the issued and paid-up share capital. The holders of NVDR are entitled to benefits from the Company's shares, but they cannot exercise their voting rights at the shareholders' meeting because they are not the direct shareholders of the Company. However in practice, Thai NVDR can attend the shareholders' meeting and cast its votes pursuant to its independent judgment, not by order of the holders of NVDR.

In addition, the number of the Company's shares invested by the investors in NVDR may be varied, which cannot be defined by the Company. However, the investor can examine the number of NVDR shares at the website of the Stock Exchange of Thailand at [www.set.or.th/nvdr](http://www.set.or.th/nvdr).

## Issuance of Other Securities

The Company has issued and allocated Warrants to Purchase Ordinary Shares No. 1 ("UAC-W1") not exceeding 92,200,000 units to the existing shareholders including the general public and the investors as per following details:

### 1. Allocation of UAC-W1 to the existing shareholders

The Company has allocated UAC-W1 amounting to 79,400,000 units to its existing shareholders pursuant to right offering ratio of 5 existing shares : 1 UAC-W1 (in case there was any fraction of shares, such fraction was disregarded). Shareholders who were eligible to receive UAC-W1 in this part must be the shareholders whose names appeared in the share registration book on the Record Date (which was November 7, 2012). The Company has collected the list of such shareholders pursuant to Section 225 of the Securities and Exchange Act B.E. 2535 (as amended) and the book closing date was November 8, 2012.

### 2. Allocation of UAC-W1 to existing shareholders who subscribed newly issued shares

The Company has allocated 7,940,000 UAC-W1 to its existing shareholders who subscribed newly issued shares which have been issued and offered to the existing shareholders pursuant to the shareholding ratio (right offering) totaled 39,700,000 shares (at par value of Baht 0.50) at ratio of 5 newly issued shares: 1 UAC-W1 (in case there was any fraction of shares, such fraction was disregarded). Capital increase for this portion has been issued and offered to the existing shareholders during November 26-30, 2012 at par value of Baht 3.00. The Company can sell all of capital increase for this portion.

### 3. Allocation of UAC-W1 to general public and investors who subscribed newly issued shares (public offering)

The Company has allocated 4,860,000 UAC-W1s to the general public and the investors who subscribed newly issued shares (public offering) totaled 24,300,000 shares (at par value of Baht 0.50) at ratio of 5 new ordinary shares: 1 UAC-W1 (in case there was any fraction of shares, such fraction was disregarded). Capital increase for this portion has been issued and offered to the general public and the investors during January 10-11, 2013 at par value of Baht 7.90.

The exercise date of UAC-W1 will be on the last business day of March, June, September and December of each year throughout the term of this warrant. The first and the last exercised date are March 29, 2013 and January 29, 2016 respectively. The exercise rate is 1 unit per 1 ordinary share, exercised price is Baht 7.50 per share.

As the Board of Directors' Meeting No. 1/2013 held on February 20, 2013 has resolution to pay dividend to its shareholders at the rate of Baht 0.11112 per share, with total dividend payout of Baht 51,198,482 or accounting to 60.88 % of its total net profit after taxes and all required legal reserves. Dividend paid to shareholders of the Company consisted of stock dividend which was paid at ratio of 5 existing shares to 1 stock dividend (or Baht 0.10 per share) and cash dividend which was paid at ratio of Baht 0.01112 per share (in case any shareholder held the indivisible share remaining after such allocation, the dividend was paid in cash in the amount of Baht 0.10 per share). The approval for such dividend payment made the Company have to allocate the capital increase not exceeding 92,150,000 shares at par value of Baht 0.50 to support such dividend payment. However, the exercise of such right was indeterminate because it required an approval from the 2013 Annual General

Meeting of Shareholders which was held on April 5, 2013. The Annual General Meeting of Shareholders has resolved to approve dividend payment as proposed. The Record Date for the shareholders who have rights to receive the dividends specified by the Company was April 3, 2013 and the register book closing date was April 4, 2013. Dividend payment date was scheduled on May 3, 2013. The first date the Stock Exchange of Thailand posted the XD sign of the Company's shares was April 1, 2013.

Such payment of stock dividend is regarded as a condition for adjustment of exercise price and exercise ratio of UAC-W1 in accordance with Clause 1.11.1 (b) under the Terms and Conditions Governing Rights and Obligations of the Issuer and Holders of the Warrants Representing Rights to Purchase Ordinary Shares of UAC No.1 (Terms and Conditions of UAC-W1). As a result, the Company has to adjust exercise price and exercise ratio of UAC-W1 for the 2nd exercise (June 28, 2013) as follows:

	Prior to Rights Adjustment	After Rights Adjustment effective from April 1, 2013
Exercise Price	Baht 7.50 per share	Baht 6.25 per share
Exercise Ratio	1 warrant : 1 share	1 warrant : 1.20 shares*

\*If there is any fraction of shares due to exercise of UAC-W1 in each exercise period, such fraction shall be disregarded.

In addition, during the 2013 Annual General Meeting of Shareholders, the Meeting also approved the relevant matters as follows:

- Decrease the Company's registered capital by deleting the shares remaining from allotment for UAC-W1 of 50,497 shares.
- Increase the Company's registered capital with objectives to support for dividend payout/payment and the right adjustment of UAC-W1 by issuing the new ordinary shares not exceeding 110,600,000 shares at par value of Baht 0.50. Details are as follows:
  - a. Capital increase by issuing new ordinary share for stock dividend not exceeding 92,150,000 shares.
  - b. Capital increase by issuing new ordinary share for right adjustment of UAC-W1 not exceeding 18,450,000 shares.

Afterward, the Board of Directors' Meeting No. 1/2015 held on February 20, 2015 has resolution to pay dividend to its shareholders at the rate of Baht 0.06945 per share, with total dividend payout of Baht 38,490,723.18 or accounting to 49.75 % of its total net profit after taxes and all required legal reserves. Dividend paid to shareholders of the Company consisted of stock dividend which was paid at ratio of 8 existing shares to 1 stock dividend (or Baht 0.06250 per share) and cash dividend which was paid at ratio of Baht 0.00695 per share (in case any shareholder held the indivisible share remaining after such allocation, the dividend was paid in cash in the amount of Baht 0.06250 per share). The approval for such dividend payment made the Company have to allocate the capital increase not exceeding 69,280,000 shares at par value of Baht 0.50 to support such dividend payment. However, the exercise of such right was indeterminate because it required an approval from the 2015 Annual General Meeting of Shareholders which was held on April 9, 2015. The Annual General Meeting of Shareholders has resolved to approve dividend payment as proposed. The Record Date for the shareholders who have rights to receive the dividends specified by the Company was April 3, 2015 and the register book closing date was April 7, 2015. Dividend payment date was scheduled on April 30, 2015. The first date the Stock Exchange of Thailand posted the XD sign of the Company's shares was April 1, 2015.

Such payment of stock dividend is regarded as a condition for adjustment of exercise price and exercise ratio of UAC-W1 in accordance with Clause 1.11.1 (b) under the Terms and Conditions Governing Rights and Obligations of the Issuer and Holders of the Warrants Representing Rights to Purchase Ordinary Shares of UAC No.1 (Terms and Conditions of UAC-W1). As a result, the Company has to adjust exercise price and exercise ratio of UAC-W1 for the 10th exercise (June 30, 2015) as follows:

	Prior to Rights Adjustment	After Rights Adjustment effective from April 1, 2015
Exercise Price	Baht 6.25 per share	Baht 5.5555 per share
Exercise Ratio	1 warrant : 1.20 share*	1 warrant : 1.35 shares*

\*If there is any fraction of shares due to exercise of UAC-W1 in each exercise period, such fraction shall be disregarded.

In addition, during the 2015 Annual General Meeting of Shareholders, the Meeting also approved the relevant matters as follows:

- Decrease the Company's registered capital by deleting the shares remaining from allotment for UAC-W1 of 79,260 shares.
- Increase the Company's registered capital with objectives to support for dividend payout/payment and the right adjustment of UAC-W1 by issuing the new ordinary shares not exceeding 82,930,000 shares at par value of Baht 0.50. Details are as follows:
  - a. Capital increase by issuing new ordinary share for stock dividend not exceeding 69,280,000 shares.
  - b. Capital increase by issuing new ordinary share for right adjustment of UAC-W1 not exceeding 13,650,000 shares.

As at January 29, 2016, which is the last exercised date, the persons notified intention to purchase 26,467,570 shares of the Company from total number of 92,149,503 UAC-W1 which can be summarized as follows:

Exercised Date	Amount of UAC-W1	Amount of UAC Shares	Amount of Money Received (Baht)
1 <sup>st</sup> Time (Mar 29, 2013)	295,790	295,790	2,218,425.00
2 <sup>nd</sup> Time (Jun 28, 2013)	3,619	4,342	27,137.50
3 <sup>rd</sup> Time (Sept 30, 2013)	828,224	993,868	6,211,675.00
4 <sup>th</sup> Time (Dec 27, 2013)	11,400	13,680	85,500.00
5 <sup>th</sup> Time (Mar 31, 2014)	14,365	17,237	107,731.25
6 <sup>th</sup> - 8 <sup>th</sup> Time	No one exercised the right		
9 <sup>th</sup> Time (Mar 31, 2015)	228,984	274,780	1,717,375.00
10 <sup>th</sup> Time (Jun 30, 2015)	No one exercised the right		
11 <sup>th</sup> Time (Sep 30, 2015)	6,000,000	8,100,135	45,000,750.00
12 <sup>th</sup> Time (Dec 30, 2015)	No one exercised the right		
13 <sup>th</sup> Time (Jan 29, 2016)	26,467,570	35,731,200	198,504,685.35
<b>Total</b>	<b>33,850,052</b>	<b>45,431,032</b>	<b>253,873,279.10</b>

## The dividend payment policy

### 1. The dividend payment policy of the Company

The Company's dividend payment policy is fixed at the minimum 40% of net profit of the separate financial statement after taxes and all statutory reserves required by law. However, such dividend payment must also depend upon cash flow, investment plan, terms and conditions in agreements bound by the Company, including legal restrictions, necessities and appropriateness in the future. In addition, the Board of Directors' resolution on approval of the dividend payment is required to be proposed to the shareholders' meeting for the approval, except in case of the interim dividend, where the Board of Directors has power to approve and then report to the shareholders' meeting for acknowledgement in the next meeting.

## 2. The dividend payment policy of the subsidiaries

The Company has 6 subsidiaries, i.e. UAC Utilities Company Limited, UAC & TPT Energy Company Limited, UAC Energy Company Limited, Solar Energy Roof Power Company Limited, UAC TPT Pellets Company Limited, and UAC Advance Polymer & Chemicals Company Limited. The consideration on the dividend payment is required to have the resolution from the annual general meeting of shareholders and it can do so only after the company sets aside not less than 5 percent of its annual net profit as a legal reserve fund until this fund attains an amount of not less than 10 percent of the registered capital. However, if the company has accumulated loss, dividend payment shall not be allowed.

## 3. The dividend payment policy of the associated companies

The Company has 5 associated companies, namely Bangchak Bio-Fuel Company Limited, Sebigas UAC Company Limited, Enerray UAC (Thailand) Company Limited, PPWE Company Limited and Odin Power Company Limited. The consideration on dividend payment is required to have the resolution from the annual general meeting of shareholders and it can do so only after the company sets aside not less than 5 percent of its annual net profit as a legal reserve fund until this fund attains an amount of not less than 10 percent of the registered capital. The Board of Directors may consider for an interim dividend payment to the shareholders, nevertheless, if the company has accumulated loss, dividend payment shall not be allowed.

## Management Structure

The Company's management structure consists of the Board of Directors and 5 Sub-committees, which are the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Corporate Governance Committee. Names, scope of authority and responsibilities of members of the Board of Directors and the Sub-committees as of December 31, 2016 are as follows:

### The Board of Directors comprises of:

No.	Name	Position
1.	Assoc. Prof. Dr. Paiboon Sareewiwatthana	Chairman of the Board of Directors
2.	Mr. Kitt Jivacate	Director
3.	Miss Nilrat Jarumanopas	Director
4.	Mr. Chatchaphol Prasopchoke	Director
5.	Assoc. Prof. Dr. Aekkachai Nittayakasetwat	Chairman of Audit Committee and Independent Director
6.	Assoc. Prof. Dr. Paritud Bhandhubanyong	Audit Committee and Independent Director
7.	Miss Jeerapan Jinda	Audit Committee and Independent Director

Miss Sajjaporn Rammayaprayoon is a secretary of the Board of Directors.

### The Authorized Directors

The authorized directors to sign and bind the Company are Mr. Kitt Jivacate, Miss Nilrat Jarumanopas and Mr. Chatchaphol Prasopchoke, two of three directors jointly sign together with the Company's seal affixed.

### Term of the Company's Directors

During every annual general meeting, at least one-third of directors shall retire. If number of directors is not a multiple of three, then number of directors closest to one-third shall retire. The directors who shall retire in the first and the second year after registration of the Company shall be selected by drawing lot, and for subsequently years, the longest serving directors shall be retired. A retired director may be re-appointed.



## Scope of Authority and Responsibilities of the Board of Directors:

- 1) To oversee and manage the operations of the Company to ensure compliance with the laws, objectives and articles of association of the Company as well as the resolutions of shareholders' meetings, except the matters which have to be obtained an approval from the shareholders' meeting first, for instance, any activity that laws has specified that it must have an approval from the shareholders' meeting, any undertaking of the connected transaction and any acquisition or disposal of the significant assets according to the regulations of the Stock Exchange of Thailand or the other government agencies, and etc.
- 2) To review and approve the significant matters, i.e. vision, mission, strategy, policy, business plan and budget, project investments which do not list in an annual budget, management structure, management power, policies concerning corporate governance, any transaction or action which shall have significant impact to financial position, liability, status, business operations and reputation of the Company, interim dividend payment and any other matters specified by the Stock Exchange of Thailand or as required by laws.
- 3) To supervise performance of the management to ensure compliance with the approved policies, business plans and budget.
- 4) To consider and appoint the qualified person who does not possess the characteristics that are prohibited under the Public Company Act B.E. 2535 (A.D.1992) (including any amendments) and laws on securities and stock exchange as well as the related notifications, regulations and/or rules, in case of a vacancy of a director's position due to the reasons other than by retirement in due course including to appoint the Company's President & Chief Executive Officer.
- 5) To consider on appointment and to determine duty and responsibilities of the Sub-committees as follows:
  - 5.1 To establish the Sub-committees as appropriated and necessary to assist the work operations under the responsibilities of the Board of Directors, i.e. the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee and the Risk Management Committee and etc.
  - 5.2 To consider and approve duties and responsibilities of the Sub-committees, as well as the changes in components of the appointed Sub-committees.
- 6) To establish the reliable accounting system, financial reporting and auditing system as well as to ensure that the internal audit and internal control system are efficiently and effectively, including approve the changes in the significant policies and practices concerning the accounting and internal control system of the Company.
- 7) To supervise and ensure that the Company has the comprehensive risk management system including effective risk management, reporting and monitoring procedures.
- 8) To report the responsibilities of the Board of Directors on preparation of financial report by presenting them jointly with the auditor's report in an annual report.
- 9) To preserve the best interest of the major and minor shareholders on an equitable basis, and to treat all shareholders and stakeholder fairly.
- 10) To oversee and ensure that there are clear and transparent management procedures concerning the connected transactions between the Company and the related persons in place to prevent any conflict of interest by disclosing the correct and adequate information as well as report to the Board of Directors constantly.
- 11) To evaluate the performance of the Board of Directors as follows:
  - 11.1 To prescribe criteria and method on performance evaluation of the Board of Directors and to evaluate their effectiveness constantly.
  - 11.2 The Board of Directors shall evaluate their own performance every year and shall also make the statement on their performance results including the corporate governance policy applied in the Company in an annual report.

- 12) The following operational powers shall be exercised only after they have obtained an approval from the shareholders' meeting first, provided that, any director or person who might have any conflicts, interests or conflict of interest regarding any transaction with the Company or its subsidiary (if any) must not participate in voting on it:
- Any activity that the laws has specified that it must have an approval from the shareholders' meeting first;
  - Any transaction that any director may have some interests and in scope that the laws or regulations of the Stock Exchange of Thailand prescribed that it must have an approval from the shareholders' meeting first.
- 13) The Board of Directors may authorize one or more directors or any person to act on its behalf. However, the abovementioned authorization shall not include the delegation of authority or sub-authorization which can entitle the director or such authorized person to approve any undertaking that such person or a person who might have conflict of interest, interests or any benefits in any other manners against benefits of the Company or its subsidiary as well as request for an approval from the shareholders' meeting to perform any related transaction and any acquisition or disposal of the significant assets according to the regulations of the Stock Exchange of Thailand and notifications of the Securities and Exchange Commission and/or the related agencies for such undertakings.

**The Audit Committee: All members of the Audit Committee are the Independent Directors as follows:**

No.	Name	Position
1.	Assoc. Prof. Dr. Aekkachai Nittayagasetwat	Chairman of the Audit Committee
2.	Assoc. Prof. Dr. Paritud Bhandhubanyong	Member of Audit Committee
3.	Miss Jeerapan Jinda	Member of Audit Committee

Mrs. Jarunee Boonmungmee is a secretary of the Audit Committee.

Assoc. Prof. Dr. Aekkachai Nittayagasetwat and Miss Jeerapan Jinda have sufficiently skills and experiences to assume duties of auditing accountability of the financial statement.

**Term of Office of the Audit Committee**

Term of the Audit Committee shall be 3 years each, except in case of retire on rotation pursuant to the Company's articles of associations. The retired director may be re-appointed but not more than 3 times. The Board of Directors may consider on renewal of term of office of the Independent Director if there are reasonable cause and beneficial to the Company and the shareholders. The Audit Committee shall be directly responsible for the Board of Directors and shall have power, duty and responsibility as per assigned by the Board of Directors.

**Scope of duty and responsibilities of the Audit Committee**

Scope of duty and responsibilities of the Audit Committee assigned by the Board of Directors including those required to report to the Board of Directors are as follows:

- To review the sufficiency, credibility and transparency of the financial reporting by coordinating with the external auditor and the executives who are responsible for preparing of quarterly and yearly financial reports;
- To review the Company's internal control system and internal audit to ensure that they are suitable and effective, to determine independence of the internal audit unit, including approve the appointment, transfer and dismissal of the chief of the internal audit unit or any other unit in charge of the internal audit activities;
- To ensure that the Company complies with the laws on securities and exchange, regulations of the stock exchange and the laws related to the Company's business;

- 4) To select and propose an independent person who will be the Company's auditor, and to fix his or her remuneration then propose to the Board of Directors to further request for appointment from the annual general meeting of shareholders, as well as to attend the meeting with the auditor without any participation of the executives at least once a year. In 2013, the Audit Committee and the auditor have attended joint meeting on November 8, 2013.
- 5) To have the power to engage an independent consultant, as necessary at the Company's expenses;
- 6) To review the connected transactions, or transactions that may lead to conflicts of interest, to ensure that they are reasonable, compliance with the laws and regulations of the stock exchange and the Capital Market Supervisory Board, and for maximum benefits of the Company;
- 7) In carrying out duties, if the Audit Committee has found or is suspicious about any of the following transactions or activities which may have material impacts to the financial position or performance of the Company, the Audit Committee must report the Board of Directors to take corrective action immediately:
  - Transaction with the conflicts of interest;
  - Fraud or unusual transaction or significant deficiency in the Company's internal control system;
  - Violation or breach of laws on securities and exchange, notifications and regulations of the Stock Exchange of Thailand, the Office of Securities and Exchange Commission and Capital Market Supervisory Board and the laws related to the Company's business.
  - In case the Board of Directors or the executives fails to take corrective action within a reasonable period of time, the Audit Committee's member may report such transaction or activity to the Office of Securities and Exchange Commission or the Stock Exchange of Thailand.
- 8) If the Company's auditor discovered any suspicious circumstance concerned with the director, manager or any person responsible for the Company's operations, which violated the law and the auditor has reported such issue to the Audit Committee. The Audit Committee must conduct an additional investigation without delay and shall report the result of the preliminary investigation to the Office of Securities and Exchange Commission and the auditor within 30 days from the notification date of the auditor.
- 9) To prepare the Audit Committee's report and disclose in the Company's annual report. The report must be signed by the Chairman of the Audit Committee and included at least the following recommendations:
  - (a) Recommendation on accuracy, completeness and creditability of the Company's financial report,
  - (b) Recommendation on adequacy of the Company's internal control system,
  - (c) Recommendation on compliance with laws on securities and exchange, the stock exchange's regulations, or other laws related to the Company's business,
  - (d) Recommendation on suitability of the auditor,
  - (e) Recommendation on transactions that may cause conflicts of interests,
  - (f) Number of the Audit Committee's meetings and attendance of such meetings by each committee member,
  - (g) Overall recommendations or observations that have arisen while the Audit Committee performed its duties in accordance with the Charter, and
  - (h) Other matters which should be made available to the shareholders and general investors within scope of duty and responsibilities assigned by the Company's Board of Directors.
- 10) To perform any other tasks as assigned by the Board of Directors, as necessary.

In performing the operations pursuant to scope of work, duty and responsibilities, the Audit Committee shall have power to invite the concerned management, the executives or the employees of the Company to report, provide opinion, participate in the meeting or submit document which is deemed relevant and necessary.

In addition, the Board of Directors has power to amend the scope of duty and responsibilities of the Audit Committee as it deems necessary and appropriated.

**The Executive Committee consists of:**

No.	Name	Position
1.	Mr. Kitti Jivacate	Chairman of the Executive Committee
2.	Miss Nilrat Jarumanopas	Member of Executive Committee
3.	Mr. Chatchaphol Prasopchoke	Member of Executive Committee

Miss Sajjaporn Rammayaprayoon is a secretary of the Executive Committee.

**Term of Office of the Executive Committee**

Term of the Executive Committee shall be 3 years each. The retired director may be re-appointed. The Executive Committee shall be directly responsible for the Board of Directors and shall have power, duty and responsibility as per assigned by the Board of Directors.

**Scope of duty and responsibilities of the Executive Committee**

- 1) To oversee and manage the Company's business operations as per assigned by the Board of Directors;
- 2) To define details on recruitment, training, employment and termination of employment of the Company's employees, as well as to define benefits and welfare of the employees which are appropriated with situations, customary practices and consistent with the current applicable laws;
- 3) To formulate policy, business plan, annual budget, management structure and management power in each line of business of the Company to propose to the Board of Directors for approval;
- 4) To consider and approve the capital expenditure which is out of the annual budget or exceeds the annual budget not more than Baht 20 million per year and to approve an additional expense which exceeds the annual budget not more than 10 percent. In case the cost exceeds the specified limit, the Executive Committee shall propose to the Board of Directors for further consideration and approval.
- 5) To consider and approve for the joint investment in the consortium or joint venture with the project cost not more than Baht 50 million. In case the cost is more than the specified amount, the Executive Committee shall propose to the Board of Directors for further consideration and approval. The Executive Committee shall also have power to approve for any loan or request for credit of the Company at the amount not exceeding Baht 50 million.
- 6) To monitor and follow up the operations of the Company to ensure that they are effectively compliance with the specified management policies and guidelines.
- 7) To perform any other tasks assigned by the Board of Directors from time to time.

However, authority of the Executive Committee as well as delegation of authority to other persons that the Executive Committee deems appropriated shall not include authority or delegation of authority to approve any transaction that the Executive Committee or relevant person who might have conflict of interest, interests or any other benefits in any other manners against the benefits of the Company or its subsidiary or transaction which is not under normal business operation of the Company. Such foregoing transactions are required to submit to the Board of Directors' meeting and/ or the shareholders' meeting for consideration and approval pursuant to the Company's articles of association or as per required by law/or the relevant laws.

### The Nomination and Remuneration Committee:

All members of the Nomination and Remuneration Committee are the Independent Directors as follows:

No.	Name	Position
1.	Miss Jeerapan Jinda	Chairman of Nomination and Remuneration Committee
2.	Assoc. Prof. Dr. Aekkachai Nittayagasetwat	Member of Nomination and Remuneration Committee
3.	Assoc. Prof. Dr. Paritud Bhandhubanyong	Member of Nomination and Remuneration Committee

Mr. Bovornvich Nonthawong is a secretary of the Nomination and Remuneration Committee.

### Term of Office of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall hold office for a term of 3 years each. The retired director may be re-appointed. The Nomination and Remuneration Committee shall be directly responsible for the Board of Directors and shall have power, duty and responsibility as per assigned by the Board of Directors.

### Scope of duty and responsibilities of the Nomination and Remuneration Committee

- 1) To establish the clear, transparent and suitable policies, criteria, methods and procedures for benefits of the Company with regards to nomination, removal or termination of employment of the directors and top executives of the Company and to propose to the Company's Board of Directors for consideration and approval.
- 2) To consider and nominate the list of the persons qualified to be the member of the Board of Directors, the Sub-committee and top executive to the Board of Directors, in case of vacancy of such position or upon expiration of the term.
- 3) To specify the remuneration policy for the directors and top executives of the Company then to propose to the Board of Directors for consideration and approval.
- 4) To consider the compensation packages for the Board of Directors and the Sub-committees which shall include the meeting allowances, salaries, bonuses, shares and other relevant fringe benefits and to propose to the shareholders' meeting for consideration and approval.
- 5) To develop a succession plan for the important executive positions and such plan must be constantly reviewed, by taking into consideration importance of position, nomination and development, so that such executive successor shall have knowledge, capabilities, experiences and other qualifications which meet requirements and be beneficial to the Company.
- 6) To perform any other tasks assigned by the Board of Directors, as appropriated.

### The Risk Management Committee consists of:

No.	Name	Position
1.	Assoc. Prof. Dr. Paritud Bhandhubanyong	Chairman of Risk Management Committee
2.	Assoc. Prof. Dr. Aekkachai Nittayagasetwat	Member of Risk Management Committee
3.	Mr. Chatchaphol Prasopchoke	Member of Risk Management Committee

Miss Nirada Phomrad is a secretary of the Risk Management Committee.



### Term of Office of the Risk Management Committee

The Risk Management Committee shall hold office for a term of 3 years each. The retired director may be re-appointed. The Risk Management Committee shall be directly responsible for the Board of Directors and shall have power, duty and responsibility as per assigned by the Board.

### Scope of duty and responsibilities of the Risk Management Committee

- 1) To establish the overall policies and guidelines on risk management of the Company which shall cover financial risks, marketing risks, risks related to transportation and inventory, investment risks and other risks which might impact the operations and reputation of the Company to propose to the Board of Directors for consideration and approval;
- 2) To establish the criteria on risk measurement and risk limits acceptable by the Company;
- 3) To consider the material risks of the Company and to propose the measures to prevent or reduce such risks to be in acceptable level;
- 4) To oversee, monitor, evaluate as well as to improve the operation plans to reduce risks which are suitable for business operations of the Company on continued basis;
- 5) To review adequacy of risk management policy and system which shall include efficiency of the system and compliance with the specified policy;
- 6) To report the risk reduction operation to the Board of Directors regularly and in case of critical matter which may have significant impact to the Company, such matter shall be reported to the Board of Directors for consideration expeditiously;
- 7) To perform any other tasks assigned by the Board of Directors, as appropriated.

### The Corporate Governance Committee consists of:

No.	Name	Position
1.	Assoc. Prof. Dr. Aekkachai Nittayagasetwat	Chairman of Corporate Governance Committee
2.	Miss Jeerapan Jinda	Member of Corporate Governance Committee
3.	Miss Nilrat Jarumanopas	Member of Corporate Governance Committee

Miss Sajjaporn Rammayaprayoon is a secretary of the Corporate Governance Committee.

### Term of Office of the Corporate Governance Committee

The Corporate Governance Committee shall hold office for a term of 3 years each. The retired director may be re-appointed. The Corporate Governance shall be directly responsible for the Board of Directors and shall have power, duty and responsibilities as per assigned by the Board. In the event that any director is retired before an expiry of the term, the other qualified director shall be selected to replace such position within 3 months from the date such position is vacant. The term of the replaced director shall be equal to the remaining term of the director he or she replaces.

### Scope of duty and responsibilities of the Corporate Governance Committee

- 1) To study and draft the Corporate Governance Policy under framework of the present laws, criteria, rules and regulations of the regulatory bodies, i.e. the Stock Exchange of Thailand, the Office of Securities and Exchange Commission and the relevant agencies as well as pursuant to the international corporate governance practices.
- 2) To propose the Corporate Governance Policy to the Board of Directors for consideration and approval, so that the directors and the executives can use it as the best practices. In addition, the Corporate Governance Policy Statement must also be prepared.

- 3) To supervise, oversee and provide suggestions to the Company's directors and the management on performing duties and responsibilities pursuant to the framework and criteria of the good corporate governance policy to smoothen the operation of the Management; to make it valid for operation and continuity appropriately pursuant to the expectation of the shareholders and the stakeholders.
- 4) To consider, review and improve the corporate governance policy on continued basis or at least once a year so that such policy shall always be up to date and consistence with the international practices as well as the law, criteria rules and regulations as well as the recommendations of the internal regulatory organizations responsible for the corporate governance affairs.
- 5) To monitor and assess the operations of the directors and the executives pursuant to the prudent practices specified in the corporate governance policy every year at the end of the year.
- 6) To prepare the annual corporate governance assessment report and propose to the Board of Directors during the Board of Directors' meeting of the following year including suggest any necessary recommendations and opinions.
- 7) To suggest the best practices guidelines on ethics and business ethics of the directors, executives, officers and employees of the Company.
- 8) To appoint the task force to support the corporate governance operations as necessary and appropriated.
- 9) To perform any other tasks assigned by the Board of Directors.

### Corporate Secretary

In order to comply with the corporate governance principles of the listed companies under the Section of Responsibilities of the Board of Directors and the requirements of the Securities and Exchange Act, the Board of Directors has a resolution to appoint Miss Sajjaporn Rammayaprayoon as a Corporate Secretary. The Corporate Secretary shall be responsible for providing advice on laws and regulations related to the Board of Directors and the executives, supervising the Board's activities, arranging the Board's meeting and shareholders' meeting of the Company, recording a minute of meeting of the Board's meeting and the shareholders' meeting, monitoring and coordinating on compliance with the Board's resolutions as well as preparing and keeping the documents, such as a register of directors, a notice calling the director meeting, a minute of meeting of the Board of Directors and an annual report of the Company, a notice calling the shareholders' meeting and a minute of shareholders' meeting; keeping a report on interest filed by a director or an executive and performing any other tasks as specified in the Securities and Exchange Act.

### The Executives comprise of:

No.	Name	Position
1.	Mr. Kitt Jivacate	Chief Executive Officer (He resigned from President position on June 11, 2014)
2.	Mr. Chatchaphol Prasopchoke	President (He was appointed as the President on June 12, 2014) Acting Executive Vice President – Sales, Marketing and Operations
3.	Miss Nilrat Jarumanopas	Chief Finance and Accounting Officer
4.	Miss Preeyaporn Thanaratset	Senior Vice President – Sales and Marketing
5.	Mr. Chaiyos Chunvijitra	Senior Vice President – Operations
6.	Mr. Pokkrong Meejinda	Senior Vice President – Sales and Business Development*

Remark: \*He resigned from the Company on October 31, 2016

## Scope of duty and responsibilities of Chief Executive Officer and/or the President

Chief Executive Officer and/or President shall have duty and responsibilities on management of the Company as per assigned by the Board of Directors, include the following matters and activities:

- 1) To perform day-to-day business operations of the Company;
- 2) To prepare the policy, business plan and budget, management structure and management powers of the Company to propose to the Executive Committee for consideration before proposing to the Board of Directors for approval;
- 3) To undertake the tasks or operations pursuant to the approved policy, business plan and budget;
- 4) To approve the expenses or investment out of annual budget or exceed annual budget, at the amount not exceeding Baht 5 million for the President and not exceeding Baht 10 million for the Chief Executive Officer.
- 5) To have the power to approve the disbursement pursuant to the budget which has been approved by the Board of Directors, for instance to disburse the amount exceeding Baht 200,000 each, to disburse an advance payment at the amount exceeding Baht 50,000 each, to entertain and provide gift pursuant to the monthly budget at the amount exceeding Baht 100,000, to acquire the fix asset at the amount not exceeding Baht 2 million, to approve the quotation at the amount exceeding Baht 50 million, to approve sales order at the amount exceeding Baht 50 million.
- 6) To have the power to write off a bad debt in case of the President, not exceeding Baht 500,000, in case of the Chief Executive Officer, not exceeding Baht 1 million.
- 7) To develop the organization and personnel to ensure that both of them shall be qualified and effective on continued basis.
- 8) To be the authorized person of the Company to manage the Company's businesses to make them achieve the objectives, regulations, policies, rules, regulations, orders, resolutions of the shareholders' meeting and/or resolutions of the Board of Directors;
- 9) To oversee and maintain good image of the organization;
- 10) To perform any other tasks assigned by the Board of Directors and/or any Sub-committee.

However, the power of the Chief Executive Officer and/or the President as well as delegation of authority to other persons that the Chief Executive Officer and/or the President deems appropriated shall not include the power or delegation of authority to approve any transaction that he or the relevant person who might have conflict of interest, interests or any other benefits in any other manners against the benefits of the Company or its subsidiary or the transaction which is not under normal business operation of the Company. The foregoing transactions are required to submit to the Board of Directors' meeting and/or the shareholders' meeting for consideration and approval pursuant to the Company's articles of association or the relevant laws.

## Nomination of the directors and the executives

### The Board of Directors and the Chief Executive Officer and the President

The Nomination and Remuneration Committee shall have duty to nominate the qualified persons to hold position of the Board of Directors, the Chief Executive Officer and the President upon vacancy of such position or to replace the director who is retired on rotation. The consideration criteria shall focus on persons who have skills and experiences necessary for business operations of the Company based on the following qualifications:

- 1) Having qualifications conforms to the Public Limited Act, the Securities and Exchange Act, rules of the Securities and Exchange Commission, rules of the Stock Exchange of Thailand and the corporate governance principles of the Company;

- 2) Having diversified knowledge, capabilities and experiences on various professional fields which shall be beneficial and can add value to the Company;
- 3) Having characteristics which support and promote the corporate governance operations to strengthen value to the Company, performing duties with accountability, care and loyalty and can fully devote times for the Company.

The selection and appointment of the director shall be based on method specified in articles of associations of the Company and the directors who have been appointed are required to have an approval from the shareholders' meeting. Resolution of the shareholders' meeting shall be made by a majority of votes of the shareholders who present and have the voting rights.

1. The Company's Board of Directors shall consist of at least 5 directors, who have been appointed by the shareholders' meeting and not less than one half of total directors must reside in the kingdom.
2. The shareholders' meeting shall elect the directors pursuant to the following criteria and methods:
  - (1) Each shareholder shall have a number of votes equal to the number of shares held.
  - (2) Each shareholder may exercise all the votes he/she has to elect one or several persons as director or directors. If several persons are to be elected as directors, the shareholder may not allot his/her votes to any person in any number.
  - (3) The candidates who have the highest votes in descending orders shall be appointed as the directors until all of the director positions are filled. In case the votes for candidates in descending order are tied, which would make the number of directors to be exceeded, the Chairman is entitled to a casting vote.
3. During every annual general meeting, at least one-third of directors shall retire. If the number of directors is not a multiple of three, then the number of directors closest to one-third shall retire.

The directors who shall retire in the first and the second year after the registration of the Company shall be selected by drawing lot, and for subsequently years, the longest serving directors shall be retired. A retired director may be re-appointed.

- 4) Any director who shall resign from directorship position shall submit a resignation letter to the Company and such resignation shall be effective from the date such letter arrives at the Company.

The resigned director under paragraph one may inform his or her resignation to the registrar under the Public Company Act.

- 5) In case of vacancy of director's position due to reasons other than by retirement in due course, the Board of Directors may appoint a person who is qualified and does not possess any prohibited qualifications specified in the Public Limited Act and laws on securities and exchange to be the director in the next Board of Directors' meeting. Except in a case where the remaining term of a director is less than 2 months, then the term of the newly appointed director shall expire at the same time as the director he/she substitutes.

The resolution of the Board of Directors under paragraph one shall consist of votes not less than three fourths of the remaining directors.

- 6) The shareholders' meeting may have a resolution to remove any director prior to expiration of his or her term with the votes not less than three fourths of votes of shareholders present at the meeting and have the voting right which must have accumulated shares not less than one half of total shares of the shareholders present at the meeting and have the voting right.

## Structure and Components of the Committees

The Board of Directors shall arrange to have the appropriated number of directors with the size of business. At present, there are 7 directors, comprising of 4 non-executive directors and 3 executive directors. Of all total number of directors, the Company has 3 Independent Directors.

### • The Independent Director

The Company prescribes that at least one third of total members of the Board of Directors shall be the Independent Directors.

The Board of Directors or the shareholders' meeting, as the case may be, shall appoint the Independent Director to be members of the Board of Directors. One thirds of the Board of Directors and at least 3 members must be the Independent Directors.

Criteria on selection of the Independent Director shall be based on criteria on selection of the Board of Directors. The Independent Director shall not possess prohibited characteristics pursuant to the Public Company Act and the relevant laws on securities and exchange, including the notifications, regulations and/or rules. The Independent Director must have the appropriated education, specialized skills and experiences. They must be proposed at the shareholders' meeting for consideration and approval to be the Company's director. In addition, if any Independent Director vacates from office before an expiration of the term, the Board of Directors may appoint another Independent Director who possesses the abovementioned qualifications to replace such vacated position and the term of the new Independent Director shall be equal to the remaining term of the Independent Director that he or she replaces.

The Board of Directors has specified qualifications of the Independent Director which are stricter than criteria of the Office of the Securities and Exchange Commission and the Stock of Thailand as follows:

1. Holding shares not exceeding 1.0 percent of the total number of voting shares of the Company, its parent company, its subsidiary, its associated company or a controlling person of the Company, provided that, the shares held by the related person of such Independent Director shall also be counted for this purpose.
2. Not being or having been a director involved in the management, an employee, a consultant with a monthly wage or a controlling person of the Company, its parent company, its subsidiary, its associated company, a subsidiary in the same level, a major shareholder or a controlling person of the Company, except he/she has resigned from such position at least 2 years prior to the date of appointment as an Independent Director.
3. Not being related by blood or legal registration as a father, mother, spouse, sibling and child, including as a spouse of the child of an executive officer, a major shareholder, a controlling person or a person who will be nominated to become an executive officer or a controlling person of the Company or its subsidiary.
4. Not having or had a business relationship with the Company, its parent company, its subsidiary, its associated company, a major shareholder or a controlling person of the Company in the manner which may interfere the exercise of independent judgment, including not being or having been a major shareholder, or a controlling person of a person having a business relationship with the Company, its parent company, its subsidiary, its associated company, a major shareholder or a controlling person of the Company, except where such restriction had passed for not less than 2 years prior to the appointment as an Independent Director.
5. Not being or having been an auditor of the Company, its parent company, its subsidiary, its associated company, a major shareholder or a controlling person of the Company, and not being a major shareholder, a controlling person or a partner of an audit office for which the auditor of the Company, its parent company, its subsidiary, its associated company, a major shareholder or a controlling person of the Company work, except where such restriction had passed for not less than 2 years prior to the appointment as an Independent Director.
6. Not being or having been a professional service provider, including a legal consultant or financial advisor who receives service fees exceeding Baht 2 million from the Company, its parent company, its subsidiary, its



associated company, a major shareholder or a controlling person of the Company, and must not be a significant shareholder, a controlling person or a partner of such professional service provider, except where such restriction had passed for not less than 2 years prior to the appointment as an Independent Director.

7. Not being a director appointed to represent the Company's Board of Directors, a major shareholder or a shareholder who is related to the Company's major shareholder.
8. Not being in a business of the same nature as, and of significant competition to that of the Company or its subsidiary or not being a significant partner of a partnership or not being a director who is involved with management tasks, a staff member, an employee, a consultant with a monthly wage or holds shares more than 1.0 percent of total shares with voting rights of another company which is engaged in a business of the same nature as and of significant competition to that of the Company or its subsidiary.
9. Not having any other characteristic which prevents the giving of an independent opinion on operations of the Company.

The Independent Director shall examine and certify its own independent qualifications at least once a year, by notifying such result together with a report on bio data of director at year end for preparation of annual information disclosure form (56-1 Form) and annual report of the Company.

#### • The Audit Committee

The Board of Directors or the shareholders' meeting (as the case may be) shall appoint at least 3 directors to be the Audit Committee of the Company and the Subsidiaries. Each member of the Audit Committee shall be an Independent Director and must not be a director who is appointed from the Board of Directors to make decision with regards to the business operations of the Company, its parent company, its subsidiary, its associated company, a subsidiary in the same level, a major shareholder or a controlling person of the Company. He or She must not be a director of the Company, its parent company, its subsidiary, a subsidiary in the same level of the listed company only. The Audit Committee shall have qualifications pursuant to the laws on securities and exchange, including notifications, regulations and/or rules of the Stock Exchange of Thailand on qualifications and scope of work operations of the Audit Committee.

In addition, at least 1 member of the Audit Committee shall have adequate knowledge, understandings and experiences on accounting or finance that can audit credibility of the financial statement as well as perform other duties as the Audit Committee.

#### • The Executives

The Company has a policy to select the persons who are knowledgeable, capable and have relevant experiences concerning with the Company's business. The selection process must comply with rules on human resources management and must have been approved from the Board of Directors or the person appointed by the Board of Directors.

The Nomination and Remuneration Committee shall consider and select a person who shall hold a position of the Chief Executive Officer and the President. The appointment of the Chief Executive Officer and the President are required to have an approval from the Board of Directors. The Chief Executive Officer and the President are assigned to appoint the qualified, capable and experienced persons concerning with the Company's business to be an employee in various levels. However, the appointment of a chief or person who is responsible for audit and internal control is required to have an approval from the Audit Committee first.

## Directors and Executives Remuneration

### A. Monetary remuneration

- The Director

In 2016, the directors' remuneration paid by the Company was as follows:

Name	Directors' Remuneration (Baht)
1. Assoc. Prof. Dr. Paiboon Sareewiwatthana	300,000
2. Mr. Kittti Jivacate*	60,000
3. Mr. Chatchaphol Prasopchoke*	60,000
4. Miss Nilrat Jarumanopas*	60,000
5. Assoc. Prof. Dr. Aekkachai Nittayagasetwat	300,000
6. Assoc. Prof. Dr. Paritud Bhandhubanyong	240,000
7. Miss Jeerapan Jinda	240,000
Bonus paid to Non-executive Directors	1,000,000
<b>Total</b>	<b>2,260,000</b>

Note: \* This is remuneration from holding position of the executive committee solely at Baht 5,000 per month and the executive committee is not entitled to receive any remuneration for being the Company's director.

During the 2016 Annual General Meeting of Shareholders on April 21, 2016, the meeting has resolved to approve the monthly directors' remuneration for 2016 at the total amounting not exceeding Baht 2,000,000 (excluding bonus paid to non-executive director) as per the following details:

Position	Remuneration (Baht/Person/Month)
	2016
Chairman of the Board of Directors	
Company's director	25,000
Chairman of the Audit Committee	10,000
Audit Committee	15,000
Executive committee	10,000
Bonus of Non-executive Director	5,000
	Not exceeding Baht 3.9 million

#### Payment conditions

The Committees who are entitled to the remuneration are the Board of Directors, the Executive Committee and the Audit Committee only.

Each director can hold the director position in any other specific committees and is entitled to receive a director's remuneration in accordance with the position he/she holds.

The Company's director shall receive the monetary remuneration at Baht 10,000 per month and the executive director shall receive the monetary remuneration at Baht 5,000 per month. However, in case the executive director is also a member of the Board of Directors and/or a member of any other specific committee, such executive director shall not be entitled to the remuneration as the committee member of the Board of Directors and/or as the member of any specific committee. He/she shall be entitled to the remuneration in the part of the executive director only.

The Board of Directors and the specific committee shall be entitled to receive the director's remuneration from the Company as gratuity, meeting allowance, pension, bonus or any benefits pursuant to the regulations or as per considered by the shareholders' meeting. Such remuneration may be as per an exact amount or as per defined criteria and shall be specified occasionally or it shall be in effect until further change. Moreover, they shall also earn the allowances and fringe benefits pursuant to the Company's regulations without having any impact to rights of the officers and employees of the Company who have been elected as the committee with regards to remuneration as the committee and benefits as the officer or employee of the Company. Besides, such remuneration payment shall not against or contradict to qualifications of the Independent Director which has been specified in the laws governing securities and exchange.

All non-executive directors of the Company are entitled to bonus. In case the Company deems appropriated, the Company may consider on payment of bonus to all non-executive directors at total amount not exceeding 1.5 % of net profit of consolidated financial statement. The Board of Directors shall decide when the bonus shall be made as well as details on bonus payment, for instance paying bonus to all non-executive directors who still hold the position. In case term of office of any non-executive directors is less than one year, bonus payment may be made proportionately to term of office of such non-executive directors.

- **The Executives**

In 2016, the Company has paid the remuneration to the executives as follows:

Remuneration	2015		2016	
	No. of Person	Remuneration (Million Baht)	No. of Person*	Remuneration (Million Baht)
1. Salary, bonus and other remunerations, i.e. commission, vehicle cost and contribution to social security fund	4	12.26	6	18.57
2. Contribution to provident fund	4	0.54	6	0.59
<b>Total</b>		<b>12.80</b>		<b>19.16</b>

Remark: \* On October 31, 2016, one executive has resigned from the Company. Hence as at December 31, 2016, there are 5 executives in total.

## B. Other remuneration

The Company's Board of Directors received other remuneration as follows:

Type	Premium	Coverage Amount
Health Insurance	Baht 17,122/Person/Year	Condition shall be pursuant to type of treatment
Life Insurance	Baht 3,440/Person/Year	Baht 800,000
Accident Insurance	Baht 655/Person/Year	Baht 500,000

## Corporate Governance

The Company realizes and puts emphasis on effective, transparent and auditable management system to enhance confidence of all parties concerned and for sustainable growth of business by performing the works ethically and complying with all relevant laws. Hence the Company has defined corporate governance policy to elevate the existing operations, so that they can have clearly and systematically standards and communicate to the Company's employees at all levels to strengthen the truly corporate governance culture by having policy or operation to maintain fundamental rights of the shareholders that they should be fairly obtained pursuant to the laws or more than that for maximum profit of the Company, the shareholders and the stakeholders in the long run and on sustainable basis. In addition, the Company has publicized the corporate governance policy in its website and also makes available to the directors, the executives and all employees for their acknowledgement and realization on importance of corporate governance on promotion of sustainable growth of the Company.

Since 2014, the Thai Institute of Directors (IOD) has adjusted survey guidelines and criteria where each category has been changed to make it conform to ASEAN CG Scorecard. In 2016, average score on corporate governance performance of the Company was 88 percent ("Very Good") which was higher than last year and higher than average scores of overall listed companies which was at 78 percent. In addition, the Company was ranked Top Quartile in the companies with market capitalization between 3,000-9,999 million baht. The essence of corporate governance performance can be summarized as follows:

### 1. The Rights of Shareholders

The Company recognizes and emphasizes the importance of the fundamental rights of the shareholders, as an investor in the securities and as owner of the Company, i.e. right to buy, sell, transfer shares in their possession, right to share in profits of the Company, right to have adequate access to the Company's information, right in the shareholders' meeting, right to express opinions and to jointly make decision on significant matter of the Company, i.e. allocation of dividend, election or removal of the directors, appointment of an auditor, approval of the significant transaction which has impact to direction of the Company's business operations, amendment of the Company's affidavit, articles of associations and etc. The Company also encourages all members of the Board of Directors, the executives and the auditor to participate in the shareholders' meeting. In 2016, the Company has arranged the 2016 Annual General Meeting of Shareholders on April 21, 2016 at the Meeting Room on the 25th Floor of TP&T Tower so that the shareholders including the investors can conveniently participated in the meeting. The operations on compliance with corporate governance principles of the Company are as follows:

- **Invitation to the Shareholders' Meeting in Advance**

During the Meeting of the Company's Board of Directors No. 1/2016 on February 25, 2016, the meeting resolved to arrange the 2016 Annual General Meeting of Shareholders on April 21, 2016. The Company has disclosed the meeting resolution, meeting date, agenda and informed other information via Elcid system of the Stock Exchange of Thailand for the shareholders' acknowledgment in advance before the invitation letter to the meeting is sent by Thailand Securities Depository Co., Ltd., which is the share registrar of the Company at least 7 days in advance before the shareholders' meeting. The Company also advertised it in the newspaper for 3 consecutive days which was April 5 - 8, 2016, so that the shareholders can have adequate time to study and prepare themselves before attending the meeting. Furthermore, the Company also publicized the invitation letter including a complete supporting document as well as opinions of the Board of Directors for each agenda, in both languages, Thai and English, on the Company's website 30 days in advance before the meeting date. The shareholders and the investors have also been informed of such disclosure via the SET's Elcid system as well.

- **On the Shareholders' Meeting Date**

During the 2016 Annual General Meeting of Shareholders, all 7 members of the Board of Directors, including the auditor and the Company's legal advisor have attended the meeting. Before the meeting commenced, the chairman of the meeting introduced the directors, the auditor and the Company's legal advisor to the shareholders and assigned the legal advisor to explain to the shareholders on how ballots are cast and counted including how to vote for the agenda on election of the director to replace the director who is retired on rotation which must be voted one person at a time. The shareholders or the proxy have also been invited to participate and examine the vote counting during the meeting.

The meeting has been conducted in accordance with the sequence of the agenda listed in the invitation to the meeting without any additional agenda which has not been specified in the invitation letter. Information has been provided according to the agenda and the shareholders including the proxy were encouraged to express opinion, suggestion or enquiry. The time provided for consideration of each agenda was reasonable and adequately. The Chairman and the executives have answered any enquiry clearly, precisely and pay attention to all questions before requesting the meeting to vote in each agenda. The policy on remuneration and method on prescribing remuneration of the directors has been presented to the shareholders. The shareholder must have an opportunity to exercise the right to vote on election of the director individually, so that the director who has the most appropriated qualification will be selected. For agenda on selection of director, the shareholders shall put their voting cards in the box to be kept as evidence.

In case any shareholder is unable to attend the meeting by himself/herself, the Company shall allow such shareholder to proxy any independent director or any person to attend on his/her behalf, by using one of proxy forms attached with the invitation letter to the shareholders' meeting. During 2016 Annual General Meeting of Shareholders, 63 shareholders attended the meeting by themselves with total shares of 428,013,806 shares and 34 proxies with total shares of 75,143,465 shares. Therefore, there were 97 people presented in the meeting with total shares of 503,157,271 shares, or accounting for 75.37 percent of total 667,605,301 issued shares, which constituted the quorum pursuant to the law and pursuant to the Company's articles of association.

- **After the Shareholders' Meeting**

During every meeting, a minute of meeting must be taken and important enquiries and suggestions must be recorded therein accurately and completely as well as voting details in each agenda, i.e. approved, disapproved or abstained. The resolution of the minute must be publicized via the Elcid system of the SET on the next working day after the meeting date, of which for this year, it was on April 22, 2016. The minute of meeting has been sent to the Stock Exchange of Thailand, the Office of Securities and Exchange Commission, the registrar of the public limited company, Department of Business Development, Ministry of Commerce on May 4, 2016 which was within the specified timeframe of 14 days. In addition, the minute of meeting, both in Thai and English, including video and audio of such shareholders' meeting have also been posted on the Company's website.

## 2. The Equitable Treatment of Shareholders

The Company treats all shareholders equally, regardless of gender, age, race, nationality, religion as follows:

- **Propose any meeting agenda and nominate a candidate for the director position**

The Company has an equitable treatment policy for all shareholders, particularly the minority shareholders by allowing the minority shareholder, individually or collectively, who hold minimum shares not less than 20,000 shares for at least 6 consecutive months to propose any meeting agenda for the shareholders' meeting as well as to



nominate a suitable candidate for the director position, together with the detailed information for consideration and/or qualifications and consent of the candidate who shall be nominated in advance of the shareholders' meeting. The Company by the Nomination and Remuneration Committee shall screen the agenda which are truly beneficial and shall select the candidate with properly qualifications before proposing to the Board of Directors for consideration, then specify in the meeting agenda.

On November 8, 2015, the Company has invited the shareholders to propose agenda and nominate the candidate for director position in advance for the Annual General Meeting of Shareholders publicized via the SET's Elcid system including the Company's website, under topic of "Investment Relations". Criteria and method for such proposal and nomination have also been specified. The period for such proposal and nomination was during November 8, 2015 to January 31, 2016 before the Nomination and Remuneration Committee arranges the meeting to select the one third of directors who shall be retired on rotation and before the Board of Director holds a meeting to consider the agenda for the Annual General Meeting of Shareholders. However, no shareholder submitted their request for the Company's consideration and the Corporate Secretary has reported to the meeting of the Board of Directors for their acknowledgement already

- **Facilitate the shareholders during the shareholders' meeting**

The Company provided adequate staff to facilitate the shareholders and the proxy who attended the meeting. The registration shall be opened 2 hours in advance before the meeting and it has been expanded to the period before the consideration of the last agenda. Barcode system has been used for registration process for conveniently and speedily purpose.

All shareholders shall have equitable right. Before each meeting, the chairman shall clearly explain how ballots are cast and counted and shall provide reasonable time to all shareholders to express their opinions, suggestions and inquiries in each agenda. The chairman shall conduct the meeting in accordance with sequence of the agenda. The Company does not have a policy to add agenda without notifying the shareholders in advance, so that all shareholders shall have time to study agenda before they make any decision.

- **Usage of inside information and undertaking of related transaction**

The Company employs a strict policy on usage of inside information to prevent any abusive self-dealing for the sake of fairness of all stakeholders. The Company has prescribed the written guidelines on maintaining the Company's inside information and guidelines to prevent usage of such information for personal gain. The Company also specifies that the directors, the executives and all employees shall not purchase or sell the Company's shares by using confidential and/or inside information and/or enter into any legal acts by using the Company's confidential and/or inside information, which may cause damages, either directly or indirectly, to the Company. Additionally, the directors, the executives and the employees who work in the unit that can access to inside information shall not use such information before it has been disclosed to the public. Any persons who can access to inside information including their spouses, children under legal age, are prohibited to purchase or sell the Company's shares, directly or indirectly (such as the nominee via the personal fund) within 1 month before disclosure of quarterly and annually financial statement and at least 3 days after disclosure of such information.

The Company provided information to the directors and the executives on their obligations to report their securities holding of the Company and penalty clauses pursuant to the Securities and Exchange Act B.E. 2535 and the regulations of the Stock Exchange of Thailand. In case the directors or the executives purchased or sold the Company's securities, such directors or the executives are required to file a report on their holdings of the Company's securities, including of their spouses and children under legal age pursuant to Section 59 of the Securities and Exchange Act B.E. 2535 every time they buy or sell such securities within 3 days to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand for acknowledgement and further dissemination to the public. The summary of change in securities holding of directors and executives in 2016 is;

Directors / Executives	Beginning Bal. Jan 1, 2016	Increase (Decrease)	Ending Bal. Dec 31, 2016
Assoc.Prof.Dr.Paiboon Sareewiwatthana (holding by spouse)	20,060,522	(18,440,017)	1,620,505
Mr.Kitti Jivacate	347,762,263	(25,371,600)	322,390,663
Mr. Chatchaphol Prasopchoke	4,124,442	324,000	4,448,442
Miss Nilrat Jarumanopas	28,059,401	2,239,500	30,298,901
Assoc.Prof.Dr.Aekkachai Nittayakasetwat	0	0	0
Assoc.Prof.Dr. Paritud Bhandhubanyong	0	0	0
Miss Jeerapan Jinda	0	0	0
Miss Preeyaporn Thanaratset	92,201	0	92,201
Mr. Chaiyot Chunwijitra	0	0	0

Moreover, the Company establishes the disciplinary penalty against people who exploit usage of or disclose inside information which, if released prematurely, would cause damage to the Company. Various penalties have been imposed, such as verbal warning, written warning, probation and termination of employment, by firing or discharging, as the case may be.

The Company also adheres to the equitable treatment of shareholders and prescribes the transparent and auditable management guidelines on conflict of interests, especially in consideration on transaction between the Company and the interest person or the related persons. In case of such incident, such interest person shall report to the Company immediately and shall not participate in consideration or voting in such matter. The Company also stipulates the guidelines to prevent the director or the executive who has an interest in transaction from participating in decision making process. During the vote session at the Board of Directors, any director with such interests shall not be entitled to vote. In addition, the Company considered about type of related transaction or connected transaction and value of transaction by referring to Notification of the Capital Market Supervisory Board No. TorJor 21/2551 Re: Rules on Entering into Connected Transaction and strictly disclosed to the Stock Exchange of Thailand, requested for approval from the Board of Directors or requested for approval from the shareholders, as the case may be. Related transaction or connected transaction has been disclosed in the Annual Report under Section "Person with Mutual Interests and Related Transaction". Such related transaction has been performed pursuant to fair and at arm's length basis, and necessity including reason for such transaction must also be specified.

### 3. The Role of Stakeholders

The Company recognizes the rights of all stakeholders, including the internal stakeholders (i.e. the shareholders, the executives and the employees of the Company) and the external stakeholders (i.e. the creditors, the customers, the business partners, the competitors, the government sector, the societies and the communities). The Company realizes that the supports and opinions from all stakeholders shall be beneficial to the business operations of the Company. Therefore, the Company shall comply with the laws and the related regulations to ensure that the rights of those stakeholders are under good care. In addition, during the course of business operation, the Company has taken into consideration the rights of all stakeholders pursuant to the following guidelines:

<b>Shareholders:</b>	To treat all shareholders equally, maintain their benefits and not perform any action which may violate or lessen their rights; to strongly commit to increase maximum satisfaction to the shareholders by taking into consideration the sustainable growth of the Company; to increase value added and appropriate returns on continued basis as well as to adhere to good corporate governance.
<b>Employees:</b>	<p>To treat all employees equally and fairly, with regards to the opportunity, compensation, fringe benefits and potential development. All employees are regarded as valuable resources and key factor to drive the organization to achievement. Therefore, the Company is determined to become the learning organization to enhance corporate culture and working atmosphere, promote team work, develop capabilities of the employees and ensure that they have securities in their careers and confidence in their quality of life and safety at work. The Company shall listen to opinions and feedback of the employees at all levels equally and fairly.</p> <p>Moreover, the Company has arranged various activities to encourage participation among the employees, i.e. badminton club, excursion trip to promote a teamwork collaboration, such as Sports Day and New Year Party, CEO Meets New and Current Employees, Water-pouring ceremony to ask a blessing from the respected elderly on Songkran Festival, staff birthday celebration and office merit ceremony and offering food alms to the monks at the office and employee rehabilitation by massage therapy, and etc. In addition, annual medical check-up services has also provided to the employees of the Company and its subsidiary every year.</p>
<b>Customers:</b>	To determine to create satisfaction and confidence to customers; take good care and be responsible for customers. Customers shall receive good, qualified and safely products/services at the appropriated prices and pursuant to the prescribed standards. The Company shall strictly comply with the conditions and agreements made with customers. The Company shall develop itself to increase standards of products and services continually and shall maintain good and sustainable relationships with the customers as well as shall not exploit the customers' information for the benefits of its own or of the related persons. In addition, for the past period, the Company has received good evaluation from the customers.
<b>Business partners and creditors:</b>	To take into consideration the equality, fairness and integrity while conducting business. To have business ethics and maintain mutual benefits with the business partners and the creditors by strictly observing laws and rules jointly specified. To not request for, receive or pay any fraudulent benefits while dealing business with the business partners. To strictly comply with conditions and treat the creditors fairly as well make repayment in timely manner, maintain warranty securities and other conditions under the agreement fully and correctly and pursuant to good corporate governance principles. The creditors and the business partners shall be reported in advance if the obligations in the contracts cannot be met and corrective measures shall be jointly discussed.
<b>Competitors:</b>	To treat the business competitors pursuant to the international practices under the laws on trade competition principles and shall adhere to good and equally competition rules. To not obstruct any business competitors, do not damage reputations of the business competitors by accusing, mudslinging and attacking ungrounded or perform any actions which are unfair to the competition.
<b>Public sectors:</b>	To emphasize transparency and integrity while performing any transactions with the officials or the government agencies in order to avoid any improper actions and against best management practices as well to oppose the offer of a bribe to the government officials to facilitate or for benefits of the Company.

Communities, societies and environment:	The Company has the policy to conduct the business with community, social and environmental responsibilities with regards to safety, quality of life and natural conservation; to promote effective use of energy; to realize the quality of life of the community and society as well as to assure that all of operations or decisions made or all products and business undertakings of the Company are performed appropriately and complied with the laws, rules, regulations and standards and they do not have any impact to the environment, community, society as well as all stakeholders. The Company also encourages its employees to have consciousness and responsibility to the surrounding communities, society and environment and to provide coordination with the activities arranged by the communities that the Company have business with, as appropriated.
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The Company determines to conduct many social and environmental responsibility projects in order to be a part in developing community and society as well as recognizes the social responsibility or the impacts which may incur to all stakeholders for sustainable business operation in the future. For more details on activities performed with the stakeholders and social responsibility in 2016, please see “Sustainable Development Report 2016”.

The Company has specified the anti-corruption policy and set up measures to prevent and handle corruption which might occur or has occurred in the Company by taking into consideration moral principle, mercy, righteousness and principles of law. In addition, the Company has provided the channels for the stakeholders and the investors to notify, suggest, file a complaint or clue with regard to illegal act, correctness of financial statement, defective internal control system or any acts which is against the ethics principles to the Board of Directors via the Audit Committee through email address: [chairman\\_auditcom@uac.co.th](mailto:chairman_auditcom@uac.co.th) or visit the Company’s website and click at Icon: Send email to Chairman of the Audit Committee. Details of the person who notifies such information (the whistle blower or the informant) or the clues shall be kept confidential to protect the right of such informant including the person who cooperates in fact finding. There are protection measures in place to make the whistle blower or the information including the person who cooperates for fact-finding confident that they will not be impacted from such complaint or from notifying such clue. “Anti-Corruption Policy” has been published on the Company’s website as well ([http://uac-th.listedcompany.com/misc/cg/anti\\_corruption.pdf](http://uac-th.listedcompany.com/misc/cg/anti_corruption.pdf)). In 2015, the Company has expressed its intention to participate as a member in PACT Network and attended the National Anti-Corruption Date which was held on Sunday September 11, 2016 at Sanam Luang, Bangkok.

Moreover, the Company also established the corporate social responsibility policy by focusing on conducting business with social and environmental responsibility and supporting the social, community and environmental activities on continued basis. The Company emphasized on significance of fundamental human rights, respect of right and freedom without discrimination and non-infringement of intellectual property or copyright including anti all kinds of corruption. Policy on quality must be defined by determining to provide good quality product and deliver the products on time. Additionally, the personnel must be developed to increase the competitive edge and efficiency. The employees shall strictly uphold to these principles for work efficiency and effectiveness.

#### 4. Disclosure and Transparency

The Board of Directors puts emphasis on disclosure of accurate, timely and transparent information, financial report and general information pursuant to the criteria of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand as well as other material information which shall impact the prices of the Company’s securities, decision-making procedures of the investors and the stakeholders of the Company. The Company has disclosed its information technology to the shareholders, the investors and the public through the channels and public media of the Stock Exchange of Thailand and on the Company’s website for the sake of fairness and credibility.

The Company has specified the policy that the directors and the executives must report about their conflict of interests in the form provided every year and every time there is any change (if any) of the interest. The corporate secretary shall present such report to the Chairman of the Board and the Chairman of the Audit Committee.

With regards to the Investor Relations, the Company has established the Investor Relations Unit to facilitate the investors and the stakeholders on an access to the Company's information. However, since there are only small numbers of such activities, therefore the Chief Executive Officer and/or the President was assigned to contact, communicate with the relevant institutional investors, the shareholders, as well as the analysts and the other related organizations. Other channels to contact with or enquire any information of the Company are via the Company's website ([www.uac.co.th](http://www.uac.co.th)) or contact the corporate secretary at tel. no. +66 2936 1700 Ext. 118 and Email Address: [sajjaporn@uac.co.th](mailto:sajjaporn@uac.co.th) or [ir@uac.co.th](mailto:ir@uac.co.th).

In 2016, the Company has publicized information to the analysts, the investors, the shareholders, and the press in various channels as follows:

1. Participate in 'Opportunity Day' Event arranged by the Stock Exchange of Thailand for the performance of the 1st and the 2nd Quarter of 2016, including participation in mai Forum 2016, arranged by mai Stock Market on July 1, 2016 where many shareholders and the investors were interested in and visited the Company's booth.
2. Mr. Kitti Jivacate, the Chief Executive Officer and Mr. Chatchaphol Prasopchoke, the President, gave interview to the television programs and mass media to provide information on nature of business, performance and business operation policy of the Company, such as:
  - Give interviews to Money Channel, e-fin Channel, Energy Update and Company Snapshot by mai.
  - Give interviews to Bangkok Business Newspaper
  - Give interview to the press of Energy and Stock Desks and etc.
3. Publicize information and analysis review of UAC securities issued in 2016 on the Company's website under topic of "Investor Relations". Present information and video about 'Opportunity Day', '2016 Annual General Meeting of Shareholders' and Quarterly Company Snapshot.
4. Welcome analysts and fund managers from various securities companies who visited the executive, such as:
  - Country Group Securities Public Co., Ltd.
  - AEC Securities Public Co., Ltd.
  - DBS Vickers (Thailand) Securities Co., Ltd.
  - KTB (Thailand) Securities Co., Ltd.

The Board of Directors shall be responsible for the Company's financial statement, and the financial information as presented in the annual report. Such financial report shall be prepared pursuant to the generally accepted accounting principles of Thailand by selecting and constantly adhering to proper accounting policies. The information in the financial statement must be adequately and accurately disclosed. The Audit Committee shall review quality of the financial report and the internal control systems including disclose the material information adequately in the notes to financial statements then report to the Board of Directors for acknowledgement.

The Company has engaged D I A International Co., Ltd. to be the auditor of the Company and its subsidiaries for 2016. This company has been engaged as the auditor since 2009 and it did not have any interest with the Company, its subsidiaries, executives, major shareholders or the related persons of the aforementioned parties. It has independency and recognized qualifications as well as approval from the Office of the Securities and Exchange Commission. The Company's financial statement always has been certified without any conditions from the auditor. The Company did not have any track record for being ordered to amend the financial statement by the Office of the Securities and Exchange Commission and it did not have any record for late submission of both quarterly and annual financial statement.



## 5. Responsibilities of the Board of Directors

### • Structure of the Board of Directors

The Board of Directors consists of the knowledgeable and experienced members in diverse fields useful for Company's business without any discrimination against gender and does not possess the prohibited characteristics pursuant to the law on public limited companies. The Board has important role in setting up policies and overall image of the organization, including supervising, auditing and evaluating performance of the Company against the given plans to ensure that they are in line with the laws, regulations, and resolutions of the shareholders' meeting with honesty, ethics and under code of conduct. It shall supervise the management tasks of the executives to ensure that they are as per the specified targets and guidelines for the maximum benefits to the Company and the shareholders. The Company has the policy on restriction on holding of director position where each director can hold director position not more than 5 listed companies, so that the Company can gain maximum benefits from each director because he/she can devote his/her time to perform duty effectively and efficiently. The Chief Executive Officer and the President shall report to the Board of Directors in case they hold director position in other company, except in the case where they have been assigned to hold such position by the Company.

The structure of the Company's Board of Directors is that more than one third of total members of the Board of Directors are the Independent Directors to act as balance of power on casting vote while considering various matters and the Audit Committee shall comprise of 3 Independent Directors. The Company has a policy that term of office of the Independent Director shall not be more than 3 terms, 3 years each. The Board of Directors may consider on renewal of term of office of the Independent Director if there are reasonable cause and beneficial to the Company and the shareholders.

At present, the Board of Directors consists of 7 members, 4 of them are non-executive directors who are qualified to be Independent Directors (3 of them are Independent Directors and members of the Audit Committee) and 3 executive directors who are the Chief Executive Officer, the President and the Chief Financial Officer. The number of the Company's Independent Directors is compliance with the criteria specified by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand which specified that it must not less than one thirds of total number of directors.

The Company's articles of association specified that during every annual general meeting, one-third of directors shall retire. If the number of directors is not a multiple of three, then the number of directors closest to one-third shall retire. The directors who shall retire in the first year and the second year after the registration of the Company shall be selected by drawing lot, and for subsequently years, the longest serving directors shall be retired. A retired director may be re-appointed.

The Board of Directors has appointed various Committees, namely the Executive Committee, the Audit Committee, the Nomination and Remuneration, the Risk Management Committee and the Corporate Governance Committee to conduct specific matters and propose them to the Board of Directors for consideration or acknowledgement. Such Committees shall have the rights and duties as per specified in their scope of duty and responsibilities. Furthermore, the Company has a policy to assess performance and review operations of the Committees every year.

The Board of Directors has a policy that the Chairman of the Board and the Chief Executive Officer must not be the same person for clarity on responsibilities between specifying supervisory policy and routine management. Roles and responsibilities of the Board of Directors and that of the executives are clearly defined and segregated with balance of power. The Board of Directors has duty to formulate the policy and oversee the operations of the executives at policy level, while the executives perform their duties in various aspects pursuant to the specified policy.

The Board of Directors has appointed Miss Sajjaporn Rammayaprayoon as the Corporate Secretary who shall have duties and responsibilities as per specified by the Securities and Exchange Act B.E. 2535. The Corporate Secretary shall be responsible for providing advice on laws and regulations that the Board of Directors and the executives

must be well aware, supervising the Board's activities, arranging the Board's meeting and shareholders' meeting of the Company, recording a minute of meeting of the Board's meeting and the shareholders' meeting, monitoring and coordinating on compliance with the Board's resolutions as well as preparing and keeping important documents of the Company, such as a register of directors, a notice calling the director meeting, a minute of meeting of the Board of Directors and an annual report of the Company, an invitation letter to the shareholders' meeting and a minute of shareholders' meeting; keeping a report on interest filed by a director or an executive and performing any other tasks as specified in the Securities and Exchange Act.

- **Roles, Duties and Responsibilities of the Board of Directors**

The Board of Directors has duties to consider and provide opinions on important matters concerning business operations of the Company, such as vision and mission, strategies, risks, action plan and budget as well as to monitor performance of the executives to ensure their efficiency and effectiveness on compliance with the specified policies and action plan. The vision, missions and strategies of the Company must be reviewed and considered every year or when nature of business has significantly changed. In 2016, The Board of Directors has considered and reviewed vision, missions and strategies and resolved that it's still appropriate and consistent with business operation for 1-4 years (2017-2020). However, The Board of Directors will regularly consider and review strategies to accommodate changes in government policy and economic situation, both domestic and international, to enhance the business expansion continuously and sustainably.

- **Segregation of Duties between Policies Setting and Routine Management**

The Board of Directors has segregated power, duties and responsibilities on establishing supervisory policies and routine management clearly. The Chairman of the Board of Directors, the Chief Executive Officer and the President are appointed by the Board of Directors. The Chairman of the Board who must not be the same person as the Chief Executive Officer shall take the lead and have key roles in making decision concerning the Company's policies as a result of the meetings of the Board of Directors under business objectives jointly considered and established by the Board and the executives. During each meeting, all directors are encouraged to actively participate as well as express their opinions independently. The Chairman shall also act as a chairman of the shareholders' meeting of the Company. However, the Chairman shall not engage in routine tasks but shall support and give advice on business operations to the executives through the Chief Executive Officer constantly. The Chief Executive Officer shall be responsible for business management under the power authorized by the Board of Directors.

- **Policy on Corporate Governance**

The Company has prepared the written corporate governance policy and such policy has been approved by the Board of Directors' meeting No. 1/2010 on May 6, 2010 and later has approved the amendment of the corporate governance policy during the Meeting of the Board of Directors No. /2014 on February 21, 2014. The Board of Directors assigned the Corporate Governance Committee to regularly review and monitor on compliance with such policy and present to the Board of Directors for acknowledgment. The Company has communicated with everyone in the organization about the correct and mutual understandings about ethical standards for business dealings and encouraged everyone to comply with such specified policy.

- **Code of Conduct**

The Board of Directors adheres to the equitable and fair business operations and specifies a written code of conduct to put into practice and disseminate to the directors, the executives and the employees as practical guidelines. Objectives are to express its intention to conduct business with transparently, ethically and responsibility to the stakeholders, by taking into consideration the societies and environment through the trainings and various communications within the organization. Such code of conducts shall reflect goodwill and practical guidelines to be observed by all employees. Ethical framework include respect and comply with laws, interests and conflicts of interests, use of inside information and maintenance of confidential information, internal control system and internal

audit, receiving and giving of gifts, properties or other benefits, intellectual properties, information technology and communication, political rights and impartiality, employees treatment and responsibility to stakeholders.

The Company has announced and informed all employees for their acknowledgement and strictly compliance beginning from the orientation when they start to work as well as promoted on compliance with such guidelines continually. The internal audit unit shall regularly follow up their performance then report to the Audit Committee for its acknowledgement.

- **Conflict of Interest**

The Company's policy concerning the conflict of interest is based on principle that any decision making on business operations shall be based on maximum profits of the Company only and shall avoid any acts which may cause conflict of interest. The directors, the executives and the employees shall review and disclose the transactions with conflict of interest for the Company's acknowledgement, as well as to inform their relationship or connection with such transaction. During any consideration, person who is related to or connected with such transaction shall not participate in consideration process and shall not have power to authorize such transaction. Any undertaking to be conducted shall bear in mind about its suitability, prices and conditions, like conducting the transactions with the third party.

The Audit Committee shall propose the connected transactions and the transactions with conflict of interest to the Board of Directors for consideration and approval and they shall be carefully considered to ensure compliance with criteria of the Stock Exchange of Thailand as well as to disclose them in the annual report and annual information disclosure form (Form 56-1).

The members of the Board of Directors and the executive of the Company shall include their spouses and children under legal age. When there is a change in securities holding of the Company, they shall notify the Company and submit a report on a change of securities holding to the Office of the Securities and Exchange Commission under Clause 59 of the Securities and Exchange Act B.E. 2535 (A.D. 1992) within 3 working days after the date such shares have been purchased, sold, transferred or accepted transfer. In addition, the directors, the executives or the working units that can access to inside information are prohibited to disclose such information to the third party or other people who do not have the related responsibilities. They are also prohibited to purchase or sale of securities of the Company within 1 months before disclosure of financial statement to the public and at least 3 days after disclosure of such information to prevent any wrongfully use of inside information.

- **Internal Control System**

The Board of Directors places importance on good corporate governance and internal control systems, both at management and operation level. Internal control system is a key mechanism to provide confidence to the executives to reduce business risks, support effective business operations by allocating properly resources to achieve the targeted objectives. It can prevent the assets from missing, losing or wrongfully exploiting. It can also make the annual report accurately and credibility, including can help the personnel to comply with related laws and regulations as well as to protect the shareholders' investments. As a result, the Company has defined a clearly written policy on duties, operational powers of the executives and the employees, on control usage of the Company's assets, including to appropriated segregate the operating person, the supervising person and the evaluating person for purpose of balance of power and cross checking.

The Board of Directors assigns the Audit Committee to audit the suitability and efficiency of the internal control systems established by the executives, relating to the operation, financial reporting, compliance with rules, regulations, policies and corporate governance principles including risk management. The Board of Directors also emphasizes on advance warning signs and irregular transactions. The Company has engaged Miss Jinnipa Ploysanrak who has capabilities and experiences on auditing internal control system to be the Company's internal auditor to audit and ensure that the Company has adequate and proper internal control systems. For full independency and balance of

power, such internal auditor shall directly report to the Audit Committee. The Company shall constantly follow up and evaluate adequacy and appropriateness of the internal control systems at least once a year to ensure effectiveness of the system.

- **Risk Management**

The Board of Directors puts emphasis on risk management and is responsible for defining overall risk management policy of the organization, assessing risk and managing them to be in acceptable level. The Board of Directors has appointed the Risk Management Committee to manage risks to ensure that risk management is effective and is compliance with the specified policies. Overall principles are that there shall be the measures to tackle any risks that might prevent achievement of the planned business operations and the Company must have measures for managing those risks by arranging internal control system and risk management system in place as well as disclose it to encourage and stimulate everybody to build up working culture that realizes importance of risks and understanding of their causes then corrects them, for instance the improvement of the working procedures, usage of the resources properly as well as usage of tools to prevent or mitigate any possible risks. The abovementioned systematic operations can provide new business opportunities which can add value to the organization.

- **Report of the Board of Directors**

The Board of Directors is responsible for the financial statement of the Company and assigns the Audit Committee to audit and prepare the financial report in accordance with the generally accepted accounting principles. The Company's important information must be adequately and transparently disclosed. The Accounting Department and/or the auditor shall attend the joint meeting and present the financial report to the Board of Director every quarter. The Board of Directors is responsible for the Company's financial information including the financial information system (Report on Responsibilities of the Board of Directors to the Financial Report) as presented in the annual report. Such financial statement has been prepared pursuant to the generally accepted accounting standards and has been audited by D I A International Audit Co., Ltd., the Company's auditor. Disclosure of important information system including the financial and non-financial information shall be based on complete facts and on regularly basis.

- **Self-assessment of the Board of Directors**

The Board of Director has specified the policy that mandated all directors to assess performance of the whole committee in each year by using the Board Self-assessment Form. Topics of such assessment are divided into 6 main topics: Structure and Qualifications of the Board; Roles and Responsibilities of the Board; the Board Meeting; the Board's Performance of Duties, Relationship with the Management and Self-development of Director and Executive Development. Additional details in each topic will be provided to the director to support their consideration. The Board Self-assessment Form shall be reviewed on appropriateness every year. Results from assessment shall be used for develop efficient of the Board. In 2016, the Board of Directors has assessed performance of each member individually in order to develop efficiency of each person. Overall results from the assessment of the whole committee and individually were excellent and most appropriated with average scores in excellent ranges, or 97.52% and 97.12 percent, respectively. Average score from performance assessment result of Sub-Committee was 97.42%, which was also in excellent range.

- **The Board Meeting**

Generally, the Board shall arrange the meeting every 3 months by planning meeting schedule in advance every year and an extraordinary meeting may be arranged in case of necessity. For each meeting, the clear agenda must be specified with correct, complete and adequate supporting documents submitted to each director in advance prior to the meeting at least 7 days so that the director can have time to study information before attending the meeting, except in case of emergency. Minutes of meeting of the previous meetings which have been approved from the Board of Directors' meeting shall be kept and available for inspection any time. Furthermore, the Company must prepare and submit a monthly performance report to the Board of Directors for acknowledgement, so that the Board

can be informed of the Company's business and can supervise operations of the executives continually and in due time.

During the meeting, the Chairman of the Board of Directors, the Chief Executive Officer and the President shall jointly set agenda for each Board Meeting and each Board member is allowed to suggest agenda items. It also has a policy to encourage all directors to attend the meeting every time or at least 3 out of 4 of the meeting throughout the year, so that each director can fully take part in consideration and provide opinions for the meeting agenda.

The Chairman shall lead the meeting and all other directors are encouraged to express their views independently. Top executive may attend the meeting during some agenda to provide detailed information that they are responsible for and to be informed of the policy directly. Resolution of the Board of Directors' meeting shall be made by a majority of votes and there must be at least 2 out of 3 of all directors present and cast the vote and each director shall have one vote. The director who might have any conflict of interest shall not attend the meeting and/or shall not cast the vote. In the event of a tie, the chairman of the meeting shall have an additional casting vote.

All committee members are entitled to inspect the meeting document and other important document and if the Independent Director or the Audit Committee has any inquiries, other director and the executive of the Company shall answer such inquiries accurately and as soon as possible.

In the event where the director does not agree with the resolution of the meeting, such director may ask the Corporate Secretary to record such disagreement in minute of meeting or submit an objection notice to the Chairman of the Board.

The Corporate Secretary shall attend the Board Meeting every time to record a minute and submit it to the Board of Directors within 7 days from the meeting date and request the Chairman of the Board to consider, sign and certify it. Such minute shall be proposed to the next meeting for certification and approval. The Corporate Secretary shall collect the information or documents concerning the meeting for convenience on searching and reference. Normally all members of the Board of Directors shall attend the meeting every time, except there is a necessary matter which shall be notified in advance prior to the meeting. Moreover, the Board of Directors has a policy that Non-executive Directors shall hold meeting among themselves, as necessary to consider the issues of their interests without the management presenting. In 2015, they have arranged such meeting on December 15, 2016 and results of the meeting have already notified the Chief Executive Officer. The participation of each committee member can be summarized as follows:

	2016					
	Board of Directors (8 times)	Audit Committee (5 times)	Executive Committee (6 times)	Risk Management Committee (4 times)	Nomination & Remuneration Committee (2 times)	Corporate Governance Committee (1 time)
1. Assoc. Prof. Paiboon Sareewiwatthana	8/8					
2. Mr. Kitt Jivacate	8/8		6/6			
3. Mr. Chatchaphol Prasopchoke	8/8		6/6	4/4		
4. Miss Nilrat Jarumanopas	8/8		6/6			1/1
5. Assoc. Prof. Dr. Aekkachai Nittayagasetwat	8/8	5/5		4/4	2/2	1/1
6. Assoc. Prof. Dr. Paritud Bhandhubanyong	8/8	5/5		4/4	2/2	
7. Miss Jeerapan Jinda	8/8	5/5			2/2	1/1



## • Remuneration

The remuneration policy of the Company for the directors and the executives is appropriated and is based on the Company's performance by comparing with the companies in the same business/industry and the economic situation including appropriateness of duties and responsibilities of each director and executive. It is provided as the committees' remuneration and/or salary and bonus.

### Remuneration to the Board of Directors and the Committees

The 2016 Annual General Meeting of Shareholders dated April 21, 2016 has approved the remuneration to the Board of Directors and the Committees and details of the remuneration and payment conditions are presented in the Remuneration to the Board of Directors and the Executives.

### Remuneration to the Chief Executive Officer, the President and the Executives

The Company carefully considers about the remuneration to the Company's executives to ensure that it is appropriated and in comparable rate with the same group of business in order to attract and retain the qualified executives. The executives with greater duty and responsibilities are paid more. The consideration criteria are based on principle and policy specified by the Board of Directors, performance of the Company as well as scope of responsibility and performance of each executive. In addition, the Company has assessed performance of the Chief Executive Officer every year and information gained shall be used by the Nomination and Remuneration Committee to consider about remuneration of the Chief Executive Officer before proposing to the Board of Directors for consideration and approval.

## • Development of the Directors and the Executives

The Board of Directors has a policy to encourage and facilitate on provision of trainings and seminars to the directors and executives to enable them to continuously improve their performance and enhance their knowledge and capability to increase their competency in operating business efficiently and consistent with the current situation. Every time there is a change of a director or a new director, the Company shall provide a new director with material and useful information for fulfilling his/her duty. Moreover, the Chairman or the person assigned by the Chairman shall introduce about nature of business and business directions to a new director as well.

The summary of trainings and seminars in 2016 of directors and executives is;

Directors / Executives	Date of trainings/seminar	Course Details (Organizer)
Mr. Kitt Jivacate Director / Chief Executive Officer	Oct 5-12, 2016	RENEXPO 2016 and visit waste to energy plant in Germany (The Institute of Industrial Energy)
	Nov 28-29, 2016	Business Continuity Plan: BCP (Interfins Advisory Co., Ltd.)
Mr. Chatchaphol Prasopchoke Director / President	July 22, 2016	EDP Conference 2016: Building Regional Leaders (TLCA)
	Sept 15-16, 2016	Asean M&A 2016: Legal, Tax & Business Strategies for Successful Cross - Border Acquisition (Asia Business Connect)
	Nov 24-28, 2016	Executive Seminar on the Management of the Expiring Petroleum Concessions (Technical Petroleum Training Institute)
Miss Nilrat Jarumanopas Director / Chief Financial Officer	July 22, 2016	EDP Conference 2016: Building Regional Leaders (TLCA)
	Aug 26 – Nov 30, 2016 (118 Hours)	Leadership Succession Program (LSP) #7 (IRDP)
		Major issues about new Thai Financial Reporting Standard (Federation of Accounting Professions)

Directors / Executives	Date of trainings/seminar	Course Details (Organizer)
Miss Preeyaporn Thanaratset	Feb 24, 2016	Advanced Risk Management (Interfins Advisory Co., Ltd.)
Executives / Senior Vice President – Sales & Marketing	Nov 28-29, 2016	Business Continuity Plan: BCP (Interfins Advisory Co., Ltd.)
Mr. Chaoyot Chunwijitra	17-18 ต.ค. 2559	Capital Expenditure Budget Analysis for Sustainable Growth #1/2016 (TMA)
Executives / Senior Vice President – Operation		

#### • The Management on Operations of the Subsidiaries and the Associated Companies

The Board of Directors has management mechanism that can control, supervise on administration and is responsible for operations of the subsidiaries to preserve benefits of the Company's investments. The Company's representatives are assigned to be the director and/or the executive in the subsidiaries and the associated companies pursuant to shareholding proportion of such companies. The Board of Directors shall consider and approve on appointment of the Company's representative to hold position of director and or the executives in the subsidiaries and the associated companies, as well as their power, duty and responsibilities. In addition, with regards to stipulation of important policy on business operations of the subsidiaries and the associated company, they shall be presented to the Company's Board of Directors to consider and approve before proposing to the Board of Directors of the subsidiaries or the associated companies, so that the supervision on their operations shall be efficiently and in line with the operation criteria of the Company.

#### • The Supervision on the Use of Inside Information

For transparency and prevention of personal gains from the usage of the Company's inside information which has not yet been disclosed to the public as well as for avoidance of any criticism concerning an appropriateness on purchase and sales of the securities by the internal people, the Company, therefore, has established the operating guidelines to be observed by the Company's directors, the executives and the employees as follows:

1. The Company's directors, the executives and the employees shall maintain confidentiality and/or inside information of the Company by not disclosing it or using it for their own benefits or for benefits of the third party directly and indirectly. They shall not purchase, sell, transfer or accept transfer the Company's securities by using the confidential and/or inside information of the Company and/or undertake any legal action by using the confidential and/or inside information of the Company which might pose damages to the Company, directly or indirectly.
2. The directors, the executives, the employees in the working unit who can obtain inside information shall not use such information before it is disclosed to the public and shall not purchase, sell, transfer or accept transfer the Company's securities during the 1 month period prior to the quarterly or yearly financial statement has been disclosed to the public and at least 3 days after the disclosure of such information.

In addition, such requirement shall also apply to the spouse and children under legal age of the Company's directors, the executives and the employees. Those who violate shall be subject to disciplinary or legally penalty, as the case may be.

#### • Remuneration of the Auditor

The Company and its subsidiaries paid remuneration to D I A International Auditing Co., Ltd., its auditor for the year of 2016 totaled Baht 2,551,110 with details as follows:

Details on Auditing Works	2016
Auditing fee of the Company	1,380,000
Auditing fee of the Subsidiaries	1,100,000
Other services fees*	71,110
Total remuneration	2,551,110

\* Other services fees include transportation allowance, vehicle fees, per diem allowances, miscellaneous expenses, and etc.

- Personnel**

As at December 31, 2016, the Company has total 120 employees (excluding 5 executives) and all of them are permanent employees which can be divided into each line of business as follows:

Department/Business	No. of Employees (Persons)
Sales & Marketing	15
Business Development	4
Quality & Risk / Engineer	4
Supply Chain Management	7
Accounting	8
Finance	6
Finance Planning	1
Procurement	4
Administration & Executive Secretary	13
Human Resources	3
Corporate Affairs	2
CBG Plant	16
PPP Plant	37

- Employees' remuneration**

In 2016, total remuneration paid to the employees by the Company was Baht 66.86 million, comprising of salaries, commission for sales of goods, vehicle cost, contribution to the provident fund, contribution to the social security fund and etc.

- Provident Fund**

The Company has established a provident fund since February 1, 2004 with SCB Asset Management Co., Ltd. Later, on July 30, 2009, the provident fund manager has been transferred to Kasikorn Asset Management Co., Ltd. with objective to strengthen morale support to the employees and to motivate them to work with the Company for a long run.

## • Personnel Development Policy

The Company has a policy to constantly develop its personnel at all levels to enhance their knowledge and capabilities which shall be beneficial to the Company as it can make the Company having capable personnel who can contribute their knowledge to the Company. The Company has the annual internal and external training plan to enhance capability and skills of the employees pursuant to their responsibilities at each level. For more details on personnel development in 2016, please see “Sustainable Development Report 2016”.

In addition, the Company also arranged projects to enhance sense of participation and joint activities among the employees which included:

- Badminton, ping pong, peton, futsal after the work to promote good health and spirit including to increase efficiency of work and enhancement of relationship.
- Teamwork promotion project, by arranging the outing activities so the employees can jointly participate in the activities together, i.e. WE’R UAC, Sports Day, New Year Party to building up unities and good relationship between the management and the employees.
- Employee Rehabilitation by Massage Therapy to reduce risk from Office Syndrome due to long working time.
- Water-pouring ceremony during Songkran Festival. The Company arranged water-pouring ceremony to ask a blessing from the respected elderly during Songkran Festival every year to strengthen good relationship between the employees and the management.
- CEO Meets New Employee. The Company arranged this activity to create good impression for the newly employed employees so that they can feel that the management put emphasis and pay attention to the employees.
- CEO Meets Current Employee. The Company arranged this activity by having lunch or dinner between CEO and each department to create good communication channel and exchange opinion and also create close relationship between Top Management and employees at all levels which represents the personnel is the most important resource of the Company.

## • Social Responsibility

The Company is committed to conducting business in accordance with guidelines for sustainable development and under the good corporate governance and principles, transparency, together with social and environment responsibility, by considering of all stakeholders in order to develop our business to become a strong and sustainable organization forever.

To make our business success sustainably, standardized, systematically and ensure that our actions are consistent with the Company’s designated vision and mission and concerned all stakeholders, the Company has prescribed Sustainable Development Policy and appointed Sustainable Development Committee to drive and manage all actions to be consistent with sustainable development policies and objectives. For more details on sustainable development in 2016, please see “Sustainable Development Report 2016”.

## Connected Persons and Related Transactions

Summary of relationship of the persons and the juristic persons who might have conflict of interest with the Company that the Company undertook transactions with:

	Name of Person/Company	Nature of Relationship
1.	Miss Chawisa Jivacate	<ul style="list-style-type: none"> <li>Miss Chawisa Jivacate, a daughter of Mr. Kittu Jivacate, holds position of director, executive director and Chief Executive Officer of the company. She is also the authorized director to sign and bind the company as well as a major shareholder of the company. As of December 31, 2016, she holds 48.29 percent of total issued shares of the company. As of December 31, 2016, Miss Chawisa Jivacate holds 3.74 percent of total issued shares of the Company.</li> </ul>
2.	UAC Utilities Company Limited (previously named "UAC UTILITIES Company Limitd.")	<ul style="list-style-type: none"> <li>A subsidiary company. The Company holds 99.994 of the paid-up capital of UAC UTILITIES (combined shares held by the Company's executives who are Mr. Kittu Jivacate, Mr. Chatchaphol Prasopchoke and Miss Preeyaporn Thanaratset totaled 0.006 percent. In addition, Mr. Kittu Jivacate, Miss Nilrat Jarumanopas and Mr. Chatchaphol Prasopchoke, the Company's directors, are also directors of UAC UTILITIES.</li> </ul>
3.	UAC & TPT Energy Company Limited ("UAC&TPT")	<ul style="list-style-type: none"> <li>A subsidiary company. The Company holds 50.0099 percent of total issued shares of UAC &amp; TPT (combined shares held by the Company's executives who are Miss Nilrat Jarumanopas and Mr. Chatchaphol Prasopchoke totaled 0.0001 percent). In addition, Mr. Kittu Jivacate, Miss Nilrat Jarumanopas and Mr. Chatchaphol Prasopchoke, the Company's directors, are also directors of UAC &amp; TPT.</li> </ul>
4.	UAC Energy Company Limited ("UAC Energy")	<ul style="list-style-type: none"> <li>A subsidiary company. The Company holds 99.9995 percent of total issued shares of UAC Energy (combined shares held by the Company's executives who are Mr. Kittu Jivacate, Miss Nilrat Jarumanopas and Mr. Chatchaphol Prasopchoke totaled 0.0005 percent). In addition, Mr. Kittu Jivacate, Miss Nilrat Jarumanopas and Mr. Chatchaphol Prasopchoke, the Company's directors, are also directors of UAC Energy.</li> </ul>
5.	Solar Energy Roof Power Company Limited ("SERP")	<ul style="list-style-type: none"> <li>A subsidiary company. The Company holds 99.9976 percent of total issued shares of SERP (combined shares held by the Company's executives who are Miss Nilrat Jarumanopas and Mr. Chatchaphol Prasopchoke totaled 0.0024 percent). In addition, Miss Nilrat Jarumanopas and Mr. Chatchaphol Prasopchoke, the Company's directors, are also directors of SERP.</li> </ul>
6.	UAC Advance Polymer & Chemicals Company Limited ("UAPC")	<ul style="list-style-type: none"> <li>A subsidiary company. The Company holds 99.9998 percent of total issued shares of UAPC (combined shares held by the Company's executives who are Mr. Kittu Jivacate, Miss Nilrat Jarumanopas and Mr. Chatchaphol Prasopchoke totaled 0.0002 percent). In addition, Mr. Kittu Jivacate, Miss Nilrat Jarumanopas and Mr. Chatchaphol Prasopchoke, the Company's directors, are also directors of UAPC.</li> </ul>
7.	Bangchak Biofuel Company Limited ("BBF")	<ul style="list-style-type: none"> <li>An associated company. The Company holds 30 percent of total issued shares of Bangchak Biofuel. In addition, Mr. Kittu Jivacate and Mr. Chatchaphol Prasopchoke, the Company's directors, are also directors of Bangchak Biofuel.</li> </ul>

8.	SEBIGAS UAC Company Limited ("SEBIGAS UAC")	<ul style="list-style-type: none"> <li>An associated company. The Company via UAC Energy Company Limited holds 49.00 percent of total issued shares of SEBIGAS UAC. In addition, Miss Nilrat Jarumanopas and Mr. Chatchaphol Prasopchoke, the Company's directors, are also directors of Sebigas UAC.</li> <li>Note: The Company holds 99.9995 percent of shares in UAC Energy Company Limited.</li> </ul>
9.	Enerray UAC (Thailand) Company Limited ("Enerray UAC")	<ul style="list-style-type: none"> <li>An associated company. The Company via UAC Energy Company Limited holds 25.00 percent of total issued shares of Enerray UAC. In addition, Miss Aree Pleekhun is the authorized director of Enerray UAC.</li> <li>Note: The Company holds 99.9995 percent of shares in UAC Energy Company Limited.</li> </ul>
10.	PPWE Company Limited ("PPWE")	<ul style="list-style-type: none"> <li>An associated company. The Company via UAC Energy Company Limited holds 50.00 percent of total issued shares of PPWE. In addition, Mr. Kitt Jivacate and Mr. Chatchaphol Prasopchoke, the Company's directors, are also directors of PPWE.</li> <li>Note: The Company holds 99.9995 percent of shares in UAC Energy Company Limited.</li> </ul>
11.	TPT Thepprathanporn Company Limited	<ul style="list-style-type: none"> <li>Related entity. Mr. Heng Thongtangthai, Mr. Prachaya Thongtangthai and Mr. Annop Klintong are the authorized directors of TsPT Thepprathanporn Company Limited and UAC &amp; TPT, the Company's subsidiary.</li> <li>Mr. Heng Thongtangthai holds 40 percent of shares in TPT Thepprathanporn. TPT Thepprathanporn is a shareholder of UAC &amp; TPT which has 49.99% of total issued shares in UAC &amp; TPT.</li> </ul>
12.	K&N Commercial Company Limited ("K&N")	<ul style="list-style-type: none"> <li>A related company. Mrs. Niramol Jivacate, a wife of Mr. Kitt Jivacate, is the authorized director of K&amp;N.</li> <li>Mrs. Niramol Jivacate holds 35% of shares of K&amp;N.</li> <li>Miss Nilrat Jarumanopos (Mrs. Niramol Jivacate's sister), the Company's director, executive and shareholder, holds 10% of shares of K&amp;N.</li> </ul>
13.	PPJ Company Limited ("PPJ") (Previously named "Universal Energy and Technology Company Limited")	<ul style="list-style-type: none"> <li>A related company. Miss Chawisa Jivacate and Miss Alisa Jivacate, daughters of Mr. Kitt Jivacate, are the authorized director of PPJ.</li> <li>Miss Chawisa Jivacate and Miss Alisa Jivacate hold 49.50% and 49.50% of shares of PPJ respectively.</li> </ul>



Related Parties	Details of Transaction	Value of Related Transaction (Baht Mil)	Necessity and Reasonableness of Intercompany Transactions
		2016	
1. Miss Chawisa Jivacate	<p><b>Outstanding balance:</b> Accrued warehouse rental fee payable</p> <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. Its rental area is 2,200 square meters with rental period of 1 year, from January 1, 2016 - December 31, 2016. Rental rate is 60 Baht per square meter per month or 132,000 Baht per month (The Company was responsible for payment of withholding tax at the rate of 5% of monthly rental fee, therefore rental fee including withholding tax equaled to 138,947.37 Baht per month).</p>	1.67	<p>The Company is necessary to have areas for storing stocks due to its business expansion. Such transaction was conducted pursuant to general, normal terms and conditions.</p> <p>The Audit Committee opined that such transaction was reasonable and rental rate was lower when compared with market price.</p>
2. UAC Utilities Company Limited ("UAC UTILITIES") (Previously named "UAC Hydrotek Company Limited") engages in business of renewal energy and utilities.	<p><b>Investment in the company</b></p> <p><b>Balance Sheet</b> Short Term Loan Accrued Interest</p> <p><b>Income Statement</b> Interest Income</p>	<p>6.67</p> <p>20.00</p> <p>0.05</p> <p>0.05</p>	<p>Investment in the subsidiary company that it holds 100.00% of shares.</p> <p>The Company rendered capital investment regarding renewal energy projects to its subsidiary with interest charged at an appropriated rate.</p>

Related Parties	Details of Transaction	Value of Related Transaction (Baht Mii)	Necessity and Reasonableness of Intercompany Transactions
		2016	
3. UAC & TPT Energy Company Limited ("UAC & TPT") engages in business of biogas plant.	<b>Investment in the company</b>	49.81	<p>Investment in the subsidiary company that it holds 50.0099% of shares. The Company provides short-term loan for investment in biogas power plant project with interest charged at an appropriated rate.</p> <p>The Company rendered management services including other services i.e. electricity, photocopy, cleaning and etc. to its subsidiary. The rate charged was calculated from number of personnel and proportion of period of time working for UAC &amp; TPT including cost of average expenses of services rendered.</p> <p>The Audit Committee opined that such business provision was reasonable and it was beneficial to the Company as it could facilitate coordination with its subsidiaries and service rate charged was appropriated.</p>
	<b>Balance Sheet</b>		
	Short Term Loan	86.50	
	Accrued Interest	4.16	
	Other Account Receivable	1.15	
	<b>Income Statement</b>		
4. UAC Energy Company Limited ("UACE") engages in energy business.	<b>Investment in the company</b>	95.00	<p>Investment in the subsidiary company that it holds 100.00% of shares. The Company provides short-term loan for investment in Energy projects with interest charged at an appropriated rate.</p> <p>The Company rendered management services including other services i.e. electricity, photocopy, cleaning and etc. to its subsidiary. The rate charged was calculated from number of personnel and proportion of period of time working for UACE including cost of average expenses of services rendered.</p> <p>The Audit Committee opined that such business provision was reasonable and it was beneficial to the Company as it could facilitate coordination with its subsidiaries and service rate charged was appropriated.</p>
	<b>Balance Sheet</b>		
	Short Term Loan	106.00	
	Accrued Interest	3.73	
	Other Account Receivable	0.06	
	Account Receivable	11.65	
	<b>Income Statement</b>		
	Revenue from Sales	18.34	
	Other Revenues	0.36	
	Interest Income	5.24	

Related Parties	Details of Transaction	Value of Related Transaction (Baht Mii)	Necessity and Reasonableness of Intercompany Transactions
		2016	
5. Solar Energy Roof Power Company Limited ("SERP") engages in business of solar energy.	<b>Investment in the company</b>  <b>Balance Sheet</b> Short Term Loan Accrued Interest  <b>Income Statement</b> Other Revenues Interest Income	   5.00 0.02  0.24 0.22	<p>The Company provides short-term loan to be used as working capital and the interest rate charged is appropriated.</p> <p>The Company rendered management services including other services i.e. electricity, photocopy, cleaning and etc. to its subsidiary. The rate charged was calculated from number of personnel and proportion of period of time working for SERP including cost of average expenses of services rendered.</p> <p>The Audit Committee opined that such business provision was reasonable and it was beneficial to the Company as it could facilitate coordination with its subsidiaries and service rate charged was appropriated.</p>
6. UAC Advance Polymer & Chemicals Company Limited ("UAPC") engages in business of production and distribution of latex polymer and latex emulsion.	<b>Investment in the company</b>  <b>Balance Sheet</b> Account Payable  <b>Income Statement</b> Other Revenues Interest Income The company purchased goods to operate in normal business operation and the purchase prices are as per market prices.	180.00  0.02  0.60 0.08 0.02	<p>Investment in the subsidiary company that it holds 100.00% of shares.</p> <p>The Company rendered management services including other services i.e. electricity, photocopy, cleaning and etc. to its subsidiary. The rate charged was calculated from number of personnel and proportion of period of time working for UAPC including cost of average expenses of services rendered.</p> <p>Such transaction was normal business operation of the Company with general trading terms and purchase prices were pursuant to market prices.</p> <p>The Audit Committee opined that such business provision was reasonable and it was beneficial to the Company as it could facilitate coordination with its subsidiaries and service rate charged was appropriated.</p>

Related Parties	Details of Transaction	Value of Related Transaction (Baht Mil)	Necessity and Reasonableness of Intercompany Transactions
		2016	
7. Bangchak Biofuel Company Limited (“BBF”) engages in business of production and distribution of biodiesel.	<b>Investment in the company</b>  <b>Balance Sheet</b> Account Receivable 1.38 Account Payable 4.64  <b>Income Statement</b> Revenue from Sales 2.40 The Company purchased glycerin to export and sell in foreign countries. Such purchase was conducted pursuant to normal course of business and at the market price. 22.25		<p>Such transaction was in accordance with normal course of business with general trading terms. Purchase prices were as per market prices.</p> <p>The Audit Committee opined that nature of such transaction was pursuant to the Company’s normal course of business and was reasonable.</p>
8. Sebigas UAC Company Limited (“SEBIGAS UAC”) engages in business of construction and environmental engineering management.	<b>Balance Sheet</b> Advance payment for purchasing of fixed assets 0.99  <b>Income Statement</b> Other revenues: The Company has income from management service and other service fees, i.e. electricity, photocopy, cleaning and etc. pursuant to the contracts 0.89  Contractor’s fee (fixed assets) EPC Contract for biogas plant (Mae Tang 2) for the Company. 0.24		<p>The Company rendered management services including other services i.e. electricity, photocopy, cleaning and etc. to its subsidiary. The rate charged was calculated from number of personnel and proportion of period of time working for SEBIGAS UAC including cost of average expenses of services rendered.</p> <p>The Audit Committee opined that such business provision was reasonable and it was beneficial to the Company as it could facilitate coordination with its subsidiaries and service rate charged was appropriated.</p> <p>Such transaction was normal business operation of the Company with agreed trading terms and prices pursuant to market prices. The Audit Committee opined that such transaction was a normal course of business of the Company and was reasonable.</p>

Related Parties	Details of Transaction	Value of Related Transaction (Baht Mii)	Necessity and Reasonableness of Intercompany Transactions
		2016	
9. Enerray UAC Company Limited (Thailand) ("Enerray UAC") engages in business of construction and environmental engineering management.	<b>Income Statement</b> Other revenues: The Company has income from management service and other service fees, i.e. electricity, photocopy, cleaning and etc. pursuant to the contracts	0.14	The Company rendered management services including other services i.e. electricity, photocopy, cleaning and etc. to its subsidiary. The rate charged was calculated from number of personnel and proportion of period of time working for Enerray UAC including cost of average expenses of services rendered.  The Audit Committee opined that such business provision was reasonable and it was beneficial to the Company as it could facilitate coordination with its subsidiaries and service rate charged was appropriated.
10. K & N Commercial Company Limited ("K&N") engages in business of fabric retailer and uniform tailoring.	<b>Productive expenses:</b> The Company purchased uniforms from K&N to use in its business by comparing price with market price.	0.23	Such transaction was normal business operation of the Company with agreed trading terms and prices pursuant to market prices.  The Audit Committee opined that such transaction was normal course of business of the Company and was reasonable.
	<b>Administrative expenses:</b> The Company purchased uniforms from K&N to use in its business by comparing price with market price.	0.10	
11. PPJ Company Limited ("PPJ") engages in business of hotel.	<b>Investment in the company</b>		Such transaction was normal business operation of the Company with agreed trading terms and prices pursuant to market prices.  The Audit Committee opined that such transaction was normal course of business of the Company and was reasonable.
	<b>Balance Sheet</b> Other Account Payable	0.02	
	<b>Income Statement</b> Administrative Expenses: The room rate is compared price with market price.	0.27	

## Measure or procedure for approval of intercompany transactions

The measures on transaction with person who might have conflict of interest specified by the Company were transparently, fairly and for the best interest of the Company. The Audit Committee is required to give opinions on necessity and reasonableness of such transaction to ensure that their conditions must be pursuant to normal course of business and at market price which can be compared with price charged with the third party. In case the Audit Committee does not have expertise in considering the related transaction which may incur, the Company will engage the specialized or skilled person, i.e. independent auditor, asset appraiser or law firm to provide opinion on it so that the Audit Committee shall use such opinion to make decision and to propose to the meeting of the Board of Directors or the shareholders, as the case may be.

In addition, it also specified that the executive or the person who might have conflict of interest, whether directly or indirectly in any transaction shall not be entitled to vote or approve such relevant transaction. Moreover, the Board of Directors shall oversee to ensure that the Company complies with the laws concerning securities and stock exchange, regulations, announcements, orders or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand, as well as complies with regulations on disclosure of the related transactions in notes to the financial statement which has been audited or reviewed by the Company's auditor.

## Policy or trend of intercompany transactions

The Company anticipates that there shall be the related transactions again and continually, such as goods purchase and sale and property rental with persons who might have conflict of interest with the Company which are normal course and can support the Company's business in the future. Such related transactions shall be executed as necessary and for efficient business operation. Policy on price fixing of such related transaction must be clearly specified pursuant to fair and appropriated pricing and marketing conditions and to ensure that the related transactions are not undertaken for a purpose of transferring interest between the Company and the person who may have conflict of interest, as well as to take into consideration the maximum benefit of the Company. The Company's Audit Committee shall review on compliance with the criteria and provide opinions on reasonableness of the related transactions whether they are normal business transaction or transaction which supports normal business operation on quarterly basis.



# Discussion and Analysis of Financial Position and Operating Results

## Overview of Operating Results

The Company engages in business of import and distribution of chemicals and equipment used in various industries, i.e. off-shore natural gas exploration and production, oil refinery, petrochemicals plants, base oil plant, polymer and plastics plant, chemical industrial plant and power plant. The Company also undertakes business relating to installation and construction services of utilities system, provision of consultancy services and marketing recommendations for alternative energy and renewable energy investment projects. The Company's subsidiaries engage in business of 1) production of tap water for industrial use and for consumption as well as supply and installation of the related equipment, 2) production and distribution of biogas for power generation, communications and general industries (not yet generated income), 3) generation and distribution of power supply and renewable energy, and 4) production and distribution of chemical products, i.e. latex emulsion and latex polymer (this business has been acquired by and transferred to the Company on April 30, 2015).

According to the consolidated financial statement in 2016, approximately 43.11 percent of total income came from sales of products in Energy and Petroleum Group, followed by products under Polymer and Chemicals Production and Distribution Group, i.e. latex emulsion and latex polymers, with share of 24.59%, then products in Energy and Industrial Group, with share of 11.70 percent and 11.47 percent, respectively. Share of income from Provision of Service and sales of products in Other Group were closely with each other at 2.39-2.64 percent of total incomes. Other incomes was 1.84 percent. Income from realization of profit sharing of investment in an associate was 2.26 percent of total income.

The Company's total comprehensive income for separate financial statement in 2016 was 7.22 million Baht, decreased by 91.67 percent from 2015 because the Company's income from sales of products and services decreased by 19.52 percent when compared with the previous year. In addition, selling and administrative expenses and finance costs of the Company increased by 21.07 percent when compared with the last year. Such increase of total expenses was as a result of adjustment of contract, allowance on impairment of fix assets and loan interest for investment\*\*.

For consolidated financial statement in 2016, total comprehensive income in 2016 was at 24.71 million Baht, a decrease by 73.72 percent from 2015 due to decline on income from sales and services by 8.42 percent and increase of gross profit by 14.73 percent, compared with the previous year. Selling and administrative expenses including finance cost in 2015 and 2016 were 17.21 percent and 23.91 percent of income from sales and services, respectively.

## Operating Results (Separate)

### Income from Sales

	2014	2015	2016
1. Products in Energy and Petroleum Group	675.09	898.91	595.42
2. Products in Industrial Group	178.31	149.56	158.46
3. Products in Other Group <sup>1/</sup>	45.85	34.72	33.03
4. Provision of Services <sup>2/</sup>	65.09	51.53	36.51
6. Energy Group	18.73	52.83	132.29
7. Other Incomes <sup>3/</sup>	21.17	23.53	30.75
8. Proceeds from Dividend Received	86.98	81.96	45.01
<b>Total Incomes</b>	<b>1,091.22</b>	<b>1,293.04</b>	<b>1,031.47</b>

Remark

<sup>1/</sup> Income from sales of product in Other Group are income received from import of crude glycerin and etc.

<sup>2/</sup> Income provision of Services are income from EPC contract and installation service including consulting services.

<sup>3/</sup> Other Incomes are commission from selling of products and services, interest income, gain from foreign exchange rate and proceeds from assets disposal and others.

In 2016, the Company's total revenue was 1,037.47 million Baht, a decrease by Baht 261.57 million from 2015 caused by reduction of sales. Sale of Products under Energy and Petroleum Group decreased by Baht 303.49 million which was catalyst and chemical products related to petroleum industry. Incomes from Provision of Service and Products in Other Group reduced by Baht 15.02 million and Baht 1.69 million, respectively. Revenue from Product in Energy and Industrial Group rose by Baht 79.46 million and Baht 8.90 million, respectively. Total revenue of Energy Group increased by Baht 79.46 million, which comprised of revenue recognition from biogas plant for supply of electricity in 2016 and the Petroleum Production Plant. Revenue realization of both plants increased by Baht 81.50 million. Both plants have not yet been operated plant at full production capacity. Income from the Compressed Bio-methane Gas plant reduced by Baht 2.04 million.

In 2016, in Other Incomes – dividend received decreased by Baht 36.95 million from 2015. However, others incomes increased by Baht 7.22 million Baht. Hence total income of the Company's business in 2016 amounted to Baht 1,031.47 million, a decrease by Baht 261.57 million from 2015.

### Cost of Sales

Cost of sales in 2015-2016 was Baht 1,006.75 million and Baht 794.36 million, representing 84.77 percent and 83.12 percent of income from sales and services, respectively. Ratio on cost of sales was in line with an increase of sales during such period. Consequently, gross profit margin in 2016 was at 16.88 percent, an increase from 15.23 percent in 2015.

### Expenses

Total expenses of the Company in 2015-2016 were Baht 197.64 million and Baht 239.27 million, which equaled to ratio per income from sales and services of 16.64 percent and 25.04 percent, respectively.

Selling expenses in 2015-2016 were Baht 40.86 million and Baht 48.30 million, representing 3.44 percent and 5.05 percent of income from sales and services, respectively.

Administrative expenses in 2015-2016 were Baht 124.21 million and Baht 148.31 million, representing 10.46 percent and 15.52 percent of income from sales and services, respectively. The increase ratio when comparing with last year was 19.40 percent. Administrative expenses in 2016 comprised of expenses for office management, expenses for the executives and the Independent Directors' remuneration which was Baht 91.93 million. Most of expenses derived from expenses concerning employees, allowance for doubtful account and allowance for devaluation of inventories. In addition, administrative expenses also included those of three plants amounted to Baht 56.38 million, where one of them has loss from assets depreciation, which accounted for 25.52 percent of total administrative expenses.

Finance costs in 2015-2016 were Baht 32.56 million and Baht 42.66 million, representing 2.74 percent and 4.46 percent of income from sales and services, respectively. The increased finance cost of Baht 10.10 million was cost of loans for investment and for usage as working capital in the business.

### Profit before Finance Costs and Income Tax

Profit before finance costs and income tax of the Company in 2015-2016 was Baht 121.23 million and Baht 40.51 million, respectively, a decrease by Baht 80.72 million.

### Net Profit for the Year

Net profit for the year 2015-2016 was Baht 86.75 million and Baht 6.83 million, respectively, a decrease by Baht 79.93 million. Net profit margin was 7.31 percent and 0.71 percent of income from sales and services, respectively.

The Company's comprehensive income for the year 2015-2016 was Baht 86.75 million and Baht 7.22 million, a decrease by Baht 79.53 million.

However, when considering from the consolidated financial statement in 2015-2016, net profit of the Company was Baht 94.00 million and Baht 24.40 million, or representing net profit margin of 6.50 percent and 1.84 percent of income from sales and services, respectively, which was due to the operating results of the Company and its subsidiaries.

The Company's comprehensive income for the year 2015-2016 was Baht 94.00 million and Baht 24.71 million, a decrease by Baht 69.29 million.

### Share of Profit (Loss) from Investments in Associate Companies (in Consolidated Financial Statement)

In 2015-2016, the Company realized share of profit (loss) from investments in Bangchak Biofuel Co., Ltd. and other associated companies according to shareholding proportion at Baht 79.19 million and Baht 31.19 million, respectively, a decrease by Baht 48.00 million as Bangchak Biofuel Co., Ltd. has been impacted from reduction of biodiesel mixing ratio in diesel oil, in order to reduce the price of such oil.

### Analysis of Financial Position

As at December 31, 2016, total assets of the Company pursuant to separate financial statement was Baht 2,087.81 million, an increase by Baht 193.08 million or 10.19 percent from December 31, 2015, due to the following reasons:

- Current assets increased by Baht 146.34 million or 28.94 percent. Most of them came from short-term loan to related businesses of Baht 152.50 million, an increase of trade and other receivables of Baht 83.96 million and an increase of inventories of Baht 2.88 million, while cash and cash equivalent was decreased by Baht 93.00 million.
- Trade Account Receivables

Trade Account Receivables	As at December 31, 2015		As at December 31, 2016	
	Million Baht	%	Million Baht	%
Account Receivables – Not yet due	79.91	70.79	122.17	60.54
Account Receivables – Past due:				
- Less than 3 months	27.76	24.59	60.67	30.06
- More than 3-6 months	0.62	0.55	11.40	5.65
- More than 6-12 months	1.37	1.21	6.19	3.07
- Over 12 months	3.22	2.85	1.37	0.68
	112.88	100.00	201.81	100.00

As at December 31, 2016, total trade account receivables was Baht 201.81 million, an increase by Baht 88.94 million from 2015, where ratio of trade account receivables- not yet due was 60.54 percent of total receivables. Average collection date in 2015-2016 was 36.17 days and 59.41 days, respectively.

- Inventories

	As at December 31, 2015		As at December 31, 2016	
	Million Baht	%	Million Baht	%
Finished goods	136.63	85.73	131.01	80.74
Raw materials	0.00	-	0.27	0.16
Consumables	1.98	1.24	5.64	3.47
Goods in Transit	21.55	13.52	27.23	16.78
	160.16	100.49	164.13	101.16
Less Allowance for devaluation of finished goods	-0.78	- 0.49	-1.87	- 1.16
Inventories	159.38	100.00	162.26	100.00

As at December 31, 2016, the inventories were Baht 162.26 million which increased by Baht 2.88 million from 2015, primarily due to the increase of goods in transit of Baht 5.68 million and consumables of Baht 3.66 million. However, finished goods was decreased by Baht 5.63 million. Average inventory days in 2015-2016 was 45.46 days and 60.51 days, respectively.

The Company's policy on allowance for devaluation of finished goods for prolonged non-turnover goods or goods which did not meet the specified criteria/ standards was as follows:

- Non-current assets increased by Baht 46.74 million or 3.36 percent of total assets, primarily due to an increase of investment in subsidiaries of Baht 26.67 million, an increase of property, plant and equipment of Baht 6.05 million and an increase of deferred tax asset of Baht 17.44 million, and others of Baht 2.58 million. Prepayment for fix assets acquisition was decreased by Baht 6.00 million.
- Total liabilities as at December 31, 2016 was Baht 1,021.55 million, an increase by Baht 54.11 million or 5.59 percent from December 31, 2015, which was due to a decrease of current liabilities of Baht 384.42 million, while non-current liabilities increased by Baht 402.53, primarily due to issuance of debenture.
- As at December 31, 2016, the shareholders' equity of the Company was Baht 1,066.25 million which increased by Baht 138.97 million from December 31, 2015. Shareholders' equity of 2016 comprised of paid-up share capital of Baht 333.80 million and share premium of Baht 587.17 million. A change or retained earning during the period is as follows:

Retained earnings – carried forward amounted to Baht 175.92 million, realization of comprehensive profit Baht 7.23 million, cash dividend payout and legal reserves of Baht 0.34 million, which resulted in unappropriated retained earnings at ending period of Baht 116.04 million and appropriated retained earnings of Baht 29.24 million.

The Meeting of the Board of Directors held on February 24, 2017 resolved to approve total dividend payout at the rate of Baht 0.05 per share, or totaled Baht 33,380,265.05. This dividend payout is scheduled to be paid on April 24, 2017. However, such resolution on dividend payout was still uncertain as it has to be proposed to and requested for approval from the Annual General Meeting of Shareholders.

## Liquidity

Unit : MBaht

	As at December 31, 2016	As at December 31, 2015
Net cash from (used in) operating activities	38.20	69.17
Net cash from (used in) investing activities	-228.99	-294.20
Net cash from (used in) financing activities	97.67	274.57
Effect from changes in foreign exchange rate for cash and cash equivalents	0.12	-0.43
Cash and cash equivalent increased (decreased)	-93.00	49.11
Cash and cash equivalent as at January 1	113.25	64.13
Cash and cash equivalent as at December 31	20.25	113.25

In 2016, net cash from operating activities of the Company was Baht 38.20 million, which derived from the operating profits (loss) before income tax amounting to Baht (2.15) million. There were adjustments and changes in the operating assets, for instance, an increase of trade and other receivables of Baht 92.39 million, an increase of inventories of Baht 3.97 million and operating liabilities, i.e. an increase of trade and other payables of Baht 61.37 million. In addition, interest paid and income tax was Baht 35.38 million, so the Company has net cash from operating activities of Baht 38.20 million.

Net cash used in investing activities was Baht 228.99 million, most of them were cash used in short-term loan to related business investment in subsidiaries of Baht 152.50 million, fixed assets acquisition of Baht 95.68 million and investment in subsidiaries of Baht 26.67 million. In addition, cash dividend received from the associated was Baht 45.01 million.

Net cash from financing activities was Baht 97.67 million, which mainly comprised of issuance of debenture of Baht 500 million, cash received from exercising of warrant of Baht 198.50 million, repayment of bank overdraft and short-term loan from the financial institutions of Baht 401.10 million, repayment of long-term loan and liabilities pursuant to financial lease of Baht 132.98 million, while cash dividend payout was Baht 66.76 million. Therefore, total amount of cash as at ending of 2016 was Baht 20.25 million.

### Liquidity Ratio

In 2015-2016, liquidity of the Company increased with liquidity ratio equaled to 0.74 time and 1.92 time, respectively which was due an increase of current assets, while current liabilities decreased from bank overdraft and short-term loan from financial institutions.

In 2015-2016, cash cycle was 61.91 days and 83.30 days, respectively, which increased from 2015 because average collection period of the Company in 2016 was 59.41 days, an increase from 36.17 days in 2015. Average holding period in 2016 was 60.51 days, which increased from 45.46 days in 2015. While average payment period in 2016 was 36.62 days, which increased from 19.72 day in 2015. Consequently, it made cash cycle in 2016 increased to 21.39 days from 2015.

### Financial Policy Ratio

For the year ended 2015-2016, total debt to equity ratio was 1.04 time and 0.96 time, respectively, which increased from 2015, while Debt Services Coverage Ratio was 1.02 time and 0.62 time, respectively .

### Auditor's Remuneration

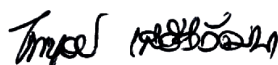
In 2015-2016, the Company paid remuneration to the auditor at Baht 1,320,000.00 and Baht 1,380,000.00, respectively, without payment of any additional remuneration.

## Report on Responsibilities of the Board of Directors to the Financial Statements

Financial statement of UAC Global Public Company Limited (“the Company”) has been prepared pursuant to Thai accounting standards under the Accounting Act B.E. 2543 as well as the interpretations and accounting guidelines announced by the Federation of Accounting Professions as well as regulations of the Office of Securities and Exchange Commission on preparation and presentation of financial report under the Securities and Exchange Act B.E. 2535.

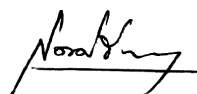
The Board of Directors puts emphasis on its duty and responsibilities in supervising to ensure that the Company's operations are compliance with corporate governance policies; the financial statement and financial information technology presented in the Annual Report is accurate, complete and provides adequate disclosures. The Board of Directors provides and maintains effective internal control system to assure confidence and credibility of the financial statement, including complies with the laws and relevant regulations. The Audit Committee has reported its auditing results to the Board of Directors and those opinions were presented in the Annual Report.

The Board of Directors is of the opinion that the Company's overall internal control systems are satisfactory and can assure reasonable accountability of the financial statement as of December 31, 2016 which has been audited by the Company's auditor in accordance with generally accepted accounting standards. The Board of Directors also has opinion that the financial statement indicates its financial status and operating results correctly and as appropriate with regard to significant information, in accordance with generally certified accounting principles.



(Mr. Paiboon Sareewiwatthana)

Chairman



(Mr. Kitti Jivacate)

Chief Executive Officer



# Independent Auditor's Report

## To the Shareholders of UAC GLOBAL PUBLIC COMPANY LIMITED

### Opinion

I have audited the accompanying consolidated and separate financial statements of UAC GLOBAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES ("the Group") and of UAC GLOBAL PUBLIC COMPANY LIMITED ("the Company"), which comprise the consolidated and separate statements of financial position as at December 31, 2016, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of UAC GLOBAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of UAC GLOBAL PUBLIC COMPANY LIMITED as at December 31, 2016, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matters included auditing procedures are as follows:

### Impairment of assets assessment

As stated in note to financial statements No.12, the Group recorded impairment of building, machine and equipment as at December 31, 2016 Baht 45.88 million Impairment of building ,machine and equipment ii considered as significant risk relating to significant judgment of Management in considering an indicator of impairment and recoverable value Such judgment including estimation and assumption especially relating to expected future cash flows and growth rate ,discounted rate used for each unit of assets generating cash. Accordingly, I have addressed such matter as key audit matter.

I have obtained an assurance relating to impairment of building, machine and equipment by included

- Obtained an understanding whether estimation of impairment of assets applied by Management of the Group conformity with usage benefit of the assets.
- Tested significant assumption of the management supported the estimated future cash flows discounted for presenting present value by referring to previous performance, trend analysis in the past, the accuracy of estimated cash flows with actual performance and impairment for assets calculation.
- Considered the adequacy of the disclosure of information relating to significant assumption for testing impairment of assets in the financial statements.

## Other Information

Management is responsible for the other information. The other information comprises information in the annual report of the Group, but does not include the consolidated and separate financial statements and my auditor's report thereon, which I obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to me after that date.

My opinion on the consolidated and separate financial statements does not cover the other information and I do not and will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

D I A INTERNATIONAL AUDIT CO., LTD.

(Miss Somjintana Pholhirunrat)

C.P.A. (Thailand)

Registration No. 5599

February 24, 2017

# STATEMENTS OF FINANCIAL POSITION

UAC GLOBAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
AS AT DECEMBER 31, 2016

		Consolidated financial statements (Baht)		Separate financial statements (Baht)	
Assets	Note	2016	2015	2016	2015
Current assets					
Cash and cash equivalents	5	25,432,413.93	140,810,514.01	20,246,516.91	113,248,536.37
Temporary investment	6	2,305,640.99	0.00	0.00	0.00
Trade and other receivables	7	366,397,227.31	274,843,025.06	251,024,085.81	167,060,466.08
Prepayment for wages and goods acquisition		939,214.40	939,214.40	939,214.40	939,214.40
Short-term loans	26	18,000,000.00	0.00	217,500,000.00	65,000,000.00
Inventories	8	215,785,896.95	229,629,831.85	162,260,004.40	159,383,998.96
Total current assets		628,860,393.58	646,222,585.32	651,969,821.52	505,632,215.81
Non-current assets					
Investment in associates	9	235,403,399.24	247,317,393.95	111,051,487.00	111,051,487.00
Investment in subsidiaries	10	0.00	0.00	331,477,259.89	304,808,860.00
Other long-term investment	11	20,000,000.00	0.00	0.00	0.00
Property, plant and equipment	12	1,664,392,418.36	1,424,454,079.47	951,802,488.19	945,749,095.39
Goodwill	3.4	385,804,794.21	385,804,794.21	0.00	0.00
Deferred tax assets	13	36,269,649.23	19,443,631.70	35,954,381.25	18,512,743.87
Prepayment for fixed assets acquisition		1,053,678.75	7,316,466.00	993,678.75	6,993,678.75
Other non-current assets		8,304,685.56	4,582,007.26	4,556,007.97	1,977,939.72
Total non-current assets		2,351,228,625.35	2,088,918,372.59	1,435,835,303.05	1,389,093,804.73
Total assets		2,980,089,018.93	2,735,140,957.91	2,087,805,124.57	1,894,726,020.54

Notes to financial statements are parts of these financial statements.

# STATEMENTS OF FINANCIAL POSITION (CONTINUED)

UAC GLOBAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2016

		Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2016	2015	2016	2015
Liabilities and shareholders' equity	Note				
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	14	61,373,804.31	462,467,163.10	61,367,811.12	462,467,163.10
Trade and other payables	15	223,252,272.56	188,589,499.34	141,590,601.70	92,475,333.17
Current portion of long-term debts	16	225,589,349.17	198,894,720.67	136,048,607.22	132,489,088.66
Short-term loans	26	81,000,000.00	60,000,000.00	0.00	0.00
Accrued corporate income tax		7,833,137.79	6,701,087.15	0.00	0.00
Total current liabilities		599,048,563.83	916,652,470.26	339,007,020.04	687,431,584.93
Non-current liabilities					
Long-term loans	17	410,133,202.43	533,366,579.69	79,498,376.54	132,394,376.54
Debenture	18	500,000,000.00	0.00	500,000,000.00	0.00
Financial lease liabilities	19	78,345,382.22	86,341,358.77	3,675,816.59	82,319,451.79
Deferred tax liabilities	13	35,584,779.13	28,962,962.16	23,738,288.05	15,176,332.55
Provisions for dismantling		53,290,710.60	32,501,583.18	49,886,973.25	30,625,548.86
Employee benefit obligations	20	13,744,797.50	11,456,777.50	11,813,406.50	10,657,003.50
Other non-current liabilities		23,747,387.92	14,448,078.48	13,934,303.80	8,840,601.84
Total non-current liabilities		1,114,846,259.80	707,077,339.78	682,547,164.73	280,013,315.08
Total liabilities		1,713,894,823.63	1,623,729,810.04	1,021,554,184.77	967,444,900.01

Notes to financial statements are parts of these financial statements.



# STATEMENTS OF FINANCIAL POSITION (CONTINUED)

UAC GLOBAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
AS AT DECEMBER 31, 2016

Liabilities and shareholders' equity (Cont'd)	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2016	2015	2016	2015
Shareholders' equity					
Share capital					
Authorized share capital					
867,885,301 ordinary					
shares of Baht 0.50 each	21	433,942,650.50		433,942,650.50	
746,347,402 ordinary					
shares of Baht 0.50 each			373,173,701.00		373,173,701.00
Issued and paid-up share capital					
667,605,301 ordinary					
shares of Baht 0.50 each	21	333,802,650.50		333,802,650.50	
631,874,101 ordinary					
shares of Baht 0.50 each			315,937,050.50		315,937,050.50
Premium on ordinary shares		587,165,357.66	406,526,272.31	587,165,357.66	406,526,272.31
Retained earnings					
Appropriated - legal reserve	22	29,238,544.19	28,897,077.03	29,238,544.19	28,897,077.03
Unappropriated		274,492,706.33	311,644,449.25	116,044,387.45	175,920,720.69
Total owners of the Company		1,224,699,258.68	1,063,004,849.09	1,066,250,939.80	927,281,120.53
Non-controlling interests		41,494,936.62	48,406,298.78	0.00	0.00
Total shareholders' equity		1,266,194,195.30	1,111,411,147.87	1,066,250,939.80	927,281,120.53
Total liabilities and shareholders' equity		2,980,089,018.93	2,735,140,957.91	2,087,805,124.57	1,894,726,020.54

Notes to financial statements are parts of these financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

UAC GLOBAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2016	2015	2016	2015
Sales and services		1,324,551,035.86	1,446,376,458.74	955,722,160.25	1,187,557,860.26
Cost of sales and services		(1,035,406,065.31)	(1,194,350,836.86)	(794,358,901.34)	(1,006,748,679.18)
Gross profit		289,144,970.55	252,025,621.88	161,363,258.91	180,809,181.08
Other income					
Dividend		0.00	0.00	45,011,743.40	81,958,530.90
Other		25,372,261.41	18,794,465.25	30,748,349.08	23,534,843.50
Selling expenses		(57,828,073.86)	(47,864,037.12)	(48,298,561.05)	(40,862,874.22)
Administrative expenses		(190,668,414.50)	(149,935,269.26)	(148,312,961.31)	(124,213,753.11)
Finance costs		(68,182,583.54)	(51,076,653.49)	(42,661,222.89)	(32,561,822.32)
Share of profit from investment					
in associates		31,185,966.29	79,186,648.16	0.00	0.00
Profit (loss) before income tax		29,024,126.35	101,130,775.42	(2,149,393.86)	88,664,105.83
Income tax (expense) revenue	24	(4,625,137.48)	(7,130,607.56)	8,978,737.08	(1,910,000.09)
Profit for the year		24,398,988.87	94,000,167.86	6,829,343.22	86,754,105.74
Other comprehensive income					
Items that will not be reclassified subsequently					
to profit or loss					
Actuarial gain (loss) on defined employee					
benefit obligations		407,258.40	0.00	495,276.00	0.00
Income tax related to components					
of other comprehensive income		(99,055.20)	0.00	(99,055.20)	0.00
Other comprehensive income - net by					
income tax		308,203.20	0.00	396,220.80	0.00
Total comprehensive income (expense)					
for the year		24,707,192.07	94,000,167.86	7,225,564.02	86,754,105.74

Notes to financial statements are parts of these financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

UAC GLOBAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

		Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	Note	2016	2015	2016	2015
Attributable to :					
Owners of the Company		29,641,951.14	96,348,288.89	6,829,343.22	86,754,105.74
Non-controlling interests		(5,242,962.27)	(2,348,121.03)	0.00	0.00
		<u>24,398,988.87</u>	<u>94,000,167.86</u>	<u>6,829,343.22</u>	<u>86,754,105.74</u>
Total comprehensive income attributable to					
Owners of the Company		29,950,154.34	96,348,288.89	7,225,564.02	86,754,105.74
Non-controlling interests		(5,242,962.27)	(2,348,121.03)	0.00	0.00
		<u>24,707,192.07</u>	<u>94,000,167.86</u>	<u>7,225,564.02</u>	<u>86,754,105.74</u>
Earnings (loss) per share					
Basic earnings (loss) per share	25	0.05	0.15	0.01	0.14
Weighted average number of					
ordinary shares	25	664,188,383	624,904,477	664,188,383	624,904,477
Diluted earnings (loss) per share	25	0.05	0.15	0.01	0.13
Weighted average number of					
ordinary shares	25	664,188,383	655,246,529	664,188,383	655,246,529

Notes to financial statements are parts of these financial statements.

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

UAC GLOBAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

(Unit : Baht)

		Consolidated financial statements						
		Owners of the Company						
		Issued and paid-up	Premium on	Retained earnings (loss)		Owners of	Non-controlling	Total
		share capital	share capital	Appropriated	Unappropriated	the Company	interests	shareholders'
Note				Legal reserve				equity
Balance as at December 31, 2015		315,937,050.50	406,526,272.31	28,897,077.03	311,644,449.25	1,063,004,849.09	48,406,298.78	1,111,411,147.87
Changes in shareholders' equity								
for the year :								
Ordinary shares increase		0.00	0.00	0.00	0.00	0.00	(1,668,399.89)	(1,668,399.89)
Ordinary shares exercised								
from warrants	21	17,865,600.00	180,639,085.35	0.00	0.00	198,504,685.35	0.00	198,504,685.35
Total comprehensive income								
for the year		0.00	0.00	0.00	29,950,154.34	29,950,154.34	(5,242,962.27)	24,707,192.07
Dividend paid	23	0.00	0.00	0.00	(66,760,430.10)	(66,760,430.10)	0.00	(66,760,430.10)
Legal reserve	22	0.00	0.00	341,467.16	(341,467.16)	0.00	0.00	0.00
Balance as at December 31, 2016		333,802,650.50	587,165,357.66	29,238,544.19	274,492,706.33	1,224,699,258.68	41,494,936.62	1,266,194,195.30
Balance as at December 31, 2014		277,111,038.00	363,995,604.81	24,559,371.74	258,124,522.79	923,790,537.34	45,955,079.81	969,745,617.15
Changes in shareholders' equity								
for the year :								
Ordinary shares increase		0.00	0.00	0.00	0.00	0.00	4,799,340.00	4,799,340.00
Ordinary shares exercised								
from warrants	21	4,187,457.50	42,530,667.50	0.00	0.00	46,718,125.00	0.00	46,718,125.00
Total comprehensive income								
for the year		0.00	0.00	0.00	96,348,288.89	96,348,288.89	(2,348,121.03)	94,000,167.86
Dividend paid by cash								
and ordinary shares	21, 23	34,638,555.00	0.00	0.00	(38,490,657.14)	(3,852,102.14)	0.00	(3,852,102.14)
Legal reserve	22	0.00	0.00	4,337,705.29	(4,337,705.29)	0.00	0.00	0.00
Balance as at December 31, 2015		315,937,050.50	406,526,272.31	28,897,077.03	311,644,449.25	1,063,004,849.09	48,406,298.78	1,111,411,147.87

Notes to financial statements are parts of these financial statements.

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

(Unit : Baht)

	Note	Separate financial statements				
		Issued and paid-up share capital	Premium on share capital	Retained earnings (loss)		Total shareholders' equity
				Appropriated	Unappropriated	
				Legal reserve		
Balance as at December 31, 2015		315,937,050.50	406,526,272.31	28,897,077.03	175,920,720.69	927,281,120.53
Changes in shareholders' equity						
for the year :						
Ordinary shares exercised						
from warrants	21	17,865,600.00	180,639,085.35	0.00	0.00	198,504,685.35
Total comprehensive income						
for the year		0.00	0.00	0.00	7,225,564.02	7,225,564.02
Dividend paid	23	0.00	0.00	0.00	(66,760,430.10)	(66,760,430.10)
Legal reserve	22	0.00	0.00	341,467.16	(341,467.16)	0.00
Balance as at December 31, 2016		333,802,650.50	587,165,357.66	29,238,544.19	116,044,387.45	1,066,250,939.80
Balance as at December 31, 2014		277,111,038.00	363,995,604.81	24,559,371.74	131,994,977.38	797,660,991.93
Changes in shareholders' equity						
for the year :						
Ordinary shares exercised						
from warrants	21	4,187,457.50	42,530,667.50	0.00	0.00	46,718,125.00
Total comprehensive income						
for the year		0.00	0.00	0.00	86,754,105.74	86,754,105.74
Dividend paid by cash						
and ordinary shares	21, 23	34,638,555.00	0.00	0.00	(38,490,657.14)	(3,852,102.14)
Legal reserve	22	0.00	0.00	4,337,705.29	(4,337,705.29)	0.00
Balance as at December 31, 2015		315,937,050.50	406,526,272.31	28,897,077.03	175,920,720.69	927,281,120.53

Notes to financial statements are parts of these financial statements.

# STATEMENTS OF CASH FLOWS

UAC GLOBAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit (Loss) before corporate income tax	29,024,126.35	101,130,775.42	(2,149,393.86)	88,664,105.83
Adjustment				
Depreciation	94,129,061.68	65,106,213.91	66,142,307.69	54,004,196.57
Loss from devaluation of inventories	1,097,832.59	0.00	1,097,832.59	0.00
Bad debt and doubtful accounts	2,427,275.66	1,573,415.41	2,427,275.66	1,573,415.41
Unrealized loss on exchange rate	166,282.00	1,125,094.90	56,047.14	687,954.22
Loss from impairment of assets	37,852,677.03	8,025,050.43	37,852,677.03	8,025,050.43
Gain from changing investment	(169,323.15)	0.00	(163,682.16)	0.00
Share of profit from investment in associates	(31,185,966.29)	(79,186,648.16)	0.00	0.00
(Gain) loss on sales of fixed assets	(1,964,102.42)	855,005.39	(38,284.49)	(8,048.73)
Amortized subsidy income for recognition	(795,171.58)	(479,751.00)	(795,171.58)	(479,751.00)
Other assets write off	5,056,819.96	2,331,624.41	3,657,615.69	2,196,066.15
Employee benefit obligations	2,357,511.04	2,652,843.50	1,254,956.00	1,853,069.50
Dividend income	0.00	0.00	(45,011,743.40)	(81,958,530.90)
Interest expenses	73,070,100.55	48,583,924.68	41,127,927.43	31,709,904.46
	211,067,123.42	151,717,548.89	105,458,363.74	106,267,431.94
(Increase) Decrease in changes of operating assets				
Trade and other receivables	(83,408,854.09)	37,082,391.85	(92,391,001.21)	34,083,393.55
Prepayment for wages and goods acquisition	0.00	4,199,353.60	0.00	4,199,353.60
Inventories	12,746,102.31	(40,236,827.69)	(3,973,838.03)	(27,966,926.45)
Other non-current assets	(4,336,155.65)	(1,092,001.23)	(2,774,593.34)	(305,071.23)
Increase (Decrease) in changes of operating liabilities				
Trade and other payables	49,801,064.27	(10,194,560.92)	61,373,815.03	(6,600,529.05)
Other non-current liabilities	10,094,481.02	0.00	5,888,873.54	0.00
Cash generated (paid for) from operations	195,963,761.28	141,475,904.50	73,581,619.73	109,677,652.36
Interest paid	(61,039,198.59)	(57,202,613.80)	(34,705,612.43)	(40,032,703.58)
Corporate income tax paid	(13,804,475.92)	(5,366,846.32)	(672,607.60)	(470,042.40)
Net cash provided by (used in) operating activities	121,120,086.77	78,906,444.38	38,203,399.70	69,174,906.38

Notes to financial statements are parts of these financial statements.



# STATEMENTS OF CASH FLOWS (CONTINUED)

UAC GLOBAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

		Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	Note	2016	2015	2016	2015
Cash flows from investing activities					
Proceeds (payments) from temporary investment		(2,136,317.84)	0.00	163,682.16	0.00
Proceeds (payments) from short-term loans		(18,000,000.00)	0.00	(152,500,000.00)	(65,000,000.00)
Payments to purchase subsidiaries		(1,668,399.89)	(614,065,401.38)	0.00	0.00
Payments for investment in subsidiaries		0.00	0.00	(26,668,399.89)	(208,800,660.00)
Payments for investment in associated.		(1,999,800.00)	0.00	0.00	0.00
Proceeds from dividend in associates		45,011,743.40	81,958,530.90	45,011,743.40	81,958,530.90
Payment for other long-term investment.		(20,000,000.00)	0.00	0.00	0.00
Proceeds from sales of assets		3,975,452.42	1,097,266.36	683,762.99	373,831.78
Payments for fixed assets acquisition		(379,377,819.56)	(299,033,348.49)	(95,678,787.26)	(102,735,744.76)
Net cash provided by (used in) investing activities		(374,195,141.47)	(830,042,952.61)	(228,987,998.60)	(294,204,042.08)
Cash flows from financing activities					
Proceeds (payments) from bank overdrafts and short-term loans from financial institutions		(401,093,358.79)	298,279,481.68	(401,099,351.98)	310,809,771.28
Proceeds from short-term loans		21,000,000.00	60,000,000.00	0.00	0.00
Proceeds (payments) from long-term loans		(118,622,678.71)	462,644,596.38	(52,896,000.00)	(3,254,989.69)
Proceeds from debentures issuance		500,000,000.00	0.00	500,000,000.00	0.00
Proceed from financial lease agreement.		93,500,000.00	0.00	0.00	0.00
Payments for financial lease liabilities		(88,946,705.47)	(76,522,186.18)	(80,081,766.17)	(75,848,258.14)
Proceeds from exercise of warrants to purchase ordinary shares		198,504,685.35	46,718,125.00	198,504,685.35	46,718,125.00
Proceeds from non-controlling interests		0.00	4,799,340.00	0.00	0.00
Dividend paid		(66,760,430.10)	(3,852,102.14)	(66,760,430.10)	(3,852,102.14)
Net cash provided by (used in) financing activities		137,581,512.28	792,067,254.74	97,667,137.10	274,572,546.31
Effects of changes in exchange rate for cash and cash equivalents					
		115,442.34	(428,894.26)	115,442.34	(428,894.26)
Increase (decrease) in cash and cash equivalents		(115,378,100.08)	40,501,852.25	(93,002,019.46)	49,114,516.35
Cash and cash equivalents as at January 1		140,810,514.01	100,308,661.76	113,248,536.37	64,134,020.02
Cash and cash equivalents as at December 31	5	25,432,413.93	140,810,514.01	20,246,516.91	113,248,536.37

Notes to financial statements are parts of these financial statements.

# NOTES TO FINANCIAL STATEMENTS

UAC GLOBAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

## 1. GENERAL INFORMATION

- 1.1 The Company was registered as a company limited on April 1, 1985 and on April 22, 2010, the Company has registered to change its status to public company limited and was listed company in the Market for Alternative Investment (MAI) on October 18, 2010.
- 1.2 The Company has changed its name to "UAC Global Public Company Limited" which was registered the change of the Company's name with the Ministry of Commerce on April 18, 2014.
- 1.3 The Company's registered address is No.1 TP&T Tower, 19th Floor, Soi Vibhavadirangsit 19, Vibhavadirangsit Road, Chatuchak Sub-District, Chatuchak District, Bangkok 10900 and the branch office's addresses as follows :
  - Branch 1 : Warehouse is located at 999 Moo 4, Soi Tesaban Bangpoo 99 (Sermmitra), Sukhumvit Road, Muang Samutphakan, Samutprakan.
  - Branch 2 : Sale office is located at 188/76 Sukhumvit Road, Tambon Maptaput, Amphur Muang Rayong, Rayong.
  - Branch 3 : Warehouse is located at 613/13 Moo 2, Songkla-Jana Road, Tambon Pawong, Amphur Muang Songkla, Songkla.
  - Branch 4 : Manufacturing plant and distribution at 150 Moo 2, Tambon Mae Tang, Amphur Mae Tang, Chiangmai.
  - Branch 5 : Manufacturing plant and distribution at 1/1 Moo 8, Tumbon Kokrak, Amphur Kongkraitat, Sukhothai.
  - Branch 6 : Manufacturing plant and distribution at 150/1 Moo 2, Tambon Mae Tang, Amphur Mae Tang, Chiangmai.
- 1.4 The Company has engaged in business as follows:
  - 1.4.1 The Company has engaged in business of import and distribution of chemicals and equipment used in various industries i.e. off-shore natural gas exploration and production, oil refinery and upstream petrochemicals engine oil lubricant manufacturing plant, polymer and plastic manufacturing plant, chemical industrial plant, power plant and utilities system.
  - 1.4.2 To provide the consultant and advising for the marketing of any products and services, the feasibility study of any projects or works related to Energy industry, Refinery, Petrochemicals, Power plants and other utilities.
  - 1.4.3 Production and distribution of Biogas used in power generation, transportation and various industries.
  - 1.4.4 Hire of construction of machines and equipment used in various industries i.e. off-shore natural gas exploration and production, oil refinery and upstream petrochemicals, engine oil lubricant manufacturing plant, polymer and plastic manufacturing plant, chemical industrial plant, power plant and utilities system.
  - 1.4.5 Production and distribution of petroleum manufacturing such as Compressed Natural Gas (CNG), Liquefied Petroleum Gas (LPG), Natural Gas Liquid (NGL).

## 2. PREPARATION OF FINANCIAL STATEMENTS BASIS

### 2.1 Preparation of financial statements

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

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

#### Measurement of fair values

A number of the Company and subsidiaries' accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company and subsidiaries have an established control framework with respect to the measurement of fair values. This includes a valuation that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to CFO.

The valuation regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuation should be classified.

When measuring the fair value of an asset or a liability, the Company and subsidiaries use market observable data as fair as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows :

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. observable prices).
- Level 3 : inputs are unobservable for the asset or liability.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company and subsidiaries recognized transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 2.2 Accounting standards and financial reporting standards adoption during the year

The Federation of Accounting Professions issued accounting standards, financial reporting standards, standing interpretations and financial reporting interpretations which are expected to be effective for the financial statements beginning on or after January 1, 2016 as detailed below :

### Financial Reporting Standards

### Contents

#### Accounting Standards

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events After the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases

## 2.2 Accounting standards and financial reporting standards adoption during the year (Cont.)

<u>Financial Reporting Standards</u>	<u>Contents</u>
<u>Accounting Standards</u>	
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings Per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible Assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture

## 2.2 Accounting standards and financial reporting standards adoption during the year (Cont.)

Financial Reporting StandardsContentsFinancial Reporting Standards

TFRS 2 (Revised 2015)	Share-based Payment
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

Standing Interpretations Committee

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes - Changes in the Tax Status of an Enterprise or its

Shareholders



## 2.2 Accounting standards and financial reporting standards adoption during the year (Cont.)

Financial Reporting StandardsContentsStanding Interpretations Committee

TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2015)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Web Site Costs

Financial Reporting Interpretations Committee

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under TAS 29 (Revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes

## 2.2 Accounting standards and financial reporting standards adoption during the year (Cont.)

### Financial Reporting Standards

### Contents

#### Financial Reporting Interpretations Committee

TFRIC 14 (Revised 2015)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction for TAS 19 (Revised 2015) Employee Benefits
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

### Accounting Guideline

Accounting guideline for plant measurement and recognition for generating production.

The above accounting standards, financial reporting standards, standing interpretations committee, financial reporting interpretations and accounting guideline committee will have no significant impact on these financial statements.

## 2.3 Financial Reporting Standards issued and revised which will be effective in the future

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs), which are effective for the financial statements for the periods beginning on or after January 1, 2017 onwards, as follows:

## 2.3 Financial Reporting Standards issued and revised which will be effective in the future (Cont.)

<u>Financial Reporting Standards</u>	<u>Contents</u>
<u>Accounting Standards</u>	
TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income Taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investments in Associates and Joint Venture
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economics
TAS 33 (Revised 2016)	Earnings per Share

## 2.3 Financial Reporting Standards issued and revised which will be effective in the future (Cont.)

<u>Financial Reporting Standards</u>	<u>Contents</u>
<u>Accounting Standards</u> (Cont.)	
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible Assets
TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation.
<u>Financial Reporting Standards</u>	
TFRS 2 (Revised 2016)	Share-Based Payments
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement
TSIC 10 (Revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2016)	Operating Leases – Incentives

## 2.3 Financial Reporting Standards issued and revised which will be effective in the future (Cont.)

<u>Financial Reporting Standards</u>	<u>Contents</u>
<u>Standing Interpretations Committee</u>	
TSIC 25 (Revised 2016)	Income Taxes- Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions Involving the Legal form of a Lease
TSIC 29 (Revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (Revised 2016)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets - Web Site Costs
<u>Financial Reporting Interpretations Committee</u>	
TFRIC 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2016)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction for TAS 19 (Revised 2016) Employee Benefits
TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

The Company and subsidiaries have no plan to adopt and apply such financial reporting standards before effective date and has expected that there is no material impact to financial statements in the effective period.

### 3. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS PREPARATION

3.1 The consolidated financial statements incorporate the financial statements of UAC Global Public Company Limited and its subsidiaries, control is achieved where the Company has the power to govern the financial and operating policies until the control is ceased as follows :

	Incorporated in	Percentage of investment (%)		Type of business
		2016	2015	
Subsidiaries				
UAC Utilities Co., Ltd. (Formerly name UAC Hydrotek Co., Ltd.)	Thailand	99.99	50	Hire of water production and distribution including related equipment use in consumption and industries
UAC & TPT Energy Co., Ltd.	Thailand	50.01	50.01	Production and distribution of Biogas used in power generation, transportation and various industries
UAC Energy Co., Ltd.	Thailand	99.99	99.99	Generating and distribution of electricity current and alternative energy
UAC TPT Pellets Co., Ltd. (held by UAC & TPT Energy Co., Ltd. at 99.97%)	Thailand	50	50	Generating and distribution of fuel briquette
Solar Energy Roof Power Co., Ltd. (held by UAC Energy Co., Ltd. at 99.99%)	Thailand	99.98	99.98	Generating and distribution of electricity current and alternative energy
UAC Advance Polymer & Chemicals Co., Ltd.	Thailand	99.99	99.99	Generating and distribution of chemical products use in general industries



- 3.2 The consolidated financial statements have been prepared in conformity with the same accounting policy for the same accounts and accounting events of the Company and subsidiaries.
- 3.3 The balance of accounts and transactions between UAC Global Public Company Limited and its subsidiaries, unrealized gain between of the Company and net assets of subsidiaries have been eliminated from the consolidated financial statements.
- 3.4 Business acquisition- UAC Advance Polymer and Chemicals Co., Ltd.
1. According to the minutes of shareholders' extraordinary meeting No.1/2015 held on March 12, 2015, passed the resolution to approve the subsidiary (UAC Advance Polymer and Chemicals Co., Ltd.) to acquire and received all business transferring of Advance Polymer and Chemical Co., Ltd., whose company engaged in manufacturing and distribution of chemical products in type of latex emulsion and latex polymer which has head office located at 9, Soi Sapapong 3 yak 6, Srinakarin, Nongbon, Pravech, Bangkok and a plant at 50 Moo 3 Sikeiw-Chaiyaphom Road (Stage Highway No.201), Tumbon Sikeiw, Amphur Sikeiw, Nakhonrajasima, and a warehouse at 998 Moo 2, Bangpoo Industial Zone, Old-Sukhumvit Road, Prakasa, Meung Samutprakran, Samutprakran.
  2. Subsidiary and seller had signed agreement to transfer all business on January 21, 2015 in accordance with the offering to acquire business of Advance Polymer and Chemical Co., Ltd. with the objective to receive the transfer of business including total assets, liabilities and employees under the rules and conditions as indicated in this agreement by receiving the business transferring on April 30, 2015.
  3. Fair value and carrying value of net assets of Advance Polymer and Chemical Co., Ltd. at the business transferring date are being appraised and examined by the auditor.

(Unit : Million Baht)

	Fair value	Book value
<b>Assets</b>		
Cash and cash equivalents	115.93	115.93
Trade and other receivables	105.75	105.75
Inventories	57.92	48.90
Property, plant and equipment	149.53	76.39
Other non-current assets	0.01	0.01
Total assets	429.14	346.98

## 3.4 Business acquisition- UAC Advance Polymer and Chemicals Co., Ltd. (Cont.)

(Unit : Million Baht)

	Fair value	Book value
<b>Liabilities</b>		
Trade and other payables	62.93	62.93
Corporate income tax payable	5.58	5.58
Deferred tax liabilities	16.43	0.00
Total liabilities	84.94	68.51
Net total assets	344.20	278.47
Percentage of investment (%)	100.00	
Net assets in percentage of investment of the Company	344.20	
Part of acquisition price higher than net assets	385.80	
Acquisition price	730.00	
Less Cash and cash equivalents of subsidiary	(115.93)	
Net payment for acquire of subsidiary	614.07	

Details of acquisition price for Advance Polymer and Chemical Co., Ltd. are as follows :

(Unit : Million Baht)

**Acquisition price**

Cash payment	730.00
Fair value of acquired net assets	(344.20)
Goodwill	385.80

- On April 30, 2015, subsidiary has received business transferring of Advance Polymer and Chemical Co., Ltd. and made payment for business acquisition to the seller in the amount of Baht 730 million for which the independent financial advisor expressed an opinion that such price are properly appropriated.
- The results of operation of such subsidiary since the acquisition date up to December 31, 2015 included income and profit amount of Baht 252.25 million and Baht 16.16 million respectively in consolidated financial statements.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Income and Expenses Recognition

4.1.1 Revenues and expenses are recognized on an accrual basis.

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

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

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

##### 4.2 Cash and Cash Equivalents

Cash and cash equivalents included cash on hand and at bank of which the maturity is less than three months from the deposit date and without restriction on withdrawal.

##### 4.3 Trade and Other Receivables

Trade and other receivables are stated at the rights to receive amount/invoice amount less allowance for doubtful accounts.

The Company and subsidiaries provided allowance for doubtful accounts by considering the overdue period of the accounts receivable from the abilities to repay the debts of each accounts receivable.

##### 4.4 Inventory

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

##### 4.5 Investment

Investment in subsidiaries is stated at cost less provision for impairment (if any).

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

Other long-term investment is stated at cost less provision for impairment (If any).

#### 4.6 Plant, Property and Equipment

Land is stated at cost less provision for impairment (If any).

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

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

The estimated useful lives of the assets are as follows :

	Number of years
Building and building improvement	5 - 20
Machinery and equipment	5 - 20
Office equipment	2 and 5
Office furniture and fixture	5
Vehicles	5

Land and assets under construction were not depreciated.

#### 4.7 Impairment of Assets

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

#### 4.8 Transactions in Foreign Currencies

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

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

#### 4.9 Financial Instruments

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

#### 4.10 Long-Term Lease

##### 4.10.1 Financial lease

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

##### 4.10.2 Operating lease

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

#### 4.11 Employee Benefits

##### 4.11.1 Provident fund

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

#### 4.11.2 Employee benefits

The Company and subsidiaries provide for post-employment benefits, payable to employees under the Thai Labor Law. The present value of employee benefit liabilities recognized in the statements of financial position using Projected Unit Credit Method of which calculated by the Independent Actuary by using Actuarial Technique. The calculation was made from determining the present value of future cash flows expected to be required to settle and determines discount rate by reference to market yield of government bonds should have terms to maturity approximately equal to the terms of such obligations. In determine the future cash flows expected to be required to settle is used from employees' salaries, turnover, length of services and other factors. Changes in actuarial gains or losses are recognized in the period in which they are incurred in other comprehensive income. Expenses related to employee benefits shall be recorded in profit or loss for sharing such expenses throughout the period of services rendering.

#### 4.12 Income Tax and Deferred Tax

4.12.1 Income tax expense for the period comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income

1) Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2) Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized that it is probable that they will not utilize in the foreseeable future.

4.12.2 Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they adjust, using tax rates enacted or substantively enacted at the reporting date.



4.12.3 In determining the amount of current and deferred tax, the Company and subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be settled. The Company and subsidiaries believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company and subsidiaries to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4.12.4 Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Company and subsidiaries intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

4.12.5 A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### 4.13 Accounting Estimates

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

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

#### 4.14 Provisions

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

#### 4.15 Earnings per Share

Basic earnings per share which is determined by dividing the net profit (loss) for the year by the weighted average number of ordinary shares issued and paid-up during the year.

Diluted earnings per share is determined by the net profit (loss) for the year by the weighted average number of ordinary shares issued and paid-up during the year including number of ordinary shares issued to warrant holders.

### 5. ADDITIONAL DISCLOSURE OF CASH FLOWS INFORMATION

#### 5.1 Cash and cash equivalents

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Cash	248,958.50	90,160.00	62,958.50	66,596.25
Current accounts	3,228,135.83	4,258,188.74	3,118,410.83	4,137,292.04
Saving deposits	21,955,319.60	136,462,165.27	17,065,147.58	109,044,648.08
Total	25,432,413.93	140,810,514.01	20,246,516.91	113,248,536.37

#### 5.2 Non-cash transaction

##### For the year ended December 31, 2016

1 The Company and subsidiaries have fixed assets acquisition expenses in the amount of Baht 20.53 million in the consolidated financial statements and Baht 0.12 million in the separate financial statements, respectively. At the end of the period, the payment is still not matured, which was presented as other payables.

2 The Company and subsidiaries have entered into vehicle and machinery hire-purchase contract amount of Baht 213.95 million in the consolidated financial statements and Baht 6.66 million in the separate financial statements, respectively by making initial payment amount of Baht 110.91 million in the consolidated financial statements and Baht 1.67 million in the separate financial statement, respectively and the remaining will be made by installment which was presented as financial lease liabilities.

For the year ended December 31, 2015

1 The Company and subsidiaries have fixed assets acquisition expenses in the amount of Baht 47.55 million in the consolidated financial statements and Baht 15.36 million in the separate financial statements, respectively. At the end of the year, the payment is still not matured, which was presented as other payables.

2 The Company and subsidiaries have entered into vehicle hire-purchase contract amount of Baht 12.49 million in the consolidated financial statement and Baht 4.25 million in the separate financial statement, respectively by making initial payment amount of Baht 3.23 million in the consolidated financial statement and Baht 1.17 million in the separate financial statement, respectively and the remaining will be made by installment which was presented as financial lease liabilities.

3. The Company paid ordinary share dividend amount of Baht 34.64 million (69.28 million of ordinary shares at par Baht 0.50 per share) to shareholders (note 23).

## 6. TEMPORARY INVESTMENT

	Consolidated financial statements (Baht)			
	December 31, 2016		December 31, 2015	
	Cost	Fair value	Cost	Fair value
Investment in trading securities	2,300,000.00	2,305,640.99	0.00	0.00
Total	2,300,000.00	2,305,640.99	0.00	0.00

## 7. TRADE AND OTHER RECEIVABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Trade accounts receivable				
Billed	268,573,862.62	196,509,253.47	201,814,852.80	112,877,363.43
Unbilled	4,162,305.77	1,480,796.40	767,200.80	607,687.04
Other receivables				
Value Added Tax receivable	45,579,417.53	43,286,001.40	17,485,731.41	24,507,782.28
Fixed assets sold receivable	17,967,338.00	0.00	0.00	0.00
Others	32,385,412.36	33,566,973.79	33,227,409.77	29,067,633.33
Total	368,668,336.28	274,843,025.06	253,295,194.78	167,060,466.08
Less Allowance for doubtful accounts	(2,271,108.97)	0.00	(2,271,108.97)	0.00
Net	366,397,227.31	274,843,025.06	251,024,085.81	167,060,466.08

## 7. TRADE AND OTHER RECEIVABLES (Cont.)

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Trade accounts receivable are separated by aging as follows :				
Trade accounts receivable				
under Credit Term	176,134,820.13	138,137,441.63	122,174,419.37	79,910,812.36
Trade accounts receivable overdue for payment				
- Less than 3 months	72,891,846.32	52,120,618.79	60,673,859.76	27,758,046.87
- Over 3 - 6 months	11,425,893.30	663,134.20	11,404,760.80	620,334.20
- Over 6 - 12 months	6,194,712.87	1,857,276.00	6,194,712.87	1,367,100.00
- Over 12 months	1,926,590.00	3,730,782.85	1,367,100.00	3,221,070.00
Total	<u>268,573,862.62</u>	<u>196,509,253.47</u>	<u>201,814,852.80</u>	<u>112,877,363.43</u>

## 8. INVENTORIES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Finished goods	156,975,791.61	162,011,340.83	131,006,844.72	136,632,218.75
Raw material	26,542,594.99	44,255,856.41	265,244.03	0.00
Supplies	6,914,816.54	2,587,656.15	5,635,221.84	1,976,801.75
Goods in transit	<u>27,227,129.46</u>	<u>21,551,581.52</u>	<u>27,227,129.46</u>	<u>21,551,581.52</u>
Total	217,660,332.60	230,406,434.91	164,134,440.05	160,160,602.02
Less provision for devaluation				
of finished goods	<u>-1,874,435.65</u>	<u>-776,603.06</u>	<u>-1,874,435.65</u>	<u>-776,603.06</u>
Net	<u>215,785,896.95</u>	<u>229,629,831.85</u>	<u>162,260,004.40</u>	<u>159,383,998.96</u>

## 9. INVESTMENT IN ASSOCIATES

Name of company	Nature of business	Relationship	Paid-up share capital (Million Baht)		Shareholding percentage		Consolidated financial statements (Baht)		Separate financial statements (Baht)	
			2016	2015	2016	2015	2016	2015	2016	2015
Associates										
Bangchak Biofuel Co., Ltd.	Manufacturing and distribution biodiesel	Director and shareholders	281.50	281.50	30.00	30.00	235,403,399.24	245,325,753.94	111,051,487.00	111,051,487.00
Sebigas UAC Co., Ltd.	Construction	Director and shareholders	14.00	14.00	49.00	49.00	0.00	1,991,640.01	0.00	0.00
PPWE Co., Ltd.	Investment in energy business	Director and shareholders	1.00	0.00	49.98	0.00	0.00	0.00	0.00	0.00
Enerray UAC (Thailand) Co., Ltd.	Construction	Director and shareholders	6.00	0.00	25.00	0.00	0.00	0.00	0.00	0.00
					Total		235,403,399.24	247,317,393.95	111,051,487.00	111,051,487.00

9.1 The financial statements for the year ended December 31, 2016 of Bangchak Biofuel Co., Ltd. and PPWE Co., Ltd. were taken to prepare the consolidated financial statements which were reviewed by the other auditor.

9.2 The financial statements for the year ended December 31, 2016 of Sebigas UAC Co., Ltd. (held at 49% by subsidiary - UAC Energy Co., Ltd.) and Enerray UAC (Thailand) Co., Ltd. (held at 25% by subsidiary -

UAC Energy Co., Ltd.) which were taken to prepare the consolidated financial statements which were audited by the auditor.

9.3 Summary of financial information of associates are as follows :

	Total assets		Total liabilities		Total revenue for the year		Total comprehensive income (expense)	
	2016	2015	2016	2015	2016	2015	2016	2015
Bangchak Biofuel Co., Ltd.	3,356.08	2,841.33	2,633.48	2,085.65	6,850.76	5,422.65	117.26	268.66
Sebigas UAC Co., Ltd.	99.52	76.72	100.14	72.66	72.24	202.87	-4.68	-2.90
PPWE Co., Ltd.	28.84	0.00	35.22	0.00	0.00	0.00	-7.38	0.00
Enerray UAC (Thailand) Co., Ltd.	8.09	0.00	9.02	0.00	1.66	0.00	-6.93	0.00

(Unit : Million Baht)

Total comprehensive income (expense)

for the year

## 10. INVESTMENT IN SUBSIDIARIES

Name of Company	Paid-up share capital (Baht) (Million Baht)		Percentage of shareholding (%)		Separate financial statement (Baht)	
	2016	2015	2016	2015	2016	2015
Subsidiaries						
UAC Utilities Co., Ltd.						
(Formerly name UAC Hydrotek Co., Ltd.)	10.00	10.00	99.99	50.00	6,668,099.89	4,999,700.00
UAC & TPT Energy Co., Ltd.	99.60	99.60	50.01	50.01	49,809,760.00	49,809,760.00
UAC Energy Co., Ltd.	95.00	70.00	99.99	99.99	94,999,700.00	69,999,700.00
UAC Advance Polymer & Chemicals Co., Ltd.	180.00	180.00	99.99	99.99	179,999,700.00	179,999,700.00
			Total		331,477,259.89	304,808,860.00

10.1 The financial statements for the year ended December 31, 2016 of the above subsidiaries were taken to prepare the consolidated financial statements which were audited by the auditor.

## 10.2 During the year 2016

10.2.1 UAC Energy Co., Ltd. has registered the increase share capital for another amount of Baht 70 million to Baht 95 million (divided into 950,000 shares at par value of Baht 100 each) and called for and received the payment in full amount.

10.2.2 According to the Board of Director meeting no. 4/2016 held on May 26, 2016, the Company passed the resolution to purchase common share of UAC Hydrotek Co., Ltd.

(Subsidiary) from Hydrotek Plc. 49,997 shares at Baht 33.37 per share amount of Baht 1.67 million (49.997 %). The Company, therefore, has increased percentage of shareholding in such subsidiary to 99.994% of paid up share capital. The difference as incurred between acquisition price of common share and book value of net assets in the portion of subsidiary will be recorded in shareholder 's equity .



## 10. INVESTMENT IN SUBSIDIARIES (Cont.)

Book value of net assets of UAC Hydrotek Co., Ltd. (Subsidiary) as at acquisition date of common share consists of

	Consolidated financial statements (Baht)
Current assets	2,513,657.59
Non-current assets	863,386.71
Total assets	3,377,044.30
Less Current liabilities	-40,000.00
Net assets	3,337,044.30
Book value of acquisition net assets (49.997 %)	1,668,399.89
Less Purchasing additional investment by cash	-1,668,399.89
The difference from changing portion of investment in subsidiary	0.00

## 10.3 During the year 2015

10.3.1 UAC & TPT Energy Co., Ltd. has received the payment of share capital from calling for the payment in another amount of Baht 4.80 million (8% of increased share capital).

10.3.2 UAC Energy Co., Ltd. has received the payment of share capital from calling for the payment in another amount of Baht 24 million (60% of increased share capital).

10.3.3 UAC Advance Polymer & Chemicals Co., Ltd. was established as a company limited on January 21, 2015 with the registered share capital amount of Baht 50 million (divided into 500,000 ordinary shares at par value of Baht 100 each) which called for and received the payment in full amount. Subsequent on June 9, 2015, has registered the increase share capital from Baht 50 million to Baht 180 million (divided into 1,800,000 ordinary shares at par value of Baht 100 each) which called for and received the payment for the increase share capital amount of Baht 130 million (100% of increased share capital).

## 11. OTHER LONG-TERM INVESTMENT

Name of Company	Nature of business	Paid-up share capital (Baht)		Percentage of shareholding		Consolidated financial statement (Baht)	
		(Million Baht)		(%)		Cost method	
		2016	2015	2016	2015	2016	2015
Odin Power Co., Ltd.	Investment in electricity plan for alternative energy.	200	9	10.00	0.00	20,000,000.00	0.00
Total						20,000,000.00	0.00

## 12. PROPERTY, PLANT AND EQUIPMENT

Consolidated financial statements (Baht)							
	Land	Building and improvement	Machinery and equipment	Office furniture	Vehicles	Building under construction	Total
Assets - Cost							
As at December 31, 2014	14,706,218.50	70,148,956.72	757,793,477.13	18,070,182.97	3,917,096.90	218,120,284.06	1,108,440,758.33
Acquisition	71,950,000.00	36,769,266.59	34,977,725.85	2,143,558.11	2,961,338.23	21,894,607.06	472,816,102.54
Inter-transaction transfer	0.00	0.00	-2,489.44	-2,433,890.04	0.00	0.00	-5,359,379.48
Disposal	0.00	0.00	86,069,327.29	0.00	0.00	-86,069,327.29	0.00
As at December 31, 2015	86,656,218.50	106,918,223.31	878,838,040.83	17,779,851.04	6,878,435.13	434,170,563.47	1,575,897,481.39
Acquisition	0.00	1,317,579.57	234,160,658.42	1,417,969.07	1,484,558.48	14,139,794.39	392,740,607.65
Inter-transaction transfer	0.00	0.00	-16,746,445.61	-10,467.29	-8,369.78	-60,000.00	-25,985,285.68
Disposal	0.00	15,654,569.67	283,388,422.97	0.00	0.00	-299,042,992.64	0.00
As at December 31, 2016	86,656,218.50	123,890,372.55	1,379,640,676.61	19,187,352.82	8,354,623.83	275,287,618.55	1,942,652,803.36
Accumulated depreciation							
As at December 31, 2014	0.00	8,342,815.18	48,357,119.46	10,627,429.60	1,435,026.29	0.00	81,719,245.31
Depreciation for the year	0.00	7,857,292.24	49,444,952.87	2,407,623.01	834,691.83	0.00	65,106,213.91
Inter-transaction transfer	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation - write off	0.00	0.00	-168.72	-2,384,347.78	0.00	0.00	-3,407,107.73
As at December 31, 2015	0.00	16,200,107.42	97,801,903.61	10,650,704.83	2,269,718.12	0.00	143,418,351.49
Depreciation for the year	0.00	9,900,679.33	74,145,535.60	2,577,836.03	1,447,833.74	0.00	94,129,061.68
Inter-transaction transfer	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation - write off	0.00	0.00	-1,806,440.45	-5,276.53	-8,359.78	0.00	-5,164,755.63
As at December 31, 2016	0.00	26,100,786.75	170,140,998.76	13,223,264.33	3,709,192.08	0.00	232,382,657.54
Provision for impairment of assets							
As at December 31, 2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase	0.00	1,024,880.58	7,000,169.85	0.00	0.00	0.00	8,025,050.43
As at December 31, 2015	0.00	1,024,880.58	7,000,169.85	0.00	0.00	0.00	8,025,050.43
Increase	0.00	6,999,377.10	30,853,299.93	0.00	0.00	0.00	37,852,677.03
As at December 31, 2016	0.00	8,024,257.68	37,853,469.78	0.00	0.00	0.00	45,877,727.46
Net book value							
As at December 31, 2015	86,656,218.50	89,693,235.31	774,035,967.37	7,129,146.21	4,608,717.01	434,170,563.47	1,424,454,079.47
As at December 31, 2016	86,656,218.50	89,705,328.12	1,171,646,208.07	5,964,088.49	4,645,431.75	275,287,618.55	1,664,392,418.36

## Separate financial statements (Baht)

	Land and improvement	Building and improvement	Machinery and equipment	Office furniture	Office fixture	Vehicles	Building under construction	Total
<b>Assets - Cost</b>								
As at December 31, 2014	14,706,218.50	70,148,956.72	739,007,133.32	16,359,667.04	3,917,096.90	25,684,542.05	130,998,739.98	1,000,822,354.51
Acquisition	0.00	331,334.55	2,634,904.91	2,140,763.72	5,670.10	2,400,000.00	80,239,164.96	87,751,838.24
Disposal	0.00	0.00	0.00	-2,403,090.04	0.00	-1,223,000.00	0.00	-3,626,090.04
Inter-transaction transfer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at December 31, 2015	14,706,218.50	70,480,291.27	741,642,038.23	16,097,340.72	3,922,767.00	26,861,542.05	211,237,904.94	1,084,948,102.71
Acquisition	0.00	1,177,476.01	19,695,912.70	663,640.19	85,700.00	6,669,532.71	82,401,594.41	110,693,856.02
Disposal	0.00	0.00	0.00	-6,261.68	-8,200.00	-2,300,000.00	0.00	-2,314,461.68
Inter-transaction transfer	0.00	11,567,810.88	281,483,734.87	0.00	0.00	0.00	-293,051,545.75	0.00
As at December 31, 2016	14,706,218.50	83,225,578.16	1,042,821,685.80	16,754,719.23	4,000,267.00	31,231,074.76	587,953.60	1,193,327,497.05
<b>Accumulated depreciation</b>								
As at December 31, 2014	0.00	8,342,815.18	47,960,370.73	9,735,000.33	1,435,026.29	12,956,854.78	0.00	80,430,067.31
Depreciation for the year	0.00	4,794,221.44	44,050,863.95	2,195,531.38	700,979.97	2,262,599.83	0.00	54,004,196.57
Inter-transaction transfer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation - write off	0.00	0.00	0.00	-2,373,715.76	0.00	-886,591.23	0.00	-3,260,306.99
As at December 31, 2015	0.00	13,137,036.62	92,011,234.68	9,556,815.95	2,136,006.26	14,332,863.38	0.00	131,173,956.89
Depreciation for the year	0.00	5,139,586.06	55,787,536.75	2,299,755.37	679,927.87	2,235,501.64	0.00	66,142,307.69
Inter-transaction transfer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation - write off	0.00	0.00	0.00	-4,784.75	-8,199.00	-1,655,999.43	0.00	-1,668,983.18
As at December 31, 2016	0.00	18,276,622.68	147,798,771.43	11,851,786.57	2,807,735.13	14,912,365.59	0.00	195,647,281.40

	Separate financial statements (Baht)							Total
	Land and improvement	Building and improvement	Machinery and equipment	Office furniture	Office fixture	Vehicles	Building under construction	
Provision for impairment of assets								
As at December 31, 2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase	0.00	1,024,880.58	7,000,169.85	0.00	0.00	0.00	0.00	8,025,050.43
As at December 31, 2015	0.00	1,024,880.58	7,000,169.85	0.00	0.00	0.00	0.00	8,025,050.43
Increase	0.00	6,999,377.10	30,853,299.93	0.00	0.00	0.00	0.00	37,852,677.03
As at December 31, 2016	0.00	8,024,257.68	37,853,469.78	0.00	0.00	0.00	0.00	45,877,727.46
Net book value								
As at December 31, 2015	14,706,218.50	56,318,374.07	642,630,633.70	6,540,524.77	1,786,760.74	12,528,678.67	211,237,904.94	945,749,095.39
As at December 31, 2016	14,706,218.50	56,924,697.80	857,169,444.59	4,902,932.66	1,192,531.87	16,318,709.17	587,953.60	951,802,488.19

12.1 As at December 31, 2016 and 2015, fixed assets at cost of Baht 84.07 million and Baht 71.64 million in the consolidated and separate financial statements which improved and constructed on lease land (note 32.1).

12.2 As at December 31, 2016 and 2015, fixed assets at cost of Baht 769.05 million and Baht 561.69 million in the consolidated financial statements respectively, and Baht 553.54 million and Baht 553.45 million in the separate financial statements respectively which are being made payment under the lease agreement (note 19).

12.3 As at December 31, 2016 and 2015, fixed assets at cost of Baht 530.67 million and Baht 563.98 million in the consolidated financial statements respectively and Baht 290.24 million and 340.93 million in the separate financial statements respectively, were used as collateral against long-term loans (note 17).

12.4 As at December 31, 2016, fixed assets (machinery & equipment) of a subsidiary at cost of Baht 205 million were secured as collateral for liabilities under financial lease agreement of Baht 93.50 million (note 19).

12.5 As at December 31, 2016, building, machine and equipment of biogas production project was stopped. Partial of assets Baht 110.55 million were transferred for operation at another project. The remaining of Baht 45.88 million were fully impairment assessed.

## 13. DEFERRED TAX ASSETS/LIABILITIES

Consolidated financial statements (Baht)							
	Recognize as (expenses) revenue			Recognize as (expenses) revenue			
As at	Profit	Other	As at	Profit	Other	As at	
December 31,	or loss	comprehensive	December 31,	or loss	comprehensive	December 31,	
2014		income	2015		income	2016	
<u>Deferred tax assets</u>							
Inventories (allowance for devaluation							
of finished goods)	155,320.61	0.00	0.00	155,320.61	219,566.52	0.00	374,887.13
Fixed assets (provision for impairment							
of assets)	0.00	1,605,010.09	0.00	1,605,010.09	7,570,535.41	0.00	9,175,545.50
Provisions	82,834.46	-41,584.46	0.00	41,250.00	-41,250.00	0.00	0.00
Employee benefit obligations	1,760,786.80	370,613.90	0.00	2,131,400.70	645,603.78	-99,055.20	2,677,949.28
Subsidy income for recognize	2,985,565.89	-1,217,445.52	0.00	1,768,120.37	682,087.18	0.00	2,450,207.55
Rental under operating lease agreement	0.00	0.00	0.00	0.00	336,653.21	0.00	336,653.21
Deficit from operations	9,433,492.58	4,309,037.35	0.00	13,742,529.93	7,511,876.63	0.00	21,254,406.56
Total	14,418,000.34	5,025,631.36	0.00	19,443,631.70	16,925,072.73	-99,055.20	36,269,649.23
<u>Deferred tax liabilities</u>							
Income tax from business acquisition	0.00	0.00	0.00	-16,428,256.55	0.00	0.00	-16,428,256.55
Income tax from business acquisition							
recognized in this period	0.00	2,641,626.94	0.00	2,641,626.94	1,940,138.53	0.00	4,581,765.47
Financial lease liabilities	-7,358,632.16	-7,817,700.39	0.00	-15,176,332.55	-8,561,955.50	0.00	-23,738,288.05
Total	-7,358,632.16	-5,176,073.45	0.00	-28,962,962.16	-6,621,816.97	0.00	-35,584,779.13
Net	7,059,368.18	-150,442.09	0.00	-9,519,330.46	10,303,255.76	-99,055.20	684,870.10
Separate financial statements (Baht)							
	Recognize as (expenses) revenue			Recognize as (expenses) revenue			
As at	Profit	Other	As at	Profit	Other	As at	
December 31,	or loss	comprehensive	December 31,	or loss	comprehensive	December 31,	
2014		income	2015		income	2016	
<u>Deferred tax assets</u>							
Inventories (allowance for devaluation							
of finished goods)	155,320.61	0.00	0.00	155,320.61	219,566.52	0.00	374,887.13
Fixed assets (provision for impairment							
of assets)	0.00	1,605,010.09	0.00	1,605,010.09	7,570,535.41	0.00	9,175,545.50
Provisions	41,250.00	0.00	0.00	41,250.00	-41,250.00	0.00	0.00
Employee benefit obligations	1,760,786.80	370,613.90	0.00	2,131,400.70	330,335.80	-99,055.20	2,362,681.30
Subsidy income for recognize	1,864,070.56	-95,950.19	0.00	1,768,120.37	682,087.18	0.00	2,450,207.55
Rental under operating lease agreement	0.00	0.00	0.00	0.00	336,653.21	0.00	336,653.21
Deficit from operations	8,783,615.60	4,028,026.50	0.00	12,811,642.10	8,442,764.46	0.00	21,254,406.56
Total	12,605,043.57	5,907,700.30	0.00	18,512,743.87	17,540,692.58	-99,055.20	35,954,381.25
<u>Deferred tax liabilities</u>							
Financial lease liabilities	-7,358,632.16	-7,817,700.39	0.00	-15,176,332.55	-8,561,955.50	0.00	-23,738,288.05
Net	5,246,411.41	-1,910,000.09	0.00	3,336,411.32	8,978,737.08	-99,055.20	12,216,093.20

## 14. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Bank overdrafts	11,373,804.31	0.00	11,367,811.12	0.00
Short-term loans	50,000,000.00	430,000,000.00	50,000,000.00	430,000,000.00
Trust receipt payable	0.00	32,467,163.10	0.00	32,467,163.10
Total	61,373,804.31	462,467,163.10	61,367,811.12	462,467,163.10

14.1 As at December 31, 2016 and 2015, the Company has bank overdrafts credit line with bank amount of Baht 35 million (3 banks) at the interest of MOR - 1.5% - MOR per annum.

14.2 As at December 31, 2016, the Company has short-term loans from a financial institutions amount of Baht 50 million by issuing promissory note which are due within February 2017, at the interest rate of MRR per annum and as at December 31, 2015, the Company has short-term loans from two banks amount of Baht 130 million by issuing promissory note which are due within February 2016, at the interest rate of MRR to MLR - 2 per annum and has short-term loans from three financial institutions amount of Baht 300 million by issuing promissory note which are due within April 2016 at the interest rate 4.30 per annum.

14.3 As at December 31, 2016 and 2015, the Company has credit line for import goods from overseas with four banks amount of Baht 420 million, at the agreed interest rate on the loan agreement date.

14.4 As at December 31, 2016 and 2015, such bank overdrafts credit line and loans have no collaterals.

## 15. TRADE AND OTHER PAYABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Trade accounts payable	159,738,926.05	111,309,838.28	107,136,120.42	54,486,768.74
Other payables				
Accrued expenses	29,837,659.89	18,604,296.55	23,409,971.58	14,677,285.73
Fixed assets acquisition payable	20,525,343.86	47,549,178.49	116,749.45	15,360,754.61
Others	13,150,342.76	11,126,186.02	10,927,760.25	7,950,524.09
Total	223,252,272.56	188,589,499.34	141,590,601.70	92,475,333.17

## 16. CURRENT PORTION OF LONG-TERM DEBTS

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Long-term loan	122,434,081.47	117,823,382.92	52,896,000.00	52,896,000.00
Financial lease liabilities	103,155,267.70	81,071,337.75	83,152,607.22	79,593,088.66
Total	225,589,349.17	198,894,720.67	136,048,607.22	132,489,088.66

## 17. LONG-TERM LOANS

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Loans from bank	532,567,283.90	651,189,962.61	132,394,376.54	185,290,376.54
Less Current portion of long-term loans	-122,434,081.47	-117,823,382.92	-52,896,000.00	-52,896,000.00
Net	410,133,202.43	533,366,579.69	79,498,376.54	132,394,376.54

The Company and subsidiaries have long-term loans from bank as follows :

Parent company

1. The first loan agreement in the amount of Baht 19.51 million, the principal is repayable on a monthly basis through 81 installments of Baht 0.24 million each (graced 3 months for principal repayment), commenced in September 2012. The interest is payable on a monthly basis at the rate of MLR - 2.75% per annum.
2. The second loan agreement in the amount of Baht 32.60 million, the principal is repayable on a monthly basis through 81 installments of Baht 0.40 million each (graced 3 months for principal repayment), commenced in October 2012. The interest is payable on a monthly basis at the rate of 3% per annum.
3. The third loan agreement in the amount of Baht 111.96 million, the principal is repayable on a monthly basis through 48 installments of Baht 2.38 million each (graced 12 months for principal repayment), commenced in June 2014. The interest is payable on a monthly basis at the rate of MLR - 1.75% per annum.
4. The fourth loan agreement in the amount of Baht 100 million, the principal is repayable on a monthly basis through 72 installments of Baht 1.39 million each (graced 12 months for principal repayment), commenced in July 2015. The interest is payable on a monthly basis at the rate of MLR - 1.55% per annum (1st year) and at the rate of MLR - 1% per annum (2nd year onwards).

All loans agreement are guaranteed by machinery and equipment and assets under construction (note 12), part of leasehold right (note 32.1) and the Company must comply with significant conditions in loans agreement about 1) the Company should not get into any obligations, debts or responsibility from borrowings or guarantees any persons which resulted to Debt to Equity Ratio exceeds 2 : 1, and 2) the Company will preserve Debt Service Coverage Ratio not less than 2 times (not less than 1.2 items for the third and fourth loans agreement).



## 17. LONG-TERM LOANS (Cont.)

Subsidiaries

- 1) On April 28, 2015, a subsidiary has obtained loans from a bank amount of Baht 450 million for using in acquisition of business (note 3). The principal is repayable on a monthly basis through 84 installments of Baht 6.53 million each, the 84th installment will be made by the remaining principal and interest. The repayment is commenced in May 2015. The interest is payable on a monthly basis at the interest rate of MLR-1.25% per annum, guaranteed by mortgaging land with its construction and machineries (note 12), pledging ordinary shares of subsidiary, and UAC Global Public Company Limited guarantee. Such subsidiary must comply with the significant conditions in loans agreement about 1) subsidiary will preserve Debt to Equity Ratio not exceed 2 : 1, and 2) subsidiary will preserve Debt Service Coverage Ratio not less than 1.5 : 1
- 2) On June 29, 2015, a subsidiary has obtained loans from a bank amount of Baht 31.80 million for supporting the construction project of electricity plant by using solar cell installation on the roof. The principal is repayable on a monthly basis through 84 installments of Baht 0.46 million each, the 84th installment will be made by the remaining principal and interest. The repayment is commenced in July 2015. The interest is payable on a monthly basis at the interest rate of MLR-1.25% per annum, guaranteed by total machineries and equipment of project (note 12), transfer the right on leasehold land under lease of roof space agreement (note 32.1) and UAC Global Public Company Limited guarantee. Such subsidiary must comply with the significant conditions in loans agreement about 1) subsidiary will preserve Debt to Equity Ratio not exceed 2 : 1, and 2) subsidiary will preserve Debt Service Coverage Ratio not less than 1 : 1.
- 3) On September 2, 2015, a subsidiary has obtained loans from a bank amount of Baht 24 million for supporting the construction project of electricity plant by using solar cell installation on the roof. The principal is repayable on a monthly basis through 84 installments of Baht 0.35 million each, the 84th installment will be made by the remaining principal and interest. The repayment is commenced in September 2015. The interest is payable on a monthly basis at the interest rate of MLR-1.25% per annum, guaranteed by total machineries and equipment of project (note 12), transfer the right on leasehold land under lease of roof space agreement (note 32.1) and UAC Global Public Company Limited guarantee. Such subsidiary must comply with the significant conditions in loans agreement about 1) subsidiary will preserve Debt to Equity Ratio not exceed 2 : 1, and 2) subsidiary will preserve Debt Service Coverage Ratio not less than 1 : 1.

## 17. LONG-TERM LOANS (Cont.)

The increase and decrease of long-term loans for the year ended December 31, 2016 are as follow :

	Consolidated financial statements (Baht)	Separate financial statements (Baht)
Book value as at January 1, 2016	651,189,962.61	185,290,376.54
Repayment during the year	-118,622,678.71	-52,896,000.00
Book value as at December 31, 2016	532,567,283.90	132,394,376.54

## 18. DEBENTURES

On May 26, 2016, the Company has issued specific name, unsubordinated, unsecured and non-debentureholder representative for 500,000 shares of Baht 1,000 each in the amount of Baht 500 million. Debentures have interest rate of 5.30% per annum and the period of 1 year 11 months 29 days of which the redemption will be matured on May 25, 2018. Such debentures were issued in compliance with the resolution of the Annual General Shareholders' meeting of the year 2016 held on April 21, 2016.

## 19. FINANCIAL LEASE LIABILITIES

19.1 Financial lease liabilities excluded future interest expenses as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Hire-purchase payable	9,650,204.90	10,587,918.74	6,460,203.34	5,087,762.67
Lease payable	171,850,445.02	156,824,777.78	80,368,220.47	156,824,777.78
Total	181,500,649.92	167,412,696.52	86,828,423.81	161,912,540.45
Less Current portion of				
long-term debt	-103,155,267.70	-81,071,337.75	-83,152,607.22	-79,593,088.66
Net	78,345,382.22	86,341,358.77	3,675,816.59	82,319,451.79

## 19. FINANCIAL LEASE LIABILITIES (Cont.)

19.2 The increase and decrease of financial lease liabilities for the year ended December 31, 2016 are as follows :

	Consolidated financial statements (Baht)	Separate financial statements (Baht)
Book value as at January 1, 2016	167,412,696.52	161,912,540.45
Additional during the period	103,034,658.88	4,997,649.53
Repayment during the period	-88,946,705.48	-80,081,766.17
Book value as at December 31, 2016	181,500,649.92	86,828,423.81

19.3 The Company and subsidiaries have fixed assets at cost under financial lease liabilities as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Machinery and equipment	740,172,467.29	538,560,467.29	538,560,467.29	538,560,467.29
Vehicle	28,881,859.81	23,127,065.42	14,977,551.40	14,894,018.69
Total	769,054,327.10	561,687,532.71	553,538,018.69	553,454,485.98

19.4 The minimum to be paid under financial lease as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Within 1 year	109,121,750.08	87,632,417.49	85,580,430.91	85,880,261.49
Over 1 year not over 3 years	46,492,793.42	88,053,126.87	3,095,658.08	84,548,814.87
Over 3 year not over 5 years	39,391,166.53	845,169.00	791,247.60	29,946.00
Total	195,005,710.03	176,530,713.36	89,467,336.59	170,459,022.36
Less Future interest of financial lease	-13,505,060.11	-9,118,016.84	-2,638,912.78	-8,546,481.91
Present value of financial lease liabilities	181,500,649.92	167,412,696.52	86,828,423.81	161,912,540.45

## 20. EMPLOYEE BENEFIT OBLIGATIONS

The Company and subsidiaries had employee benefit obligation based on the requirement of Thai Labour Protection Act B.E. 2541 to provide retirement benefits to employees based on pensionable remuneration and length of service, and long-term service awards.

The defined benefit plan expose the Company and subsidiaries to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

## 20. EMPLOYEE BENEFIT OBLIGATIONS (Cont.)

Obligations in statement of financial position are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Present value of obligations	<u>13,744,797.50</u>	<u>11,456,777.50</u>	<u>11,813,406.50</u>	<u>10,657,003.50</u>

Movement in the present value of the employee benefit obligations

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Beginning balance	11,456,777.50	8,803,934.00	10,657,003.50	8,803,934.00
Current cost of service				
and interest	2,838,796.00	2,768,074.00	1,707,179.00	1,968,300.00
Benefits paid	(55,500.00)	(115,230.50)	(55,500.00)	(115,230.50)
Actuarial gain recognized in				
other comprehensive	(495,276.00)	0.00	(495,276.00)	0.00
Ending balance	<u>13,744,797.50</u>	<u>11,456,777.50</u>	<u>11,813,406.50</u>	<u>10,657,003.50</u>

Expenses recognized in profit or loss

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Current cost of service	2,413,011.04	2,485,604.00	1,310,456.00	1,688,872.00
Interest on obligations	<u>425,784.96</u>	<u>282,470.00</u>	<u>396,723.00</u>	<u>279,428.00</u>
Total	<u>2,838,796.00</u>	<u>2,768,074.00</u>	<u>1,707,179.00</u>	<u>1,968,300.00</u>

## 20. EMPLOYEE BENEFIT OBLIGATIONS (Cont.)

The Company and subsidiaries recognized expenses in the following items in the statement of income.

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Administrative expenses	2,838,796.00	2,768,074.00	1,707,179.00	1,968,300.00

Principal actuarial assumptions at the reporting date (expressed as weighted averages) :

	Consolidated financial statements (%)		Separate financial statements (%)	
	2016	2015	2016	2015
Discount rate	3.52 - 3.70	3.61 - 3.70	3.52	3.70
Future salary increase	5.00 - 6.00	5.00 - 6.00	5.00	5.00

Assumptions regarding future mortality are based on published statistics and Thailand Mortality Ordinary Life table 2008 ("TMO08").

## Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. Management has assessed and deemed that such sensitivity have no material impacts on the financial statements of the Company and subsidiaries.

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	Increase	Decrease	Increase	Decrease
Defined benefit obligations				
As at December 31, 2016				
Discount rate (1% movement)	-1,131,747.00	1,320,185.00	-926,938.00	1,069,970.00
Future salary growth				
(1% movement)	1,285,155.00	-1,125,741.00	1,043,095.00	-922,946.00
Resignation rate (1% movement)	3,739,804.00	3,695,621.00	-979,949.00	3,530,051.00

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

## 21. SHARE CAPITAL

21.1 At the Annual General Meeting of shareholders for the year 2016 held on April 21, 2016, passed the resolution as follows :

1. To decrease the Company's share capital for the amount of Baht 39.37 million (78,742,101 ordinary shares at par value of Baht 0.50 each), are the remaining ordinary shares from the exercise right of warrants (UAC-W1). As a result, the Company has the registered share capital total 667,605,301 shares at par value of Baht 0.50 each. The Company already registered to decrease its share capital at Ministry of Commerce on May 4, 2016.
2. To increase the Company's share capital (General Mandate) by issuing new not exceeding 200,280,000 shares at par value of Baht 0.50 each in the amount of Baht 100.14 million and offer to the existing shareholders based on proportion of shareholding for not exceeding 133,520,000 shares and Private Placement for not exceeding 66,760,000 shares. The Company already registered to increase its share capital at Ministry of Commerce on May 10, 2016.

21.2 The increase and decrease of share capital for the year ended December 31, 2016 are summarized as follow:

	Authorized share capital		Issued and paid-up share capital	
	Number of shares	Amount (Baht)	Number of shares	Amount (Baht)
Balance as at January 1, 2016	746,347,402	373,173,701.00	631,874,101	315,937,050.50
Ordinary share issued from				
exercise of UAC-W1	0	0.00	35,731,200	17,865,600.00
Decrease of share capital	-78,742,101	-39,371,050.50	0	0.00
Increase of share capital	200,280,000	100,140,000.00	0	0.00
Balance as at December 31, 2016	867,885,301	433,942,650.50	667,605,301	333,802,650.50

21.3 Warrants to purchase ordinary shares (UAC-W1)

1. On April 30, 2015, the Company has paid share dividend to the shareholders, as a result, the exercise ratio is changed to 1 unit for 1.35 ordinary shares and also changed the exercise price to Baht 5.5555 per share and the last exercise date is on January 29, 2016.
2. The increase and decrease of exercise of warrants (UAC - W1) are as follows :

	Number of units	
	2016	2015
Beginning balance as at January 1, 2016	84,767,021	90,996,105
Exercise of warrants	-26,467,570	-6,229,084
Expiry of warrants	-58,299,451	0
Ending balance as at December 31, 2016	0	84,767,021

## 22. LEGAL RESERVE

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

## 23. RETAINED EARNINGS APPROPRIATION

23.1 According to the minutes of Annual General Meeting for the year 2016 held on April 21, 2016, passed the resolution to pay dividend to the shareholders at Baht 0.10 per share for 667.61 million shares, total amount of Baht 66.76 million and legal reserve is provided from the 2015 results of operation amount of Baht 4.34 million. The dividend was paid on May 19, 2016.

23.2 According to the minutes of Annual General Meeting for the year 2015 held on April 9, 2015, passed the resolution to pay dividend to the shareholders at Baht 0.06945 per share for 554.22 million shares, total amount of Baht 38.49 million by dividing into 1) ordinary shares dividend payment amount not exceed Baht 34.64 million or in the rate of Baht 0.062 per share to the shareholders in the ratio of 8 existing shares per 1 share dividend, and 2) cash dividend payment at Baht 0.00695 per share, total amount not exceed Baht 3.85 million and legal reserve is provided from the 2014 results of operation amount of Baht 4.07 million. The dividend payment was made on April 30, 2015.

## 24. INCOME TAX

### 24.1 The calculation of income taxes for the current period

The Company and subsidiaries calculated corporate income tax rate as prescribed in the Revenue Code of profit (loss) before deducting with tax expenses for the period and added back other expenses which shall not be allowed as expenses in tax calculation (if any) except the exempted profit derived from investment promotion.

24.2 Income tax expense (revenue) for the year ended December 31, 2016 and 2015 are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Current income tax				
for the current year	14,928,393.24	6,980,165.47	0.00	0.00
Deferred tax on changes in				
temporary differences	-10,303,255.76	150,442.09	-8,978,737.08	1,910,000.09
Income tax expenses(revenue)				
recognized in statement of				
comprehensive income	4,625,137.48	7,130,607.56	-8,978,737.08	1,910,000.09



## 24.2 Income tax expense (revenue) for the year ended December 31, 2016 and 2015 (Cont.)

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Income tax recognized in other comprehensive income				
Income tax related to				
Actuarial gain (loss) on defined employee benefit obligations	99,055.20	0.00	99,055.20	0.00
Income tax expenses(revenue) recognized in statement of comprehensive income	99,055.20	0.00	99,055.20	0.00

## 24.3 Reconciliation for effective income tax rate

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Profit before income tax	29,024,126.35	101,130,775.42	(2,149,393.86)	88,664,105.83
Income tax rate (%)	20	20	20	20
Income tax	5,804,825.27	20,226,155.08	(429,878.77)	17,732,821.17
Prohibited taxable expenses	4,968,492.41	3,441,671.23	1,126,757.74	1,287,082.23
Additional taxable income	874,623.31	0.00	0.00	0.00
Additional taxable expenses	(1,185,756.71)	(764,239.80)	(9,675,616.05)	(17,109,903.31)
Gain (loss) on promoted activity	(97,294.30)	(120,882.26)	0.00	0.00
Share of profit of investment in associates	(6,237,193.26)	(15,837,329.63)	0.00	0.00
Effects from elimination with subsidiaries	497,440.76	185,232.94	0.00	0.00
Income tax expense (revenue) presented in the statement of comprehensive income	4,625,137.48	7,130,607.56	(8,978,737.08)	1,910,000.09
Effective income tax rate (%)	16	7	418	2

## 25. EARNINGS (LOSS) PER SHARE

25.1 Basic earnings (loss) per share is determined by dividing the net profit (loss) for the year by the weighted average number of common shares issued and paid-up during the year using the number of shares including the number of shares dividend issued to the shareholders are as follow :

	Consolidated financial statements		Separate financial statements	
	Earnings (loss) per share	Number of shares	Earnings (loss) per share	Number of shares
2016	0.05	664,188,383	0.01	664,188,383
2015	0.15	624,904,477	0.14	624,904,477

25.2 Diluted earnings per share is determined by dividing the net profit (loss) for the period by the weighted average ordinary shares issued and paid-up during the year as mentioned above and the number of ordinary shares issued to the warrants holders (note 21).

Consolidated financial statements									
	Profit (loss) for the year			Number of shares			Earnings (loss) / share		
	2016	Baht	2015	2016	shares	2015	2016	Baht	2015
Basic earnings (loss) per share									
Profit (loss) of common shareholders	29,641,951.14		96,348,288.89	664,188,383		624,904,477	0.05		0.15
Effects of potential common									
share (exercise rights)	0.00		0.00	0		30,342,052			
Diluted earnings (loss) per share									
Profit (loss) of common shareholders									
assumed as conversion to common share	29,641,951.14		96,348,288.89	664,188,383		655,246,529	0.05		0.15
Separate financial statements									
	Profit (loss) for the year			Number of shares			Earnings (loss) / share		
	2016	Baht	2015	2016	shares	2015	2016	Baht	2015
Basic earnings (loss) per share									
Profit (loss) of common shareholders	6,829,343.22		86,754,105.74	664,188,383		624,904,477	0.01		0.14
Effects of potential common									
share (exercise rights)	0.00		0.00	0		30,342,052			
Diluted earnings (loss) per share									
Profit (loss) of common shareholders									
assumed as conversion to common share	6,829,343.22		86,754,105.74	664,188,383		655,246,529	0.01		0.13

## 26. TRANSACTION WITH RELATED PERSONS AND PARTIES

The Company's assets, liabilities, revenues and expenses arose from the transaction with related persons and parties.

Those transactions are determined on the basis of the company concerned and in the normal course of business.

## 26.1 General information

<u>Name/Related persons and parties</u>	<u>Relationship</u>	<u>Description</u>	<u>Pricing policy</u>
<u>Persons</u>			
Miss Chawisa Jivacate	Intimates of director	Warehouse rental	Baht 0.14 million/month
<u>Subsidiaries</u>			
UAC & TPT Energy Co., Ltd.	Subsidiary	Other income	Baht 0.16 million/month
		Lending	At the interest rate of MLR-2% per annum
UAC Energy Co., Ltd.	Subsidiary	Sales	Market price
		Other income	Baht 0.03 million/month
		Lending	At the interest rate of MLR-1% per annum, MLR-2% per annum
Solar Energy Roof Power Co., Ltd.	Subsidiary	Other income	Baht 0.02 million/month
		Lending	At the interest rate of MLR-2% per annum
UAC Advance Polymer & Chemicals Co., Ltd.	Subsidiary	Other expenses	Actual Cost
<u>Associates</u>			
Bangchak Biofuel Co., Ltd.	Associated company and common director	Sales	Market price
		Acquire of goods	Market price
Sebigas UAC Co., Ltd.	Associated company and common director	Acquire of goods	Market price
		Other income	Baht 0.05-0.11 million/month
		Contractor wage	As agreed price
PPWE Co., Ltd.	Associated company and common director	Lending	At the interest rate of MLR-1% per annum
Enerray UAC (Thailand) Co., Ltd.	Associated company and common director	Other income	Baht 0.02 million/month
		Contractor wage	As agreed price
		Lending	At the interest rate of MLR-1% per annum
<u>Other related parties</u>			
Hydrotek Plc.	Common shareholder and subsidiary's director	Sales	Market price
		Contractor wage	As agreed price
TPT Thepprathanporn Co., Ltd.	Common shareholder and subsidiary's director	Borrowing	At the interest rate of MLR-2% per annum
Teppratanporn Watsadupan Partnership Limited	Common shareholder and subsidiary's director	Materials expenses	Market price
Pakdeepaendin Khonkaen Partnership Limited	Common shareholder and subsidiary's director	Materials expenses	Market price
Mahathaewaprom Thepprathanporn Concrete Ltd. Part.	Common shareholder and subsidiary's director	Other expenses	As agreed price
K & N Commercial Co., Ltd.	Intimates of director	Acquire of goods	Market price
PPJ Co., Ltd. (Formerly name Universal Energy & Technology Co., Ltd.)	Intimates of director	Other expenses	Market price

## 26.2 Assets and liabilities transaction with related persons and parties consist of :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Trade and other receivables				
UAC Utilities Co., Ltd.(Formary name UAC Hydrotek Co., Ltd.)	0.00	0.00	48,219.00	0.00
UAC & TPT Energy Co., Ltd.	0.00	0.00	5,311,554.00	1,604,112.00
UAC Energy Co., Ltd.	0.00	0.00	15,448,409.02	31,200.00
Solar Energy Roof Power Co., Ltd.	0.00	0.00	18,048.00	0.00
UAC Advance Polymer & Chemicals Co., Ltd.	0.00	0.00	0.00	53,500.00
Bangchak Biofuel Co., Ltd.	1,380,300.00	460,100.00	1,380,300.00	460,100.00
Sebigas UAC Co., Ltd.	0.00	0.00	0.00	0.00
PPWE Co., Ltd.	389,068.00	0.00	0.00	0.00
Enerray UAC (Thailand) Co., Ltd.	9,342.46	0.00	0.00	0.00
Total	1,778,710.46	460,100.00	22,206,530.02	2,148,912.00
Prepayment for wages and goods acquisition				
Sebigas UAC Co., Ltd.	993,678.75	993,678.75	993,678.75	993,678.75
Short-term loans				
UAC Utilities Co., Ltd.(Formary name UAC Hydrotek Co., Ltd.)	0.00	0.00	20,000,000.00	0.00
UAC & TPT Energy Co., Ltd.	0.00	0.00	86,500,000.00	60,000,000.00
UAC Energy Co., Ltd.	0.00	0.00	106,000,000.00	0.00
Solar Energy Roof Power Co., Ltd.	0.00	0.00	5,000,000.00	5,000,000.00
PPWE Co., Ltd.	17,000,000.00	0.00	0.00	0.00
Enerray UAC (Thailand) Co., Ltd.	1,000,000.00	0.00	0.00	0.00
Total	18,000,000.00	0.00	217,500,000.00	65,000,000.00

Increase and decrease for the year ended December 31, 2016 as follows :

	Consolidated financial statements (Baht)	Separate financial statements (Baht)
Beginning balance	0.00	65,000,000.00
Additional loans during the period	71,000,000.00	321,500,000.00
Repayment during the period	(53,000,000.00)	(169,000,000.00)
Ending balance	18,000,000.00	217,500,000.00

## 26.2 Assets and liabilities transaction with related persons and parties consist of (Cont.) :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Trade and other payables				
UAC Advance Polymer &				
Chemicals Co., Ltd.	0.00	0.00	20,116.00	16,585.00
Bangchak Biofuel Co., Ltd.	4,642,357.83	1,770,473.39	4,642,357.83	1,770,473.39
Sebigas UAC Co., Ltd.	17,650,200.39	29,632,375.48	0.00	0.00
Enerray UAC (Thailand) Co., Ltd.	140,600.00	0.00	0.00	0.00
TPT Thepprathanporn Co., Ltd.	3,787,176.00	597,330.00	0.00	0.00
PPJ Co., Ltd. (Formerly name Universal				
Energy & Technology Co., Ltd	18,000.00	0.00	18,000.00	0.00
Pakdeepaendin Khonkaen				
Partnership Limited	0.00	3,965.42	0.00	0.00
K & N Commercial Co., Ltd.	9,118.72	0.00	0.00	0.00
Total	<u>26,247,452.94</u>	<u>32,004,144.29</u>	<u>4,680,473.83</u>	<u>1,787,058.39</u>
Short-term loans				
TPT Thepprathanporn Co., Ltd.	<u>81,000,000.00</u>	<u>60,000,000.00</u>	<u>0.00</u>	<u>0.00</u>

Increase and decrease for the year ended December 31, 2016 as follows :

	Consolidated financial statements (Baht)
Beginning balance	60,000,000.00
Additional loans during the period	<u>21,000,000.00</u>
Ending balance	<u>81,000,000.00</u>

## 26.3 Revenues and expenses transaction with related persons and parties for the year ended ended December 31, 2016

and 2015 are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
<b>Sale</b>				
UAC Energy Co., Ltd.	0.00	0.00	18,339,298.01	0.00
Bangchak Biofuel Co., Ltd.	2,395,100.00	3,225,000.00	2,395,100.00	3,225,000.00
Hydrotek Co., Ltd.	0.00	350,000.00	0.00	350,000.00
Total	2,395,100.00	3,575,000.00	20,734,398.01	3,575,000.00
<b>Other income</b>				
UAC Utilities Co., Ltd.(Formerly name UAC Hydrotek Co., Ltd.)	0.00	0.00	48,219.00	0.00
UAC & TPT Energy Co., Ltd.	0.00	0.00	3,686,442.00	2,782,807.00
UAC Energy Co., Ltd.	0.00	0.00	5,595,066.00	210,824.00
Solar Energy Roof Power Co., Ltd.	0.00	0.00	456,782.00	303,207.00
UAC Advance Polymer & Chemicals Co., Ltd.	0.00	0.00	681,370.00	3,054,849.00
Sebigas UAC Co., Ltd.	890,000.00	1,844,770.56	890,000.00	1,751,465.00
PPWE Co., Ltd.	643,575.00	0.00	0.00	0.00
Enerray UAC (Thailand) Co., Ltd.	149,342.46	0.00	140,000.00	0.00
Total	1,682,917.46	1,844,770.56	11,497,879.00	8,103,152.00
<b>Cost of sales and services</b>				
1) Acquire of goods				
UAC Advance Polymer & Chemicals Co., Ltd.	0.00	0.00	18,800.00	15,500.00
Bangchak Biofuel Co., Ltd.	22,245,815.20	25,635,508.25	22,245,815.20	25,635,508.25
2) Contractor wage				
Sebigas UAC Co., Ltd.	286,064.50	0.00	0.00	0.00
Enerray UAC (Thailand) Co., Ltd.	1,362,127.50	0.00	0.00	0.00
3) Manufacturing overhead				
K & N Commercial Co., Ltd.	229,115.00	0.00	0.00	0.00
Total	24,123,122.20	25,635,508.25	22,264,615.20	25,651,008.25

## 26.3 Revenues and expenses transaction with related persons and parties for the year ended December 31, 2016 and

2015 are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Administrative expenses				
Miss Chawisa Jivacate	1,667,368.44	1,667,368.44	1,667,368.44	1,667,368.44
UAC Advance Polymer & Chemicals Co., Ltd.	0.00	0.00	0.00	24,151.81
PPJ Co., Ltd. (Formerly name Universal Energy & Technology Co., Ltd.	265,997.20	0.00	265,997.20	0.00
Mahathaewaprom Thepprathanporn Concrete Ltd. Part.	0.00	208,140.44	0.00	0.00
K & N Commercial Co., Ltd.	98,300.00	174,540.00	98,300.00	174,540.00
Total	<u>2,031,665.64</u>	<u>2,050,048.88</u>	<u>2,031,665.64</u>	<u>1,866,060.25</u>
Finance costs - interest expenses				
TPT Thepprathanporn Co., Ltd.	<u>864,913.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

## 26.4 Other transaction with related persons and parties for the year ended December 31, 2016 and 2015 are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Fixed assets				
Sebigas UAC Co., Ltd.	26,671,388.29	199,817,363.63	238,241.20	12,275,173.44
TPT Thepprathanporn Co., Ltd.	2,324,933.00	745,275.00	0.00	0.00
Thepprathanporn Material Ltd. Part.	0.00	265,480.00	0.00	0.00
Pakdeepaendin Khonkaen Partnership Limited	2,000,000.00	6,206.00	0.00	0.00
Total	<u>30,996,321.29</u>	<u>200,834,324.63</u>	<u>238,241.20</u>	<u>12,275,173.44</u>

## 27. DIRECTORS REMUNERATION

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



## 28. MANAGEMENT BENEFIT EXPENSES

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

## 29. EXPENSES BY NATURE

The significant expenses by nature for the year ended December 31, 2016 and 2015 are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Work performed by the entity and				
capitalized as capital expenditure	(6,425,687.42)	(9,480,701.25)	(1,890,572.34)	(5,819,333.03)
Changes in inventories	5,035,549.22	(44,307,878.12)	5,625,374.03	(18,981,506.04)
Raw materials and consumables used	218,208,606.25	150,624,314.86	40,133,188.15	13,135,045.18
Employees benefit expenses	103,613,690.72	85,650,532.69	66,864,884.58	63,808,235.01
Depreciation	94,129,061.68	65,106,213.91	66,142,307.69	54,004,196.57
Loss from impairment of assets	37,852,677.03	8,025,050.43	37,852,677.03	8,025,050.43
Commission for sale of goods	3,604,170.00	3,698,993.00	3,604,170.00	3,687,793.00
Directors' remuneration	3,380,000.00	2,700,000.00	2,300,000.00	2,370,000.00
Management benefit expenses	23,042,080.01	14,799,645.00	19,163,330.01	12,799,645.00

## 30. OPERATING SEGMENTS

30.1 Operating segment information is reported in a manner consistent with the internal reports of the Company of that are regularly reviewed by the chief operating decision maker in order to make decision about the allocation of resources to the segment and assessing its performance. The chief operating decision maker of the Company has been identified as President of executive directors.

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

### Parent company

- Business segment are 1) import and distribute of chemical and equipment for using industry, 2) provide the consultant and advising for the marketing of any products and services, 3) production and distribution of biogas, 4) hire of construction of machines and equipment used in various industries, and 5) production and distribution of petroleum products
- Geographical segment involve in both domestic and overseas.

### Subsidiaries

- Business segment are 1) hire of water production and distribution for using in industry and consumption purpose including distribution and installation the related equipment, 2) generate of biogas for using in electricity generating, transportation and other industries (there is no income), 3) generate and distribute of electricity current and alternative energy, 4) manufacture and distribute of fuel briquette (there is no income) and 5) manufacture and distribute of chemicals used in general industry.
- Geographical segment involve in both domestic and overseas.

## 30.3 Operating segment information in the consolidated financial statements are as follows:

	Domestic								Overseas						Total		
	Sales		Chemicals products		Petroleum chemicals		Others		Total		Sales		Project advisory		Total		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
Segment revenues	773.89	1,073.94	290.23	215.84	107.36	50.41	81.35	18.27	1,252.83	1,358.46	35.21	36.39	36.51	51.53	87.92	1,324.55	1,446.38
Segment cost	(631.69)	(895.31)	(179.19)	(155.45)	(116.80)	(86.68)	(79.09)	(25.90)	(1,006.77)	(1,163.34)	(28.64)	(31.01)	0.00	0.00	(31.01)	(1,035.41)	(1,194.35)
Segment profit (loss)	142.20	178.63	111.04	60.39	(9.44)	(36.27)	2.26	(7.63)	246.06	195.12	6.57	5.38	36.51	51.53	56.91	289.14	252.03

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

### 31. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

#### 31.1 Accounting policy

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

#### 31.2 Credit risk

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

#### 31.3 Interest rate risk

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

#### 31.4 Exchange rate risk

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

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Financial assets				
Deposit account in				
US Dollar	151,922.05	237,964.01	151,922.50	237,964.01
Trade accounts receivable				
in US Dollar	202,320.50	709,386.55	193,360.50	709,386.55
Other receivables in				
US Dollar	71,975.55	132,844.90	71,975.55	132,844.90

## 31.4 Exchange rate risk (Cont.)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Financial liabilities				
Trust receipt payable in				
US Dollar	0.00	895,552.00	0.00	895,552.00
Trade accounts payable				
in US Dollar	2,020,694.28	991,736.60	1,772,742.28	822,136.60
Trade accounts payable				
in EURO	136,991.10	229,378.44	136,991.10	229,378.44
Other payables in US Dollar	0.00	98,768.50	0.00	0.00
Other payables in				
SG Dollar	5,480.00	0.00	5,480.00	0.00

## 31.5 The Company and subsidiaries has remaining forward contract as follows :

	Consolidated financial statements			
	Exchange rate per Baht			
	2016	2015	2016	2015
US Dollar	34.7320 - 36.0850	35.4017 - 36.84	2,711,775.10	2,003,928.28
EURO	37.84 - 39.37	38.44 - 40.22	307,455.20	143,865.49
SG Dollar	24.9150	0.00	5,480.00	0.00
YEN	0.00	0.2950 - 0.3021	0.00	40,000,000.00
	Separate financial statements			
	Exchange rate per Baht			
	2016	2015	2016	2015
US Dollar	34.7320 - 36.0850	35.80 - 36.84	2,428,823.10	1,881,328.28
EURO	37.84 - 39.37	38.44 - 40.22	307,455.20	143,865.49
SG Dollar	24.9150	0.00	5,480.00	0.00
YEN	0.00	0.2950 - 0.3021	0.00	40,000,000.00

### 31.6 Fair value of financial instruments

Financial assets shown in statements of financial position consist of cash and cash equivalents, temporary investment trade and other receivables and short-term loans. Financial liabilities shown in statements of financial position consist of short-term loans from financial institution, trade and other payables, short-term loans long-term loans and financial lease liabilities.

Book value of financial assets and liabilities are close to their fair value.

## 32. COMMITMENT AND CONTINGENT LIABILITIES

32.1 The Company and subsidiaries are liable on payment under irrecoverable operating lease with the various lessors in order to lease as office building, goods warehouse, and use as plant for bio gas products and petroleum products as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Within 1 year	8,325,104.81	6,272,747.08	5,514,585.23	3,974,911.71
Over 1 year less than 5 years	20,065,110.39	18,001,010.89	12,936,844.07	10,765,356.57
Over 5 years	100,992,339.47	104,952,032.46	73,917,602.61	76,310,979.81
Total	<u>129,382,554.67</u>	<u>129,225,790.43</u>	<u>92,369,031.91</u>	<u>91,051,248.09</u>

32.2 The Company and subsidiaries are liable on payment under office building and warehouses services agreement with the several lessors. As at December 31, 2016 and 2015, the Company has to pay the services fee until the completion amount of Baht 5.76 million and Baht 3.10 million in the consolidated financial statements, Baht 4.06 million and Baht 0.89 million in the separate financial statements, respectively.

32.3 The Company and subsidiaries are liable on payment under goods, fixed assets acquisition agreement and hire a contractor with various sellers and hiring as follows :

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
US Dollar	1,249,797.45	1,674,132.32	1,249,797.45	1,623,032.32
EURO	262,420.10	587,275.50	220,073.30	237,815.40
Baht	72,884,775.02	146,639,866.37	39,104,651.52	116,002,685.58
YEN	0.00	71,606,875.00	0.00	71,606,875.00
SG Dollar	0.00	5,480.00	0.00	5,480.00

32.4 The Company and subsidiaries are liable on payment under letter of credit agreement with two banks relating to goods acquisition as follows :

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
US Dollar	229,779.20	103,900.00	191,072.00	52,800.00
YEN	0.00	71,606,875.00	0.00	71,606,875.00

32.5 The Company and subsidiaries have contingent liabilities with two banks from issuance of letter of goods quality guarantee to some of customers and guarantee duties and taxes for import of goods from an overseas as at December 31, 2016 and 2015 total amount of Baht 41.68 million and Baht 35.51 million in the consolidated financial statements, and Baht 37.28 million and Baht 28.06 million in the separate financial statements respectively. Such letter of guarantees have no collaterals.

### 33. PROVIDENT FUND

The Company and subsidiaries have joined to be a member of provident fund named "K Master Pool Fund Registered Provident Fund" which registered in accordance with the Provident Fund Act B.E. 1987 and the amendment by appointing the fund management to be fund manager. The fund is contributed to both by the employees, and the Company and subsidiaries at the same rate of 3-5% of employees' salaries based on length of works. The accumulation and benefits will be paid to the members upon their retirement, death or resignation.

### 34. CAPITAL MANAGEMENT

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

### 35. EVENTS AFTER REPORTING PERIOD

According to the Board of Director meeting of the Company No. 2/2017 held on February 24, 2017, the meeting passed a resolution to request the approval from the General Shareholder Meeting as follows.

- 35.1 To pay dividend to the shareholders at rate of Baht 0.05 per share for 667,605,301 shares, totally amount of Baht 33.38 million. The dividend is scheduled to pay on April 24, 2017.
- 35.2 To decrease registered share capital of the Company from Baht 433,942,650.50 to Baht 333,802,650.50 by cutting remaining common share from increasing registered share capital (General Mandate) amount of 200,280,000 shares at par of Baht 0.50 each and revise in Memorandum of Association No.4 registered share capital of the Company in accordance with decreasing in registered share capital.
- 35.3 To increase registered share capital of the Company (General Mandate) from Baht 333,802,650.50 to Baht 433,942,650.50 by issuing 200,280,000 new common shares at par of Baht 0.50 each and revise Memorandum of Association No.4 registered share capital of the Company in accordance with increasing in registered share capital.
- 35.4 To approve for allotment of increasing registered share capital amount of 200,280,000 shares at par of Baht 0.50 each.

### 36. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Company's Board of directors on February 24, 2017.