

Rayong Purifier Public Company Limited
and its subsidiaries
Audit report and consolidated financial statements
31 December 2011 and 2010

Report of Independent Auditor

To the Shareholders of Rayong Purifier Public Company Limited

I have audited the accompanying consolidated statements of financial position of Rayong Purifier Public Company Limited and its subsidiaries as at 31 December 2011 and 2010, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and have also audited the separate financial statements of Rayong Purifier Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

- 1) As discussed in Note 1.2 and Note 41.3 a) to the financial statements, the Company is involved in a significant commercial dispute and outstanding litigation with its major raw material supplier. At present, these are under formal arbitration proceedings and litigation, meaning their outcomes cannot be determined and depend on the future judicial process. As a consequence of the dispute, the major raw material supplier has stopped delivering raw materials to the Company since February 2012, which has forced the Company to cease production since it has been unable to find new suppliers of these raw materials. This matter raises substantial doubt about the Company's ability to continue as a going concern, with uncertainty regarding the results of the commercial dispute and outstanding litigation, the ability to find a new source of raw materials and the possibility of relocating the plant to be close to this new source. I expressed an unqualified opinion on the financial statements for the year 2010, drawing attention to the commercial dispute and outstanding litigation with the major raw material supplier. However, in 2011, the uncertainty has increased to the point where it could materially affect the financial statements for the current year.

- 2) The Company is in the process of reviewing the recoverable amount in order to review impairment and make adjustments to the following accounts in accordance with generally accepted accounting principles.
- a) Property, plant and equipment as presented in the consolidated statement of financial position as at 31 December 2011, amounted to Baht 1,187 million (Separate financial statements: Baht 602 million). Property, plant and equipment of the Company is in the process of being revalued by an independent professional appraiser, subsidiaries are in the process of reviewing for impairment by determining value in use using a discounted cash flow method.
 - b) Investments in subsidiaries, as presented in the separate statement of financial position as at 31 December 2011, amounted to Baht 432 million. The Company is in the process of reviewing for impairment using a discounted cash flow method.

Because of the uncertainties regarding ability to continue as a going concern discussed in paragraph 1) and the results of the impairment reviews of assets discussed in paragraph 2) could have a material effect on the consolidated financial statements of Rayong Purifier Public Company Limited and its subsidiaries and the separate financial statements of Rayong Purifier Public Company Limited for the year ended 31 December 2011, I do not express an opinion on these financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rayong Purifier Public Company Limited and its subsidiaries and of Rayong Purifier Public Company Limited as at 31 December 2010, and the results of their operations and cash flows for the years then ended, in accordance with generally accepted accounting principles.

I draw attention to Note 3 and Note 5 to the financial statements. During the year 2011, the Company adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and applied them in the preparation and presentation of its financial statements. The Company has restated the financial statements as at 31 December 2010 and for the year then ended to reflect the changes in accounting policies resulting from the adoption of these new accounting standards.

Sumalee Reewarabandith
Certified Public Accountant (Thailand) No. 3970

Ernst & Young Office Limited
Bangkok: 17 February