

ANNUAL REPORT2012 PUBLIC COMPANY LIMITED



Message from the Chairman of the Board of Directors

Thai Economy in 2012 has seen clearly recovered from the late year 2011 flood, by expanding 6.4 percent resulted by the private sector consumption and the government spending while the private investment continues growing. However, the industrial production except the automobile and parts sector which are favored by the tax favorable policy for the first car owner and export seemed to be shrink due to the slowdown in China and United State and the Debt Crisis in Europe. The government has estimated the economic growth for the year 2013 at the rate of 4.5-5.5%. The factors which support those economic assumption are the increase in domestic consumption, the investment of private sector, the withdrawal of government budgeting and the invested capital from the Country's water management system in amount of 350,000 Million Baht together with the investment in mega project in amount of 2,000,000 Million Baht

The Company operating results; which has the direct relationship with the Country overall economic conditions, is continue to grow. In 2012, the total selling revenue of the Company and its subsidiaries is at THB 3,615.44 Million or increasing by 10.92% when compared to the same period of the last year. This is due to the growing in selling quantities. However, the Company and its subsidiaries has a profit of THB 110.58 Million or decreasing by 27.56% when compared to the same period of the previous year. This is due to the higher in cost of goods sold. While the selling administrative expenses is in the same level of the previous year. Nevertheless, the operating results of 2012 is satisfactory as it can reach THB 100 Million for the consecutive years.

I hope that in the year 2013 which Thai economy seems to be more brighter than any other years for the past forth years, The Company and its subsidiaries will continue produce profit and can provide the shareholders a good return from investment. On behalf of board members, I wish to tender my sincere thanks to the shareholders and every stakeholders for their excellent support and hoping all of you to continue the support to the Company.

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FROM THE BOARD

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Who fin

(Mr.Pala Sukawesh) Chairman



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Audit Committee's report





To shareholders,

Audit Committee of Union Petrochemical Public Company Limited consisted of three independent directors namely, Mr. Nopporn Thepasithar Chairman of the Audit Committee, Mr. Poolsak Tansitthiphun and Mr. Vorapote Uchupaiboonvong as audit committee. All members of the committee are qualified auditors as required by the regulations of the Security Exchange of Thailand (SET), neither of them holding any shares of the company, take part in administration of the firm, nor take benefit or risk out of the company.

During year 2012, The audit committee met 4 times; which each members attained the meetings as the detail described belows:

- 1. Mr. Nopporn Thepasithar 3 times
- 2. Mr. Poolsak Tansitthiphun 4 times
- 3. Mr. Vorapote Uchupaiboonvong 4 times

in order to review and consider the consolidated quarterly and annual financial statements; the internal control; the connected transaction; the external auditor and other matters which can be summarized as follows:

 The Company's consolidated quarterly and annual financial statements which are audited by the qualified auditors accepted by the Securities and Exchange Commission or "SEC" is sufficient and accuracy disclosure of information in accordance with generally accepted accounting standard.

2. The Company has the appropriate and effective internal control system. During the previous year, there is no significant mistakes. The Audit Committee has assigned the internal Audit Department to review the company's working procedures as prescribed in the fiscal audit plan in order to verify that the transactions are practiced in compliance with the Company's operating systems.

3. The Company monitors the amendments or the changes in the relevant rule and regulation including that of the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission ("SEC") in order to ensure that the Company's practices meet all required regulation.

4. The Audit Committee proposed the opinions to the Board of Directors on the qualification and the appropriation of the external auditors for the year 2012. The Audit Committee considered that Mr. Supachai Phanyawattano who posses the Audit License No. 3930 and/or Ms. Siraporn Ouaanukun who posses Audit License No. 3844 and/or Mr. Khitsada Lerdwana who posses Audit License No. 4958 of the Earnst & Young Office Ltd. has no relationship with and/or take benefit or risk out of the Company and Subsidiaries, major shareholders, managements and their connected persons.

5. The Audit Committee has considered the connected transaction which occurred in the previous operating year and has the opinions that those transaction is normal and support business of the Company and its subsidiaries being the price and conditions which the Company and/or subsidiaries offered and/or receive to general persons. The approval for the enter into the Connected transaction is proceed in cope with the rule and regulation. Besides, Audit Committee has assigned the internal auditor to review the product list of the Company and Union Intraco Plc (the Subsidiary) and has no overlap each other.

For the year 2012, the Audit Committee proposed the Board of Directors and ask for approval from the Annual General Meeting of the shareholder to appoint Mr. Supachai Phanyawattano who posses the audit license No. 3930 and /or Ms. Siraporn Ouaanukun who posses the audit license No. 3844 and/or Mr. Khitsada Lerdwana who posses the audit license 4958 of the Ernst & Young Office Limited as the Company external auditors in the accounting year 2012. This is mainly because the interim and the full year financial audit for the Group of The Company shall be under the same auditors team in order to ensure the efficiency and the limited of time in the auditing of financial statement. Besides, Ernst & Young Office Limited is internationally well-known so it will be ensure both of local and foreign the investors. The Annual General Meeting of the Shareholders is set to be held on April 22, 2012 at 10.00a.m. at Pin Klao Room of Royal City Hotel 9rd Floor, No. 800 Borommaratchachonnanee Road, Bangbamru, Bang Plad, Bangkok 10700 or may be postpone to other place and time.

(Nopporn Thepasithar)
Chairman of the Audit Committee



UNION PETROCHEMICAL PUBLIC COMPANY LIMITED The history briefly of Board

1. Mr. Pala Sukawesh

Chairman of the Board of Directors and Independent Director

Education Qualification

- Honorary Bachelor Degree in Engineering from Chulalongkorn University (1960)
- Honorary Doctorate Degree in Engineering from Chulalongkorn University (2003)
- Certificate in Directors Accreditation Program (DAP) Class 14/2004



2012-Present :Chairman

- Union Petrochemical Public Company Limited

2011-Present : Advisor

- PTT Chemical Public Company Limited

- Empire Asia Group Co., Ltd.

- CUEL Co.,Ltd.

2010- Present : Director

- CUEL Co., Ltd.

:Chairman

- Petroleum Institute of Thailand

2008- Present : Advisor

- UNITHAI Public Company Limited

2006- Present :Chairman

- Thai Resources and Environmental Management Foundation (TREMI)

2005- Present :Director

- Thai Oil Power Co.,Ltd.

2002- Present :Chairman

- Bangkok Polyethylene Co., Ltd.



Vice Chairman of the Board of Directors and Director of authorization sign

Education Qualification

- Certificate of the Executive Development from Faculty of Commerce and Accountancy, Chulalongkorn University
- Certificate in Directors Accreditation Program (DAP) Class 43 (Aug 19, 2005)

Work Experience

1981 - Present : Manager Director

- Union Petrochemical Public Company Limited

2000 - Present : Director

- Lion Asia (Thailand) Co., Ltd.

2010 - Present : Director

- Union Intraco Co., Ltd.

3. Dr. Kanjana Suwannapasri

Duputy Managing Director and Director of authorization sign

Education Qualification

- Diploma degree of Administration (Marketing) College of Technology Bangkok
- Ph.D. Sociology Mahachulalongkornrajavidyalaya University (2007)
- Certificate in Directors Accreditation Program (DAP) Class 43 (Aug 19, 2005)

Work Experience

1981 - Present

: Deputy Managing Director - Union Petrochemical Public Company Limited

2000 - Present : Director

- Lion Asia (Thailand) Co., Ltd.

2010 - Present : Director

- Union Intraco Co., Ltd.





4. Mr. Perajed Suwannapasri

Duputy Managing Director and Director of authorization sign

Education Qualification

- Certificate of Business Administration, Finance and International Banking, The University of Birmingham, England
- Certificate in Directors Accreditation Program (DAP) Class 44 (Sep 2, 2005)

Work Experience

2010 - Present : Board of Director

- Union Intraco Public Company Limited

2005 - 2010 : Deputy Managing Director (Development Business Unit)

- Union Petrochemical Public Company Limited

: Director

- Union Intraco Co., Ltd.

2000 - 2005 : General Manager

- Union Intraco Co., Ltd.

1991 - 2000 : Deputy Manager of Marketing Division

- Union Trading and Industries Co., Ltd.

5. Dr. Khien Vongsuree

Director

Education Qualification

- Ph.D (Electrical Engineering) The University of British Columbia, Canada
- Certificate in Directors Certification Program (DCP) Class 6/2001

Work Experience

2005 - Present : Executive Director

- Union Petrochemical Public Company Limited

2005 - Present : Director

- Bangkok Dec - con Public Company Limited

1998 - 2001 : Director

- Electricity Generating Public Company Limited





6. Miss Suthida Suwannapasri Assistant Managing Director

and Director of Authorization sign

Education Qualification

- Master Degree in Public Administration, National Institute of Development Administration (NIDA)
- Certificate in Directors Accreditation Program (DAP) Class 45 (Sep 27,2005)

Work Experience

2005 - Present : Assistant Managing Director (Sale Department)
- Union Petrochemical Public Company Limited

2010 - Present : Director

- Union Intraco Public Company Limited

1993 - 2005 : General Manager

- Union Petrochemical Co.,Ltd.



7. Miss Piyanan Suwannapasri

Assistant Managing Directo and Director of Authorization sign

Education Qualification

- M.B.A in Marketing University of New Haven, USA
- MSc, in Finance University of New Haven, USA
- Certificate in Directors Accreditation Program (DAP) Class 42 (Aug 1, 2005)

Work Experience

2005 - Present: Assistant Manageing Director (Accounting and Financial Department)

- Union Petrochemical Public Company Limited

2010 - Present : Director

- Union Intraco Public Company Limited 2002 - 2005 : Accounting and Financial Manager

- Union Petrochemical Co.,Ltd.

8. Miss Piyada Suwannapasri Assistant Managing Director

Education Qualification

- M.B.A University of New Haven, USA

- Certificate in Directors Accreditation Program (DAP) Class 43 (Aug 19, 2005)

Work Experience

2005 - Present : Assistant Managing Director

(General Administration Department)
- Union Petrochemical Public Company Limited

: Director

- Lion Asia (Thailand) Co., Ltd.

2002 - 2005 : General Manager

- Lion Asia (Thailand) Co,.Ltd.



9. Mr. Perapol Suwannapasri

Assistant Managing Director and Director of Authorization sign

Education Qualification

- Master Degree in E-Business Management University of Surrey, U.K.
- Certificate in Directors Accreditation Program (DAP) Class 44 (Sep 2, 2005)

Work Experience

2005 - Present : Assistant Managing Director (Marketing)

- Union Petrochemical Public Company Limited

: Director

- Lion Asia (Thailand) Co., Ltd.

2010 - Present : Director

- Union Intraco Public Company Limited

2003 - 2005 : Business Development Manager

Union Petrochemical Co., Ltd.





10. Mr. Nopporn Thepsithar Chairman of Audit Committee

Education Qualification

 Bachelor Degree of Electrical Engineering, Chulalongkorn University

- Certificate in Directors Accreditation Program (DAP) Class 43 (Aug 19, 2005)

Work Experience

2013 - Present : Audit Committee

- Tipco Asphalt Public Company Limited

2007 - Present : Chairman of Audit Committee

- Ananda Development Public Company Limited

2005 - Present : Chairman of Audit Committee

- Union Petrochemical Public Company Limited

2004 -2012 : Senior Vice President

- Siam City Cement Public Company Limited

2002 - 2003 : Transportation Manager

- Siam City Cement Public Company Limited 2000 - 2001 : Managment Director

- TCC Holding Co.,Ltd.

11. Mr. Poolsak Tansithipun

Audit Committee and Independent Director

Education Qualification

 Master of Business Administration, Kasetsart University

 Certificate in Directors Accreditation Program (DAP) Class 51 (Feb 22, 2006)

Work Experience

2009- Present : Audit Committee

- Ananda Development Public Company Limited

2005- Present : Audit Committee

- Union Petrochemical Public Company Limited

Present : Director

- Suphakit Dhurakarn Co.,Ltd.

- B-Brathers Co., Ltd.



12. Mr. Vorapote Uchupaiboonvong

Audit Committee and Independent Director

Education Qualification

 Master of Business Administration (Financial and International Banking, University of Birmingham, England

 Certificate in Directors Certification Program (DCP) Class 61/2005

Work Experience

2005 - Present : Audit Committee

- Union Petrochemical Public Company Limited

2011- Present : Director

- Bangkhen Chai Co.,Ltd.

2010 - Present : Director

- Nakhonratchasima Solar Co., Ltd.

- Chiangrai Solar Co.,Ltd.

2009 - Present : Director

- Bangpain Cogenaration Co., Ltd.

2008 - Present : Assistant Managing Director (Accounting)

- Ch. Karnchang Public Company Limited





: Union Petrochemical Public Company Limited Name :728 Union House Bldg., Boromrachachonnee Location Bangbumru BangPlad Bangkok 10700

: http://www.unionpetrochemical.com

Business Registration No.: 0107548000391 Type of Buisness :Trader of Solvents

Number of Share Issued

Hompage

and Paid up Capital :Common Stock 666,635,500 Shares (As of December 31,2012)

Par Value :0.25 Baht per Share Telephone :0-2881-8288 Fax :0-2433-7243-4

Investment of Company

Company Name : Union Intraco Public Company Limited

Location :9/8 Moo 5 Saladharmasop Taweewattana Bangkok.

Type of Business :Trader of Solvents Paid up Capital :130,000,000 Baht Par Value : 1.00 Baht per share

% of Shareholding :60.00% (as at December 31, 2012)

:Lion Asia (Thailand) Company Limited Company Name Location :728 Union House Bldg., Boromrachachonnee

Bangbumru Bang Plad Bangkok 10700

Type of Business :Trader of Solvents Registered Capital :15,000,000 Baht Paid up Capital :15,000,000 Baht Par Value :100 Baht per Share

% of Shareholding :99.99% (as at December 31, 2012)

Company Name : Multi Kross Operation Limited

Location : Hong Kong : Trader of Solvents Type of Business Registered Capital : 300,000.- HK\$ Paid up Capital : 300,000.- HK\$ Par Value : 1 HK\$ per Share

% of Shareholding : 99.99% (as at December 31, 2012)

Company Name : UKEM TECH Co.,Ltd

: 728 Union House Bldg., Boromrachachonnee Location

Bangbumru Bang Plad Bangkok 10700

Type of Business : Currently Not Operate Registered Capital : 7,500,000 Baht Paid up Capital : 35,000,000.- Baht : 10 Baht per Share Par Value

: 99.99% (as at December 31, 2012) % of Shareholding

Reference Data

Securities registration: Thailand Securities Depository Co., Ltd.

: Capital Market Academy Building 2nd Floor 2/7 Moo 4 (Northpark Project) Location

Thung Song Hong Lak Si Bangkok 10210

Tel : 0-2229-2800 : 0-2359-1259 Fax

Auditor : Earnst and Young Office Limited

Location : 33rd Floor Lake Rachada Office Complex No. 193/136-137 Rachadapisek

Road Klong Toey Bangkok 10110

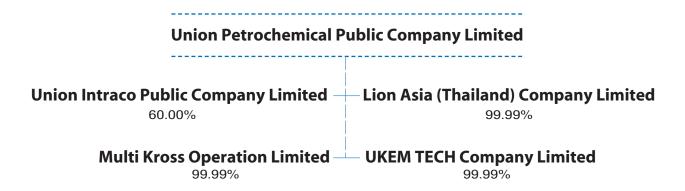
Telephone : +66 (0) 2264-0077

Financial Highlights of the Company and its subsidiaries

2010	2011	2012
2010	2011	2012
1.338.65	1,644.88	1,916.54
930.70	1,018.50	1,218.24
407.94	626.38	698.29
2,554.04	3,259.62	3,615.45
2,455.42	3,048.04	3,438.3
82.37	156.71	131.06
11.15%	13.44%	11.73%
3.23%	4.81%	3.63%
6.15%	9.52%	6.84%
20.19%	38.08%	18.76%
1.01	0.92	0.93
	930.70 407.94 2,554.04 2,455.42 82.37 11.15% 3.23% 6.15% 20.19%	1.338.65 1,644.88 930.70 1,018.50 407.94 626.38 2,554.04 3,259.62 2,455.42 3,048.04 82.37 156.71 11.15% 13.44% 3.23% 4.81% 6.15% 9.52% 20.19% 38.08%

Remarks: Interest Burden Debt.





PRODUCTS AND SERVICES

Union Petrochemical Public Company Limited ("UKEM") is the distributors of commodity solvents. These chemicals are used as raw materials in various industries. Target customers of the Company range from small to large industrial manufacturers. Most of them have long-term relationship with the Company.

Union Intraco Public Company Limited ("the Subsidiary") a wholly-owned subsidiary of the Company is the distributor of specialty chemicals As of December 31, 2012, the registered and paid-up capital of Union Intraco was 130 Million Baht. Most of its products are sold directly to manufacturers. Union Intraco is also responsible for sourcing new specialty chemicals in order to serve customers' needs.

Lion Asia (Thailand) Company Limited ("the Subsidiary"), a wholly-owned subsidiary of the Company is the distributor of specialty solvents. As of December 31, 2012, the registered and the paid-up capital of Lion Asia were 15 Million Baht.

Multi Kross Operation Limited ("the Subsidiary"), a wholly-owned subsidiary of the Company is the distributor of Solvent based in Hong Kong. As of December 31, 2012 the registered and the paid-up capital of Multi Kross Operation Limited were 300,000 Hong Kong Dollars.

UKEM TECH CO.,LTD.* ("the Subsidiary") a wholly-owned subsidiary of the Company and As of December 31, 2012, the registered capital to UKEM TECH Co.,Ltd is 35 Million Baht and its paid up is 7.25 Million Baht

(*) Currently Not Operate

Revenue Structure

Revenue By Company	ny 2010*		201	1*	2012*	
	THB Mil	%	THB Mil	%	THB Mil	%
Union Petrochemical Plc.	2.005.12	82.03	2 522 15	77.41	2 600 76	74.65
Lion Asia (Thailand) Co.,Ltd.	2,095.12 167.39	6.55	2,523.15 238.75	77.41	2,698.76 271.82	74.63
Union Intraco Plc.	291.53	11.41	497.72	15.27	644.87	17.84
Others	0.00	0.00	0.00	0.00	0.00	0.00
Total	2,554.04	100.00	3,259.62	100.00	3,615.45	100.00

Remark: (*) exclude the inter trade between the group of companies

Revenue Breakdown by type of solvents

[In THB :Million] **Revenue By Products** 2010 % 2011 % % 2012 **Commodity Solvents** 2,095.12 82.03 2,523.15 77.41 2,698.76 74.65 Specialty Solvents / Chemicals 17.97 25.35 458.92 736.47 22.59 916.69 Total* 2,554.04 100.00 3,259.62 100.00 3,615.45 100.00

Remark: (*) exclude the inter trade between the group of companies



1 Risks from Change in Prices of Raw Materials

Solvents are products in upstream petrochemical industry, which uses liquid natural gas (NGL), naphta, and condensates for its raw materials. Since the raw materials for solvents come from refinery plants, their prices fluctuate with the prices of crude oil and the supply and demand situation of the petrochemical industry. As a major distributor of solvents, the Company has been able to manage the price fluctuation of its products through the well established relationship with its suppliers.

2 Risks from Dependence on the Small Number of Suppliers

The Company imports and distributes solvents from major manufacturers and distributors, including

- 1. Thai-MC Co.,Ltd., an affiliate of Mitsubishi Corporation of Japan (The Company has been its authorized distributor since 1985)
- 2. Esso (Thailand) Public Company Limited, an affiliate of ExxonMobil Group of the US (The Company has been its authorized distributor since 1986)
 - 3. PTT Group such as IRPC Plc., PTT Phenol Co., Ltd, PTT Chemical Plc., TOC Glycol Co., Ltd.

There are risks from dependence on the above suppliers. However, the Company has continuously added new import suppliers.

3 Risks from Failure to Extend Supply Contracts with Major Suppliers

Major suppliers include,

- 1. Thai-MC Co., Ltd. (The Company has been its authorized distributor since 1985)
- 2. Esso (Thailand) Public Company Limited (The Company became its authorized distributor in 1986 and has become its Non-exclusive Branded Distributor since 2005)
 - 3. PTT Group such as IRPC Plc., PTT Phenol Co., Ltd, PTT Chemical Plc., TOC Glycol Co., Ltd.

Even though the Company may encounter risks from not being able to renew the contracts with its major suppliers, the Company has established long-term relationship with its suppliers and never had a problem renewing supply contracts.

4 Risks from Payment Default from Customers

The Company offers credit terms on average of 90-120 days to its customers. The amount of payment default from the customers was very small and the amount of loan default under legal process is immaterial. The Company plans to reduce the amount of loan default by implementing credit evaluation processes before granting credit approval to each customer.

5 Risks from Increased Competition

There are 5-6 major distributors of solvents, whose aggregate market share has been increasing as competition within the industry has recently been intensified. The Company has been one of the top three largest distributors in terms of sales. Due to its 26-year experiences in the business, the Company has built up its marketing expertise and effective inventory management, which enable the Company to be able to anticipate industrial trends and plan relevant business strategies.

6 Foreign Exchange Risks

The Company is exposed to foreign exchange risks as it imports a significant amount of its products. It is the Company's policy to fully hedge such risks through the purchase of forward contracts.

7 Risks from Having One Major Shareholder with Interests Exceeding 50%

Even though the Suwannapasri Family holds a majority stake of 58.40%, according to the Company's policies, one-third of shareholders' votes is required to pass resolutions on special subjects. In addition, in order to achieve the balancing of power for the minority shareholders, the Company has implemented the following procedures;

- 1. Appoint an Audit Committee with three members with the authorities to review operations
- 2. Appoint four independent members (including four members from the Audit Committee) to the Board of Directors
- 3. Implement a transparent organizational structure in which decentralization system is utilized
- 4. The Company has appointed an Internal Control consulting company to set up and monitor its internal control system since February 2006, which reports directly to the Audit Committee

Shareholder Structure and Management

Capital Structure

Registered and Paid up Capital (December 31, 2012) as follows:

Registered Capital 206,250,000 Baht
Paid Up Capital 166,658,875 Baht
No.of Ordinary Shares issued 825,000,000 Shares
No. of Share paid-up shares
Par Value 666,635,500 Shares
0.25 Baht Per Share

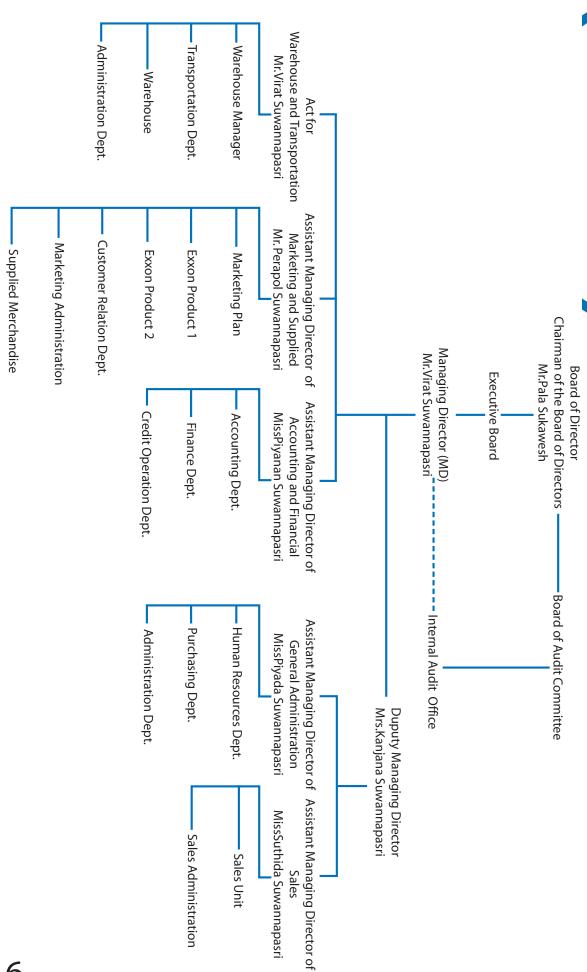
Major Shareholders

	Name	As of December 31, 2012			
		No. of Share held by shareholder	(%)		
1	Dr. Kanjana Suwannapasri	336,600,000	50.50		
2	Ms.Chatprapa Suwannapasri	19,668,400	2.95		
3	Ms. Junjira Julthira	17,130,400	2.57		
4	Ms.Wanunthorm Kijwanichsathein	8,592,900	1.29		
5	Ms.Kanokorn Bordinratana	7,206,100	1.08		
6	Ms.Suthida Suwannapasri	6,600,000	0.99		
7	Ms.Piyanan Suwannapasri	6,600,000	0.99		
8	Mr.Perajed Suwannapasri	6,600,000	0.99		
9	Ms.Piyada Suwannapasri	6,600,000	0.99		
10	Mr.Perapol Suwannapasri	6,600,000	0.99		

Dividend Policy

The Company has dividend policy which not lower than 40% of net profit after tax. And the dividend payment should not impact to its liquidity and others factor related to the company's operation plan. The dividend payment must be approved by the Shareholder Meetings.

ORGANIZATION CHART



STRUCTURE OF THE BOARD

The Boards of the Company consist of Board of Directors, Audit Committee, and the Executive Board.

Board of Director

As of December 31, 2012 the company has 12 directors as follows:

	Name	Name Title		% of Shareholding in Company (In Million Shares)			
			1 Jan 12*	31 Dec.12	Change		
1	Mr. Pala Sukhawej	Chairman	0	0	-		
2	Mr. Virat Suwannapasri	Director	0	0	-		
3	Dr.Kanjana Suwannapasri	Deputy Managing Director	336.60	336.60	-		
4	Miss Suthida Suwannapasri	Assistant Managing Director	6.60	6.60	-		
5	Miss Piyanan Suwannapasri	Assistant Managing Director	6.60	6.60	-		
6	Miss Piyada Suwannapasri	Assistant Managing Director	6.60	6.60	-		
7	Mr. Perapol Suwannapasri	Assistant Managing Director	6.60	6.60	-		
8	Mr. Perajed Suwannapasri	Deputy Managing Director	6.60	6.60	-		
9	Dr. Khien Vongsuree	Director	0	0	-		
10	Mr. Nopporn Thepsithar	Chairman of Audit Committee	0	0	-		
11	Mr. Poolsak Tansitthipun	Audit Committee	0	0	-		
12	Mr. Vorapote Uchupaiboonvong	Audit Committee	0	0	-		

Authorized Director

The Director who are authorized to sign on behalf of the company are Mr.Virat Suwannapasri and Dr. Kanjana Suwannapasri with the Company Seal, or Mr. Virat Suwannapasri or Dr. Kanjana Suwannapasri and two of the followings: Miss Suthida Suwannapasri, Miss Piyanan Suwannapasri, Mr.Perapol Suwannapasri together with the Company Seal.

Audit Committee

As Dec 31, 2012 The Company has 3 audit committees as follows:

	Name	Title
1	Mr.Nopporn Thepsithar	Chairman of Audit Committee
2	Mr.Poolsak Tansitthipun	Audit Committee
3	Mr.Vorapote Uchupaiboonvong	Audit Committee

Executive Board of Director

As Dec 31, 2012 The Company has 5 members for the executive board of committees as follows:

	Name Title				
1	Mr.Virat Suwannapasri	Chairman of Executive Board			
2	Dr.Kanjana Suwannapasri	Vice Chairman of Executive Board			
3	Miss Suthida Suwannapasri	Executive Director			
4	Mr.Perapol Suwannapasri	Executive Director			
5	Dr.Khien Vongsuree	Executive Director			

Management

As Dec 31, 2012 The Company has 7 persons who are on the management levels as follows:

Name		Title
1	Mr. Virat Suwannapasri	Managing Director
2	Dr. Kanjana Suwannapasri	Deputy Managing Director
3	Mr. Perajed Suwannapasri	Deputy Managing Director
4	Mr. Perapol Suwannapasri	Assistant Managing Director
5	Miss Piyanan Suwannapasri	Assistant Managing Director
6	Miss Suthida Suwannapasri	Assistant Managing Director
7	Miss Piyada Suwannapasri	Assistant Managing Director

Criteria for the Selection of Directors and Management

Even though the members of the Board of Directors and management team will not come from the procedures of the Nominating Committee, the Company has set criteria for the selection of directors and members of the management team as followed;

- The Executive Committee will consider candidates according to their relevant experiences, culture compatibility, and etc. and proposes the chosen candidate for the approval at the Shareholders' Meeting
- For every Annual Shareholders' Meeting, one-third of the members of the Board of Directors must resign. For the first two years after the listing, the method of a coin toss will be employed to decide which director will resign. From the third year on, the director who holds his position for the longest time shall resign. However, the director who must resign is eligible to be reelected again. Procedures for shareholders to elect a new director are as followed;
 - One share is equivalent to one vote,
 - One shareholder can only vote for one candidate, and
- The candidate with the highest votes will be elected and, if there is more than one position to be filled, the second highest votes will be elected and so on until all the positions are filled. If candidates have equal votes and only one appointment is needed, the Chairman will be the person to decide which candidate will be elected.

Even though the members of the Audit Committee will also not come from the procedures of the Nominating Committee, the Company has set the criteria for the members of the Audit Committee that at least one member will be a specialist in the field of accounting or finance and another member in the field of laws. Each Audit Committee member will serve for a two-year term.

The Attendant of Board Meeting During Year 2012

Name		ttendant of Director)	No. of Attendant (Audit Committee)		
	2011	2012	2012	2012	
. Mr.Pala Sukhawej	-	5/5	-	-	
Mr.Virat Suwannapasri	7/7	5/5	-	-	
Dr.Kanjana Suwannapasri	6/7	5/5	-	-	
MissSuthida Suwannapasri	4/7	5/5	-	-	
MissPiyanan Suwannapasri	7/7	5/5	-	_	
MissPiyada Suwannapasri	6/7	5/5	-	-	
Mr.Perapol Suwannapasri	5/7	4/5	-	-	
Mr.Perajed Suwannapasri	5/7	4/5	-	-	
Dr.Khien Vongsuree	7/7	5/5	-	-	
0. Mr.Nopporn Thepsithar*	6/7	4/5	3/4	3/4	
1. Mr.Poolsak Tansitthipun*	7/7	5/5	4/4	4/4	
2. Mr.Vorapote Uchupaiboonvong*	6/7	5/5	3/4	4/4	

Remarks: (*) Director & Audit Committee

Compensation

a) Director

(Baht)

	Name	2012
1.	Mr.Pala Sukhawej	2,050,000
2.	Mr.Virat Suwannapasri	-
3.	Dr.Kanjana Suwannapasri	-
4.	MissSuthida Suwannapasri	-
5.	MissPiyanan Suwannapasri	-
6.	MissPiyada Suwannapasri	_
7.	Mr.Perapol Suwannapasri	-
8.	Mr.Perajed Suwannapasri	-
9.	Dr.Khien Vongsuree	230,000
10.	Mr.Nopporn Thepsithar	265,000
11.	Mr.Poolsak Tansithipun	270,000
12.	Mr.Vorapote Uchupaiboonvong	270,000
	Total	3,085,000

b) Management

Management Compensation	Year 2012(Baht)
No. of Management (persons)	6
Total Amount	9,915,000

Other Benefits

The Company has established the provident fund for the employees at the rate of 2% of their salary. The employees who are work with company not less than 3 years and retired or resigned will benefit from this provident fund.

Corporate Governance Policy

A corporate governance policy of Union Petrochemical Public Company Limited is based on guideline formulated by the Stock Exchange of Thailand (SET) in 2007, which is applied from the 15 principles of best practice for corporate governance of SET announced in March 2002. The Company's corporate governance policy consists of these 4 components:

- 1. Rights and Equal Treatment to Shareholders.
- 2. Role of Stakeholders
- 3. Disclosure and Transparency
- 4. Responsibilities of the Board of Directors

1. Rights and Equal Treatment to Shareholders.

The Company has assigned the Company Secretary to coordinate with the shareholders in matters relating to the equal protection of the rights of all shareholders. These include the right to buy and sell securities, the right to receive dividends, the right to attend and participate in discussions and voting on important issues at shareholders' meetings and the right to appoint a proxy in the event that a shareholders is unable to attend a meeting. The Company informs shareholders of the time, place and agenda for each shareholders' meeting, together with additional information intended to assist shareholders in making informed decisions about important issues under discussion. This information is sent to shareholders and the registrar not less than 7 days prior to the scheduled date of the meeting. Notices appear in newspapers over a period of 3 consecutive days not less than 3 days prior to the date of the meeting. Invitations are sent to shareholders in Thailand by registered mail, while foreign shareholders are notified by fax or by email. Acknowledgement of receipt is to be made by registered airmail.

2. Role of Stakeholders

The Company has outlined policy guidelines for dealing with various groups of stakeholders which included the insiders as well as the outsiders. The guideline instructs Board members, senior executives and staff at all levels. The stakeholders consists of shareholders, customers, trading partners, employees, competitors, creditors, the local community and society in general. The details are as follows:

• **Shareholders** The Company represents the best interest of shareholders through its commitment to transparency,

increasing the Company's value over the long-run and good return of investment.

• **Customers** The Company realizes the importance of customers and consumers' rights to receive good quality products and delivery its on time and keeping the customer's information.

• Trading Partners The Company builds good relationships for mutual benefit and honors fully all obligations

to its partners.

• **Employees** The Company recognizes the value of developing staff potential and creating a pleasant working environment, including the provision of remuneration and fair treatment to employees.

• Creditors The Company complies strictly with the terms of all agreements with creditors

• **Competitors** The Company is committed to fair competition.

Community and Society

Recognizing the importance of safety, environmental responsibility, and quality of life for the local community and the society at large. All its business decisions are made with a view to minimizing the impact on society, the environment, and the public's quality of life.

3. Disclosure and Transparency

The Board of Directors has an obligation to make full disclosure of important Company-related information in a reliable and timely manner through a variety of media such as the Company

newsletters and notices to the Stock Exchange of Thailand in both Thai and English versions, the public relations news and the Company's website. This information, which concerns both financial and non-financial matters, is carefully checked and presented in language that is clear, concise, and easy to understand.

The Company has assigned Ms.Piyanan Suwannapasri as "Investor Relations" to provide clear, equal and accurate information to all interested members of the public including the respond to the inquiries of the shareholders, the investors and the securities analysts. The "investor relations" is also responsible for coordinating with the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) to ensure the Company's full compliance with the latest rules and regulations and the principles of corporate governance.

In 2008, the Company joined the "Opportunity Day Program" which is arranged by SET, in order to meet the investors and securities analyst and provide them the information of company results from operations and its future directions.

4. Responsibilities of the Board of Directors

The scope of authority of the Board of Directors is determined by law, the Company' regulation, the resolution of shareholders meeting and the principles of corporate governance. Members perform their duties with honesty, integrity, and a high degree of responsibility. The Board discloses information in a transparent manner and ensures that Company management operates in line with the goals and objectives, as well as the best interest of shareholders and all of the Company's stakeholders.

The Company separates the role and duties of chairman and the managing director clearly and completely. The Board is charged with appointing the task-specific committee; the Audit Committee, which oversees the Company operations and considered the conflicts of interest in order to maintain the good and efficiency internal control and ensure that the Company's accounting practices are complete and accurate in order to protect the property of the Company as well as to identify the weak points of the Company in order to protect the fraud operations and/or the uncommon situations. At least One of the Audit Committee members must have knowledge of accounting so that he/she can help the Board to review and ensure that the Company's financial statement is complied with Thailand's general accounting standards and The Company chooses the proper accounting policy including to provide sufficient information in the footnotes.

The Structure of the Company's Board of Directors is composed of the number of Independent Directors of no fewer than that is required by law and/or notifications and The Structure of the Board of Director must balance the powers of

As of December 31, 2012, The Company's Board of Directors consists of 12 directors, comprising as follows:

- Executive Director 7 persons
- Non-Executive Director 5 persons
- Independent Director 4 persons

The independent director is accounted for 33.33% of the Board of Directors where is seven directors come from Suwannapasri's family. Six of the Board of Directors, which accounting for 41.67 percent of the Board of Directors, are persons who have no relation with Suwannapasri's family and It is sufficient in the balancing of power. Besides, The Board of Directors approved a clear manual authorities to which all employees must comply with.

Supervision on the Use of Internal Information

The Company sets out the policy on a supervision on the use of internal information which hasn't yet been disclosed to the public by directors and/or management and/or any related person and complied with a policy in a strictly manner. Details of the policy are as follows:

- 1. Notification must be made to all directors and management of the Company pertaining their duty and responsibility in providing the a report on holding of the Company's securities by themselves, by their spouse, minority and by other related to directors and/or management. Such requirement is in compliance with Section 59 and 275 of the Securities and Exchange Act B.E. 1992.
- 2. Directors, management and employee in the division receiving internal information are recommended to avoid or suspend their trading of the Company's securities for a period of 1 month prior to the disclosure of the financial statement to the public.

Disciplinary penalty is determined should the policy be violated. Punishment will be determined based on the intention of the action and severity of such wrongdoing.

Human Resources

As of December 31, 2012 the Company has total employees (Excluded 6 persons in the management level) by 125 persons. In the past 3 years, the Company has no any dispute of labor.

Employee Remuneration

Total remuneration of employees during the year 2012 (including the turnover during the year) which is breakdown into salary wages overtime Bonus and other benefits amounted to 23.86 Million Baht.

Human Resource Development

The Company sets out the policy on human resource development to increase the efficiency of employees. The Company recognize that the recruitment process is very important processes in obtaining the qualified people into the organization. The Company set the program in Both internal and external training to develop people in organization and motivate them as well.

Such policies led to an efficient and efficiency work of employees which directly reduced the loss in working process and cost of sale as well.

The Company has established the provident fund for the employees at the rate of 2% of their salary. The employees who are work with company not less than 3 years and retired or resigned will benefit from this provident fund.





During year 2012 (1 January - 31 December 2012) The Company has the connected transaction which can be summarized as follows:

Parties with potential Conflict First Traco Co.,Ltd

Type of Relationship Same Major Shareholder / Director.

Type of Transaction The Company and Subsidiaries rent an office space and utilize a

public utility (Electricity)

Value of Transaction Rental 2.84 Million Baht

Public Utility 0.38 Million Baht

Parties with potential Conflict Lion Asia (Thailand) Co.,Ltd.

Type of Relationship Subsidiary of Company by holding 99.99% of its registered and paid up

capital

Type of Transaction Buy/Sell solvent / Inventory Space Rental / Computer Equipment

/ Motor Oil

Value of Transaction Sell Solvent 92.53 Million Baht

Buy Equipment 3.53 Million Baht
Buy Motor Oil 0.11 Million Baht
Inventory Space Rental 7ransportation Service 0.46 Million Baht

Parties with potential Conflict Union Intraco Public Company Limited

Type of Relationship Subsidiary of Company by holding 60.00% of its registered and

paid up capital

Type of Transaction Buy/Sell solvent / Inventory Space Rental / Transportation / Dividend

Value of Transaction Buy Solvent 0.32 Million Baht

Sell Solvent 8.64 Million Baht Transportation Service 0.10 Million Baht Dividend Receive 8.58 Million Baht Inventory Space 0.36 Million Baht

Parties with potential Conflict / **UKEM TECH CO.,LTD.**

Type of Relationship Subsidiary of Company by holding 99.99% of its registered and

paid up capital

Type of Transaction Sell solvent

Value of Transaction Sell Solvent 0.36 Million Baht

Remarks: - The transaction of buy and sell of solvents from/to subsidiaries is higher than the cost of sale.

- The transaction of sell tanks (20 ltrs) to subsidiaries is comparable to the market price

- The transaction of office space rental is reviewed and considered by audit committee and provided opinion that the rental rate charged is similar to the market rate.

Management Discussion and Analysis

Overview of operating performance

In year 2012, the Company and its subsidiaries' net profit amounted to Baht 131.06 Million, decreased by Baht 25.65 Million or by 16.37%. Total Revenue of the group was higher than that of the previous year by amount of Baht 355.83 Million or increasing by 10.92% due to the higher quantity sell which resulted from the growth of economy by 6.4%. In 2012, the Gross profit margin of the Company and its subsidiaries is at 11.73% compared to 13.44% that of the previous year, a decrease by 1.71% from the last year or declined by 12.72%. Meanwhile the selling and administrative expensed as percentage stay at the close level at 6.83%. This made the net profit margin of the Company and its subsidiaries dropped from 4.81% in 2011 to 3.63% in 2012.

Revenues

In year 2012, The Company and its subsidiaries' revenues from sale of solvents amounted to Baht 3.615.45 Million or increasing by Baht 355.83 Million or by 10.92% when compared to the same period of year 2011. The other revenues in year 2011 was Baht 22.89 Million higher than that of 2011 by amount of Baht 15.66 Million or increasing by 216.89%.

Expenses

Cost of Sales

In Year 2012, The Company and its subsidiaries' cost of sales amounted to Baht 3,191.41 Million or increasing by Baht 369.77 Million or by 13.10% when compared to the same period of year 2011. The gross profit margin of 2012 and 2011 is at 11.73% and 13.44% respectively. The cost of sale in 2012 increase in reflect of the higher selling volume and the higher cost of goods sold.

Selling & Administration Expenses (S&A)

In Year 2012, The Company and its subsidiaries' S&A expenses amounted to Baht 247.13 Million or increasing by Baht 20.50 Million or by 9.05% when compared to the same period of year 2011. The S & A expenses was 6.83 and 6.95% of total sale revenues in year 2012 and 2011 respectively which is at the close level.

Interest Expenses

In Year 2012 the Company and its subsidiaries' Interest expenses amounted to Baht 21.75 Million or increasing by Baht 4.04 Million or by 22.87% when compared to the same period of year 2011. The Interest Expenses was 0.60% and 0.54% of total sale revenues in year 2012 and 2011 respectively.

Net Profit

In Year 2012, The Company and its subsidiaries' net profit amounted to Baht 131.60 Million or decreasing by Baht 25.65 Million or by 16.37% when compared to the same period of year 2011. The Earning per Share (EPS) decreased from 0.229 Bt/Share in Year 2011 to 0.166 Bt/Share in Year 2012. The return on equity (ROE) of the year 2012 and the year 2011 was 18.76%. and 25.03% respectively.

Financial Status

Assets

As the end of the year 2012, the total assets of the Company and its subsidiaries equals to Baht 1,916.54 Million, increasing by Baht 271.66 Million or by 16.52% from the end of the year 2011. The total current asset equals to Baht 1,718.97 Million and the total fixed assets equals to Baht 197.57 Million or equivalent to 89.69% and 10.31% of the total assets respectively. The major component of assets is the "account/ note receivable", accounting for Baht 932.38 Million or 48.65% of total assets.

Liabilities

As the end of the year 2012, the total liabilities of the Company and its subsidiaries equals to Baht 1,218.24 Million, increased by 19.61% or by Baht 199.74 Million from the end of the year 2011. The total current liabilities equals to Baht 1,213.71 Million and the long-term liabilities equals to Baht 4.53 Million. The major component of liabilities is the "Bank Overdraft and Short term loan", accounting for Baht 646.85 Million or 33.75% of total liabilities.

Shareholders' Equity

The Company and its subsidiaries' shareholder equity increased by Baht 71.92 Million or by 11.48% from the end of the Year 2011 to Baht 698.29 Million at the end of year 2012.

Audit's Fee

In year 2012, The Company and its subsidiaries remuneration to the auditors can be summarized below: a. Auditing Fee to:

- i. The Company's auditor in the previous financial period totaling Baht -0-
- ii. The office employing such auditor in the previous financial period for auditing service totaling Baht 1,715,000 and there's no for other expense related to auditing service.
- b. Fee from other services
 - To the Company's auditor in the previous financial period totaling Baht -0-
 - To the office employing Baht -0-

Financial Statements



Ernst & Young

II ERNST & YOUNG



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Independent Auditor's Report

To the Shareholders of Union Petrochemical Public Company Limited

I have audited the accompanying consolidated financial statements of Union Petrochemical Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Union Petrochemical Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Petrochemical Public Company Limited and its subsidiaries and of Union Petrochemical Public Company Limited as at 31 December 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Other matter

The financial statements of Union Petrochemical Public Company Limited and its subsidiaries for the year ended 31 December 2011 were audited by another auditor who, under her report dated 27 February 2012, expressed an unqualified opinion on those financial statements.

Siraporn Ouaanunkun

3- C.

Certified Public Accountant (Thailand) No. 3844

Ernst & Young Office Limited

Bangkok: 20 February 2013

Statement of financial position

As at 31 December 2012

(Unit: Baht)

	_	Consolidated financial statements		Separate financi	al statements
	<u>Note</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets					
Current assets					
Cash and cash equivalents	6	228,219,370	144,824,392	58,183,649	52,461,731
Trade and other receivables	7, 8	932,378,488	817,574,795	777,337,397	706,848,295
Inventories	9	536,009,693	456,813,476	376,897,471	193,248,112
Other current assets	10	22,359,789	22,391,537	10,249,868	6,828,692
Total current assets	-	1,718,967,340	1,441,604,200	1,222,668,385	959,386,830
Non-current assets					
Investments in subsidiaries	11	-	-	102,911,800	95,411,800
Investment properties	12	13,959,000	-	13,959,000	-
Property, plant and equipment	13	179,766,041	183,804,692	77,774,352	85,866,883
Land awaiting development	12	-	13,959,000	-	13,959,000
Other non-current assets	-	3,842,857	5,508,516	2,785,676	2,893,396
Total non-current assets	_	197,567,898	203,272,208	197,430,828	198,131,079
Total assets	<u>-</u>	1,916,535,238	1,644,876,408	1,420,099,213	1,157,517,909

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	-	Consolidated finar	ncial statements	Separate financia	I statements
	<u>Note</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	14	646,849,707	570,673,428	412,825,904	313,309,068
Trade and other payables	15	545,270,298	427,573,871	492,609,226	373,313,843
Current portion of liabilities under hire purchase					
and finance lease agreements	16	1,144,121	2,552,646	-	1,378,360
Income tax payable		18,737,513	11,040,223	9,329,053	8,156,093
Other current liabilities		1,709,471	1,084,471	354,991	425,528
Total current liabilities		1,213,711,110	1,012,924,639	915,119,174	696,582,892
Non-current liabilities					
Liabilities under hire purchase and finance lease					
agreements - net of current portion	16	174,341	1,318,450	-	-
Provision for long-term employee benefits	17	4,358,107	4,256,651	4,216,120	4,132,937
Total non-current liabilities	-	4,532,448	5,575,101	4,216,120	4,132,937
Total liabilities	-	1,218,243,558	1,018,499,740	919,335,294	700,715,829

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	Consolidated fina	ncial statements	Separate financ	ial statements
Note	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Shareholders' equity				
Share capital				
Registered				
825,000,000 ordinary shares of Baht 0.25 each	206,250,000	206,250,000	206,250,000	206,250,000
Issued and fully paid up 19				
666,635,500 ordinary shares of Baht 0.25 each				
(2011: 660,000,500 ordinary shares of Baht 0.25 each)	166,658,875	165,000,125	166,658,875	165,000,125
Share premium	48,338,875	46,680,125	48,338,875	46,680,125
Advance receipts of ordinary share subscription	6,630,000	3,317,500	6,630,000	3,317,500
Retained earnings				
Appropriated - statutory reserve 21	20,625,000	20,625,000	20,625,000	20,625,000
Unappropriated	331,710,141	281,123,478	246,653,057	209,321,218
Other components of shareholders' equity	14,151,881	14,213,267	11,858,112	11,858,112
Equity attributable to owners of the Company	588,114,772	530,959,495	500,763,919	456,802,080
Non-controlling interests of the subsidiary	110,176,908	95,417,173	<u>-</u> .	<u>-</u>
Total shareholders' equity	698,291,680	626,376,668	500,763,919	456,802,080
Total liabilities and shareholders' equity	1,916,535,238	1,644,876,408	1,420,099,213	1,157,517,909

Statement of comprehensive income

For the year ended 31 December 2012

(Unit: Baht)

		Consolidated finar	icial statements	Separate financi	al statements
	<u>Note</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues					
Sales		3,615,445,862	3,259,624,155	2,828,708,732	2,637,727,711
Other income					
Dividend income	11	-	-	8,579,230	15,832,579
Gains on exchange		13,775,911	-	4,265,392	385,691
Gain on sales of fixed assets		-	2,572,591	-	1,040,470
Others		9,112,362	4,655,575	3,251,875	2,993,656
Total revenues		3,638,334,135	3,266,852,321	2,844,805,229	2,657,980,107
Expenses					
Cost of sales		3,191,179,943	2,821,408,167	2,529,398,199	2,320,284,532
Selling expenses		87,651,690	78,375,905	54,935,920	49,193,909
Administrative expenses		159,475,889	147,905,289	119,072,272	106,466,854
Total expenses		3,438,307,522	3,047,689,361	2,703,406,391	2,475,945,295
Profit before finance cost and income tax expenses		200,026,613	219,162,960	141,398,838	182,034,812
Finance cost		(21,752,977)	(17,659,421)	(15,268,224)	(12,469,167)
Profit before income tax expenses		178,273,636	201,503,539	126,130,614	169,565,645
Income tax expenses	·=	(47,211,073)	(44,793,279)	(28,803,380)	(32,330,016)
Profit for the year	:	131,062,563	156,710,260	97,327,234	137,235,629
Other comprehensive income:					
Exchange differences on translation of financial statement	nts				
in foreign currency	-	(61,386)	77,205	<u> </u>	<u>-</u>
Other comprehensive income for the year	-	(61,386)	77,205		-
Total comprehensive income for the year		131,001,177	156,787,465	97,327,234	137,235,629

Statement of comprehensive income (continued)

For the year ended 31 December 2012

(Unit: Baht)

		Consolidated fina	ncial statements	Separate financ	ial statements
	Note	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Profit attributable to:					
Equity holders of the Company		110,582,058	151,339,256	97,327,234	137,235,629
Non-controlling interests of the subsidiary	;	20,480,505	5,371,004		
	;	131,062,563	156,710,260		
Total comprehensive income attributable to:					
Equity holders of the Company		110,520,672	151,416,461	97,327,234	137,235,629
Non-controlling interests of the subsidiary	;	20,480,505	5,371,004		
	;	131,001,177	156,787,465		
Earnings per share	23				
Basic earnings per share					
Profit attributable to equity holders of the Company	;	0.166	0.229	0.146	0.208
Diluted earnings per share					
Profit attributable to equity holders of the Company	:	0.142	0.194	0.125	0.176

Cash flow statement

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash flows from operating activities				
Profit before tax	178,273,636	201,503,539	126,130,614	169,565,645
Adjustments to reconcile profit before tax to net cash	·, ·, ·, · · ·	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-,,-	,,-
provided by (paid from) operating activities:				
Depreciation and amortisation	22,034,422	22,489,562	12,319,765	12,918,230
Allowance for doubtful accounts (reversal)	(981,927)	1,217,148	(1,094,796)	1,136,380
Reduce cost of inventories to net realisable value	9,884,711	770,138	885,140	805,927
Gain on sales of fixed assets	(79,639)	(2,572,591)	-	(1,040,470)
Write off of fixed assets	1,340,113	-	-	-
Provision for long-term employee benefits	101,456	666,134	83,183	616,433
Unrealised (gains) loss on exchange	(3,291,878)	8,207,496	(673,023)	(1,177,835)
Dividend income	-	-	(8,579,230)	(15,832,579)
Interest expenses	21,752,977	17,659,421	15,268,224	12,469,167
Profit from operating activities before changes in	229,033,871	249,940,847	144,339,877	179,460,898
operating assets and liabilities				
Operating assets (increase) decrease				
Trade and other receivables	(113,841,793)	(137,965,900)	(69,394,306)	(100,525,900)
Inventories	(89,080,928)	(76,678,801)	(184,534,499)	42,536,940
Other current assets	497,374	(10,443,314)	(3,421,176)	(5,467,761)
Other non-current assets	1,567,633	(83,854)	21,610	22,375
Operating liabilities increase (decrease)				
Trade and other payables	118,085,212	(70,753,788)	119,774,426	(68,872,234)
Other current liabilities	624,999	643,001	(70,537)	(243,541)
Cash flows from (used in) operating activities	146,886,368	(45,341,809)	6,715,395	46,910,777
Cash paid for interest expenses	(21,092,273)	(17,142,682)	(15,148,450)	(12,230,442)
Cash paid for income tax expenses	(39,979,409)	(47,126,773)	(27,630,420)	(33,185,089)
Net cash flows from (used in) operating activities	85,814,686	(109,611,264)	(36,063,475)	1,495,246

Cash flow statement (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash flows from investing activities				
Acquisition of fixed assets	(19,243,489)	(17,562,604)	(4,141,124)	(12,283,898)
Acquisition of computer software	-	(126,275)	-	(146,175)
Proceeds from sales of fixed assets	85,271	6,933,272	-	5,064,113
Dividend received from subsidiary	-	-	8,579,230	15,832,579
Investment in subsidiary companies	<u> </u>	<u> </u>	(7,500,000)	(1,127,375)
Net cash flows from (used in) investing activities	(19,158,218)	(10,755,607)	(3,061,894)	7,339,244
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans				
from financial institutions	78,795,265	151,877,673	99,516,233	37,889,980
Cash paid for payable from assets purchase	-	-	-	(1,373,901)
Repayment of liabilities under hire purchase	(3,189,152)	(5,234,240)	(1,468,268)	(4,112,545)
and finance lease agreements				
Cash received from non-controlling interests of the subsidiary	-	88,449,072	-	-
Dividend payment	(65,436,217)	(26,399,656)	(59,830,678)	(26,399,656)
Advance receipts of ordinary share subscription	6,630,000	3,317,500	6,630,000	3,317,500
Net cash flows from financing activities	16,799,896	212,010,349	44,847,287	9,321,378
Increase (decrease) in translation adjustments	(61,386)	77,205		-
Net increase in cash and cash equivalents	83,394,978	91,720,683	5,721,918	18,155,868
Cash and cash equivalents at beginning of year	144,824,392	53,103,709	52,461,731	34,305,863
Cash and cash equivalents at end of year	228,219,370	144,824,392	58,183,649	52,461,731

Union Petrochemical Public Company Limited and its subsidiaries Notes to consolidated financial statements

For the year ended 31 December 2012

1. General information

Union Petrochemical Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the import and distribution of chemical products. The registered office of the Company is at 728 Union House Building, Boromrachachonnee Road, Kwang Bangbumru, Khet Bangplad, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Union Petrochemical Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

		Country of		
Company's name	Nature of business	incorporation	Percentage of shareholding	
			<u>2012</u>	<u>2011</u>
			Percent	Percent
Union Intraco Public Company	Import and distribution of chemical	Thailand	59.99	59.99
Limited	products			
Lion Asia (Thailand) Company	Distribution of chemical and lubricant	Thailand	99.99	99.99
Limited	products, and electronic equipments			
UKEM Tech Company Limited	Production and distribution of ethanol	Thailand	99.99	99.99
(formerly named "UKEM Ethanol				
and Easter Company Limited				
Multi Kross Operation Limited	Import and distribution of chemical	Hong Kong	99.99	99.99
	products			

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary company is translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12 Income Taxes

TAS 20 (revised 2009) Accounting for Government Grants and Disclosure of

Government Assistance

TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates Financial Reporting Standard:

TFRS 8 Operating Segments

Accounting Standard Interpretations:

SIC 10 Government Assistance - No Specific Relation to Operating Activities

SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines. The management of the Company expects the adoption of this accounting standard to have the effect of increasing the Company's and its subsidiaries' brought-forward retained earnings and other components of shareholders' equity of the year 2013 by approximately Baht 2.9 million in total (the Company only: decreasing approximately Bath 0.1 million).

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

		Effective date
Accounting Trea	atment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Star	ndard Interpretation:	
SIC 29	Service Concession Arrangements:	1 January 2014
	Disclosures	
Financial Repor	ting Standard Interpretations:	
TFRIC 4	Determining whether an Arrangement	1 January 2014
	contains a Lease	
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of these standards and believes that Accounting Treatment Guidance for Transfers of Financial Assets, SIC 29, TFRIC 4 and TFRIC 12 are not relevant to the business of the Company. Management is still evaluating the first-year impact to the financial statements of the adoption of TFRIC 13 and has yet to reach a conclusion.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods are valued at the lower of cost (First-in, First-out method) and net realisable value.

Raw materials and packaging materials are valued at the lower cost (First-in, First-out method) and net realisable value and are charged to costs of finished goods whenever consumed.

4.5 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method net of allowance for impairment loss on inventories (if any).

4.6 Investment properties

Investment properties which is land, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any).

No depreciation is provided to investment properties.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment/Depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings and leasehold improvement - 10 and 20 years

Machinery and factories equipment - 5 - 10 years

Furniture and office equipment - 3 - 5 years

Motor vehicles - 5 and 10 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Intangible assets

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets which is computer software, are amortised over the economic useful life of 5 years.

4.9 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.10 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.11 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss. However in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

4.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

4.14 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.15 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company measures land and buildings at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the income approach for buildings. The valuation involves certain assumptions and estimates.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated fina	ancial statements	Separate financial statements		
	<u>2012</u> <u>2011</u>		2012	<u>2011</u>	
Cash	270	452	200	200	
Bank deposits	227,949	144,372	57,984	52,262	
Total	228,219	144,824	58,184	52,462	

As at 31 December 2012, bank deposits in saving accounts and fixed deposits carried interests between 0.13 and 0.88 percent per annum (2011: between 0.50 and 0.88 percent per annum).

7. Trade and other receivables

(Unit: Thousand Baht)

			(Onit: Thousand Bant)		
	Consol	idated	Separate		
	financial st	tatements	financial st	atements	
	2012	2011	2012	2011	
Trade receivables - related parties					
Aged on the basis of due dates					
Not yet due	-	-	38,566	38,217	
Past due up to 3 months	<u>-</u>		4,588	15,924	
Total trade receivables - related parties			43,154	54,141	
Trade receivables - unrelated parties					
Aged on the basis of due dates					
Not yet due	707,369	568,218	554,728	469,275	
Past due					
Up to 3 months	223,145	246,482	171,421	180,688	
3 - 6 months	442	1,619	-	255	
6 - 12 months	303	109	-	70	
Over 12 months	504	3,147	484	3,147	
Total	931,763	819,575	726,633	653,435	
Add: Returned cheques	4,091	3,432	3,897	3,236	
Total trade receivables - unrelated parties	935,854	823,007	730,530	656,671	
Total trade receivables	935,854	823,007	773,684	710,812	
Less: Allowance for doubtful accounts	(4,475)	(5,456)	(4,281)	(5,376)	
Total trade receivables - net	931,379	817,551	769,403	705,436	
Other receivables					
Other receivable - related parties	350	-	7,934	1,396	
Other receivables - unrelated parties	649	24		16	
Total other receivables	999	24	7,934	1,412	
Total trade and other receivables - net	932,378	817,575	777,337	706,848	

8. Related party transactions

During the year, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, subsidiaries and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial sta	atements	financial statements		Pricing policy
	<u>2012</u>	<u>2011</u>	2012	<u>2011</u>	
Transactions with subsidiary compa	<u>nies</u>				
(eliminated from the consolidated					
financial statements)					
Sales of goods	-	-	129,948	114,575	Similar to market price
Other income	-	-	1,451	1,216	As mutual agreement
Purchases of goods	-	-	442	350	Similar to market price
Purchases of assets	-	-	7,214	-	Similar to market price
Other expenses	-	-	202	212	Similar to market price
Transactions with related companies	<u> </u>				
Rental expenses	2,838	2,652	2,150	2,150	Contract price (close to
					market price)
Other expenses	384	365	317	296	As mutual agreement

The balances of the accounts as at 31 December 2012 and 2011 between the Company and related parties are summarised below.

			(Unit: Th	ousand Baht)
	Consol	idated	Sepa	rate
_	financial s	tatements	financial st	atements
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Trade and other receivables - related parties</u> (Note 7)				
Subsidiaries				
Union Intraco Public Company Limited	-	-	2,855	2,119
Lion Asia (Thailand) Company Limited	-	-	40,299	52,134
UKEM Tech Company Limited				
(Formerly known as "UKEM Ethanol and				
Easter Company Limited)	-	-	7,584	1,284
Director	350		350	
Total trade and other receivables - related parties	350	-	51,088	55,537

			(Unit: Thousand Bant)		
	Consolidated		Separate		
_	financial sta	tements	financial statements		
Trade and other payables - related parties (Note 15)					
Subsidiaries					
Union Intraco Public Company Limited	-	-	129	108	
Lion Asia (Thailand) Company Limited	-	-	5,319	3,544	
Related companies					
Firstraco Company Limited	261	230	198	223	
Director	375	696		-	
Total trade and other payables - related parties	636	926	5,646	3,875	

Directors and management's remuneration

During the year ended 31 December 2012 and 2011, the Company and its subsidiaries had expenses related to the salaries, bonuses and meeting allowances paid to their directors and management approximately Baht 17 million and Baht 17 million, respectively. (Separate financial statements: approximately Baht 12 million and Baht 12 million, respectively.)

9. Inventories

(Unit:	Thousand	Baht)
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	Consolidated financial statements									
	Reduce cost to net									
_	Cost		realisable	value	Inventories-net					
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>				
Finished goods	399,770	415,143	(11,924)	(2,040)	387,846	413,103				
Raw materials	2,400	1,154	-	-	2,400	1,154				
Packing materials	1,390	935	-	-	1,390	935				
Goods in transit	144,374	41,621		-	144,374	41,621				
Total	547,934	458,853	(11,924)	(2,040)	536,010	456,813				

(Unit: Thousand Baht)

Separate financial statements	3
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	Reduce cost to net							
	Cost		realisable	e value	Inventories-net			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>		
Finished goods	242,066	184,163	(2,796)	(1,911)	239,270	182,252		
Packing materials	4,600	461	-	-	4,600	461		
Goods in transit	133,027	10,535		-	133,027	10,535		
Total	379,693	195,159	(2,796)	(1,911)	376,897	193,248		

10. Other current assets

(Unit: Thousand Baht) Consolidated Separate financial statements financial statements 2012 2011 2012 2011 Revenue department receivable 14,956 16,785 5,446 2,999 Prepaid expenses 1,588 3,559 1,138 3,083 Others 5,816 2,048 3,666 747 Total other current assets 22,360 22,392 10,250 6,829

11. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

							(Unit: Thou	sand Baht)
			Shareh	nolding			Dividend	received
Company's name	Paid-up	capital	percentage		Co	st	during the year	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
			(%)	(%)				
Union Intraco Public Company								
Limited	130,000	13,000	59.99	59.99	77,993	77,993	8,579	15,833
Lion Asia (Thailand) Company								
Limited	15,000	15,000	100.00	100.00	15,000	15,000	-	-
UKEM Tech Company Limited								
(formerly named "UKEM								
Ethanol and Easter Company								
Limited")	8,750	1,250	100.00	100.00	8,750	1,250	-	-
Multi Kross Operation Limited	1,169	42	100.00	100.00	1,169	42		
Total					102,912	94,285	8,579	15,833
Add: Advance payment of share s	ubscription to	Multi Kross	Operation Li	mited		1,127		
Total					102,912	95,412	8,579	15,833

11.1 Investment in subsidiary - Union Intraco Public Company Limited

On 5 July 2010, the Extraordinary General Meeting of shareholders of Union Intraco Public Company No. 2/2010 approved the increase of the subsidiary's registered share capital of Baht 52 million, from Baht 78 million (78,000 ordinary shares of Baht 1,000 each) to Baht 130 million (130,000 ordinary shares of Baht 1,000 each), and approved a change in the par value of the ordinary shares from Baht 1,000 each to Baht 1 each. The subsidiary registered the increase in its capital and the change in the par value of its shares with the Ministry of Commerce on 16 July 2010.

On 19 April 2011, the Security and Exchange Commission approved the subsidiary to offer its shares to the public on the Market for Alternative Investment (MAI).

Subsequently in May 2011, the subsidiary offered the additional shares to the public and the Company at a price of Baht 1.92 per share, or for a total of Baht 99.8 million. The Company did not invest in the additional shares of the subsidiary and as a result its equity interest in the subsidiary decreased from 100 percent to 59.99 percent. The statement of changes in shareholders' equity therefore shows a discount from the change of shareholding in the subsidiary.

11.2 Investment in subsidiary - UKEM Tech Company Limited

On 31 January 2012, the Extraordinary General Meeting of Shareholders No.2/2012 of UKEM Tech Company Limited passed a resolution to approve the increase of the subsidiary's registered share capital from Baht 5 million to Baht 35 million, through the issue of 300,000 new ordinary shares with a par value of Baht 100 per share, to be allocated to the existing shareholders. The subsidiary registered the increase of its registered share capital with the Ministry of Commerce on 31 January 2012. During the first quarter of this year, the subsidiary called up Baht 25 per share on the newly issued shares, or a total of Baht 7.5 million.

11.3 Investment in subsidiary - Multi Kross Operation Limited

On 30 April 2012, Multi Kross Operation Limited registered the increase of its registered capital from HKD 10,000 (equivalent to Baht 42,200) to HKD 300,000 (equivalent to Baht 1,169,575) through the issue of 290,000 newly shares with a par value of HKD 1 per share, to allocated to the existing shareholder.

12. Investment properties / land awaiting development

The Company purchased a piece of land from a related company to be used as a research center in the future. The price of land awaiting development was assessed at market value, based on an appraisal report of an independent professional appraiser, who has been approved by the office of Securities and Exchange Commission, dated 10 January 2012 shows the appraised value Baht 13.96 million.

During the third quarter of this year, the management of the Company changed the purpose for which the land was held to land awaiting development for future division and sale. The Company therefore reclassified such land awaiting development to investment properties.

13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation						
	basis			Cost basis			
	Land	Buildings and leasehold improvement	Machinery and factory equipment	Furniture and office equipment	Motor vehicles	Assets under construction	Total
Cost / Revalued amount:							
1 January 2011	75,968	77,349	43,722	16,384	94,153	451	308,027
Additions	-	255	3,013	1,156	10,595	1,162	16,181
Disposals	-	(442)	-	-	(12,924)	-	(13,366)
Transfers in (out)	-	612		451		(1,063)	-
31 December 2011	75,968	77,774	46,735	17,991	91,824	550	310,842
Additions	-	-	2,928	1,373	12,420	2,523	19,244
Disposals/write-off	-	-	(1,067)	-	-	(1,340)	(2,407)
Transfers in (out)			1,005			(1,005)	
31 December 2012	75,968	77,774	49,601	19,364	104,244	728	327,679
Accumulated depreciation:				_			
1 January 2011	-	25,354	15,874	7,792	64,608	-	113,628
Depreciation for the year	-	4,034	6,229	2,852	9,297	-	22,412
Depreciation on disposals	-	(105)		-	(8,900)		(9,005)
31 December 2011	-	29,283	22,103	10,644	65,005	-	127,035
Depreciation for the year	-	4,033	6,063	2,736	9,105	-	21,937
Depreciation on disposals/write-off	-		(1,061)	-		<u>-</u>	(1,061)
31 December 2012	-	33,316	27,105	13,380	74,110	-	147,911

Consolidated financial statements

	Revaluation basis			Cost basis			
	Land	Buildings and leasehold improvement	Machinery and factory equipment	Furniture and office equipment	Motor vehicles	Assets under construction	Total
Allowance for impairment loss:							
1 January 2011	2	-	-	-	-	-	2
Increase during the year				-		<u> </u>	<u> </u>
31 December 2011	2	-	-	-	-	-	2
Increase during the year				-		<u> </u>	
31 December 2012	2	-	-	-	-	-	2
Net book value:							_
31 December 2011	75,966	48,491	24,632	7,347	26,819	550	183,805
31 December 2012	75,966	44,458	22,496	5,984	30,134	728	179,766
Depreciation for the year							
2011						_	22,412
2012						_	21,937

(Unit: Thousand Baht)

Separate financial statements

			<u> </u>				
	Revaluation						
	basis			Cost basis			
		Buildings and		Furniture			
		leasehold	Tools and	and office		Assets under	
	Land	improvement	equipment	equipment	Motor vehicles	construction	Total
Cost / Revalued amount:							
1 January 2011	28,800	50,604	10,762	7,148	78,587	-	175,901
Additions	-	78	3,213	638	10,420	1,162	15,511
Disposals	-	-	-	-	(8,754)	-	(8,754)
Transfers in (out)		612				(612)	
31 December 2011	28,800	51,294	13,975	7,786	80,253	550	182,658
Additions	-	-	2,507	387	792	455	4,141
Transfers in (out)			1,005			(1,005)	-
31 December 2012	28,800	51,294	17,487	8,173	81,045	-	186,799
Accumulated depreciation:							
1 January 2011	-	21,603	5,443	3,771	57,853	-	88,670
Depreciation for the year	-	2,612	1,699	1,175	7,366	-	12,852
Depreciation on disposals					(4,731)		(4,731)
31 December 2011	-	24,215	7,142	4,946	60,488	-	96,791
Depreciation for the year		2,621	2,393	1,032	6,188		12,234
31 December 2012	-	26,836	9,535	5,978	66,676	-	109,025

(Unit: Thousand Baht)

Separate financial statements

	Revaluation basis			Cost basis			
	Land	Buildings and leasehold improvement	Tools and equipment	Furniture and office equipment	Motor vehicles	Assets under construction	Total
Net book value:							
31 December 2011	28,800	27,079	6,833	2,840	19,765	550	85,867
31 December 2012	28,800	24,458	7,952	2,195	14,369	-]	77,774
Depreciation for the year							
2011						_	12,852
2012							12,234

The Company and a subsidiary company arranged for an independent professional valuer to appraise the value of land in August 2010. The basis of the revaluation of land is market approach.

Had the land been carried in the consolidated financial statements based on historical cost, their net book values as of 31 December 2012 would have been Baht 64.0 million (2011: Baht 64.0 million) (Separate financial statements: Baht 16.9 million (2011: Baht 16.9 million)).

As at 31 December 2012, the Company and its subsidiaries had vehicles under hire purchase and finance lease agreements with net book values amounting to Baht 4.7 million (2011: Baht 8.1 million) (Separate financial statements: none (2011: Baht 2.2 million)).

14. Bank overdrafts and short-term loans from financial institutions

			(Unit: Th	ousand Baht)
	Consoli	dated	Separate	
_	financial sta	atements	financial sta	atements
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Bank overdrafts	53,980	-	48,967	-
Short-term loans from financial institutions				
Trust receipt	415,370	373,051	213,859	143,309
Promissory notes	177,500	197,622	150,000	170,000
Total	646,850	570,673	412,826	313,309

Bank overdrafts and short-term loans from financial institutions carried interests at market rate plus or minus stipulated margin.

As at 31 December 2012, the non-secured short-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to approximately Baht 1,896 million (2011: Baht 1,205 million) (Separate financial statements: Baht 1,134 million (2011: Baht 905 million)).

15. Trade and other payables

			(Unit: Th	ousand Baht)	
	Consol	idated	Separate		
	financial st	atements	financial sta	atements	
	2012	<u>2011</u>	2012	2011	
Trade payables - related parties	-	-	5,051	108	
Trade payables - unrelated parties	516,192	402,232	468,403	344,480	
Other payables - related parties	631	696	595	3,544	
Other payables - unrelated parties	14,894	12,345	13,021	21,161	
Accrued expenses - related parties	5	230	-	223	
Accrued expenses - unrelated parties	13,548	12,071	5,539	3,798	
Total trade and other payables	545,270	427,574	492,609	373,314	

16. Liabilities under hire purchase and finance lease agreements

			(Unit: Thousand Baht)		
	Consoli	idated	Separate		
	financial s	tatements	financial st	atements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
Liabilities under hire purchase and finance					
lease agreements	1,350	4,067	-	1,468	
Less : Deferred interest expenses	(32)	(196)		(90)	
Total	1,318	3,871	-	1,378	
Less : Portion due within one year	(1,144)	(2,553)		(1,378)	
Liabilities under hire purchase and finance					
lease agreements - net	174	1,318	-	-	

The Company and its subsidiaries have entered into the hire purchase and finance lease agreements with leasing companies for rental of motor vehicles for use in their operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

Future minimum lease payments required under the hire purchase and finance lease agreements were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	2012			2011		
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease						
payments	1,175	176	1,351	2,716	1,351	4,067
Deferred interest expenses	(31)	(2)	(33)	(163)	(33)	(196)
Present value of future						
minimum lease payments	1,144	174	1,318	2,553	1,318	3,871

(Unit: Thousand Baht)

		Separate financial statements					
		2012		2011			
	Less than	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total	
Future minimum lease							
payments	-	-	-	1,468	-	1,468	
Deferred interest expenses				(90)		(90)	
Present value of future							
minimum lease payments	-			1,378		1,378	

17. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	Conso	lidated	Sepa	ırate
	financial s	tatements	financial st	atements
	2012	<u>2011</u>	<u>2012</u>	<u>2011</u>
Defined benefit obligation at beginning of year	4,257	3,590	4,133	3,516
Current service cost	76	487	61	442
Interest cost	25	180	22	175
Defined benefit obligation at end of year	4,358	4,257	4,216	4,133

Long-term employee benefit expenses included in the profit or loss was as follows:

			(Unit: 1	Thousand Baht)
	Consoli	dated	Sepa	rate
	financial st	financial statements		atements
	<u>2012</u> <u>2011</u>		<u>2012</u>	<u>2011</u>
Current service cost	76	487	61	442
Interest cost	25	180	22	175
Total expense recognised in profit or loss	101	667	83	617
Line items under which such expenses are inc	luded in profit or lo	SS		
Cost of sales	-	-	-	-
Selling and administrative expenses	101	667	83	617

Principal actuarial assumptions at the valuation date were as follows:

	Consc	lidated	Sepa	arate
	financial statements		financial statements	
	<u>2012</u> <u>2011</u>		<u>2012</u>	<u>2011</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.41	4.41	4.41	4.41
Future salary increase rate (depending on age)	8.12	8.12	8.12	8.12
Staff turnover rate (depending on age)	0 - 22	0 - 22	0 - 22	0 - 22

Amounts of defined benefit obligation for the current and previous two periods are as follows:

		(Unit: Thousand Baht)				
	Defined bene	Defined benefit obligation				
	Consolidated	Separate				
	financial statements	financial statements				
Year 2012	4,358	4,216				
Year 2011	4,257	4,133				
Year 2010	3,591	3,517				

18. Warrants

On 30 September 2009, the Extraordinary General Meeting of the Company's shareholders No. 1/2552 approved the resolution to issue 165 million warrants to purchase the Company's ordinary shares to be offered to the existing shareholders in proportion to their shareholding at the rate of 4 ordinary shares to 1 warrant to purchase the Company's ordinary shares. No value is to be charged for the warrants upon issue. The warrants have an exercise price of Baht 0.50 per unit and are exercisable in a ratio of 1 warrant per 1 ordinary share, for a period of 5 years from the issue date. The warrant holders are entitled to exercise the warrants every 30 June and 30 December. The first exercise date was on 30 December 2009.

Presented below is a summary of movement in the number of warrants.

	(Units)
Outstanding units as at 1 January 2011	164,999,491
Number of exercised warrants during the year 2011	(6,635,000)
Outstanding units as at 31 December 2011	158,364,491
Number of exercised warrants during the year 2012	(13,260,000)
Outstanding units as at 31 December 2012	145,104,491

19. Share capital / share premium

Presented below is a summary of movements in share capital during the year ended 31 December 2012 and 2011.

					Date of registration of		Date of listing		
					additional	shares with	securiti	es on the	
	Issued and	fully paid up			the Mi	the Ministry of		change of	
	share capital		Share premium		Com	Commerce		Thailand	
	(Thousa	and Baht)	(Thousand Baht)						
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	2012	<u>2011</u>	<u>2012</u>	<u>2011</u>	
Balance outstanding as at									
beginning of year	165,000	165,000	46,680	46,680					
Increase in share capital									
from exercised warrants									
in December	1,659	-	1,659		9 Jan 12	11 Jan 11	27 Jan 12	25 Jan 11	
Balance outstanding as at									
end of year	166,659	165,000	48,339	46,680					

20. Revaluation surplus

This represents surplus arising from revaluation of land.

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

22. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consc	Consolidated		arate	
	financial	statements	financial	tatements	
	2012	<u>2011</u>	<u>2012</u>	<u>2011</u>	
Salary and wages and other employee benefits	84,011	67,387	55,755	44,684	
Depreciation and amortisation	22,034	22,490	12,320	12,918	
Transportation expenses	42,850	37,065	33,018	27,880	
Rental expenses from operating lease agreements	22,153	12,389	18,968	9,967	
Loss from the reduce cost of inventories to net					
realisable value	9,885	770	885	806	
Purchase raw materials and finished goods	3,161,255	2,908,008	2,590,555	2,290,855	
Changes in inventories of raw materials and					
finished goods	13,672	(101,876)	(62,042)	17,340	

23. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issue to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share:

	Consolidated financial statements							
			Weighted ave	rage number				
	Profit for	the year	of ordinary shares		Earnings per share			
	2012	<u>2011</u>	2012	<u>2012</u> <u>2011</u>		<u>2011</u>		
	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)		
Basic earnings per share								
Profit attributable to equity holders of the								
Company	110,582	151,339	666,636	660,001	0.166	0.229		
Effect of dilutive potential ordinary shares								
Warrants			113,451	119,670				
Diluted earnings per share								
Profit attributable to ordinary shareholders								
assuming the conversion of warrants to								
ordinary shares	110,582	151,339	780,087	779,671	0.142	0.194		
			Separate financia	al statements				
			Weighted ave	rage number				
	Profit for	the period	of ordinar	y shares	Earnings per share			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>		
	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)		
Basic earnings per share								
Profit attributable to equity holders of the								
Company	97,327	137,236	666,636	660,001	0.146	0.208		
Effect of dilutive potential ordinary shares								
Warrants			113,451	119,670				
Diluted earnings per share								
Profit attributable to ordinary shareholders								
assuming the conversion of warrants to								
ordinary shares	97,327	137,236	780,087	779,671	0.125	0.176		

24. Segment information

The operations of the Company and its subsidiaries mainly involve a single industry segment, import and distribution of chemical products, and are mainly carried on in the single geographic area of Thailand. As a result, all of the revenues, operating profits and assets reflected in these consolidated interim financial statements pertain to the aforementioned industry segment and geographic area.

Transfer prices between business segments are as set out in Note 8 to the financial statements.

25. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 2 percent of basic salary. The fund, which is managed by Krungsri Assset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2012 and 2011, the Company and its subsidiaries contributed Baht 0.5 million and Baht 0.6 million, respectively (Separate financial statements: Baht 0.3 million and Baht 0.3 million, respectively) to the fund.

26. Dividends

			Dividends
Dividends	Approved by	Total dividends	per share
		(Thousand Baht)	(Baht)
Dividend for 2010	The Annual General Meeting of the		
	Company's shareholders on 21 April 2011	26,400	0.04
Total for the year 20	11	26,400	0.04
Dividend for 2011	The Annual General Meeting of the		
	Company's shareholders on 20 April 2012	59,995	0.09
Total for the year 20	12	59,995	0.09

27. Commitments and contingent liabilities

27.1 Operating lease commitments

The Company and subsidiary companies have entered into several lease agreements in respect of the lease of building space and warehouse and provision of related services. The terms of the agreements are between 1 and 5 years.

As at 31 December 2012, future minimum lease payments required under these operating leases contracts were as follows.

			(Unit: Mi	llion Baht)
	Consol	Consolidated		rate
	financial st	atements	financial st	atements
	<u>2012</u> <u>2011</u>		<u>2012</u>	<u>2011</u>
Payable:				
In up to 1 year	19	3	15	1
In over 1 year and up to 5 years	23	10	17	8
In over 5 years	1	-	1	-

27.2 Guarantees

As at 31 December 2012, the Company and its subsidiaries had the following outstanding significant letters of guarantee:

- 27.2.1 Outstanding bank guarantees of Baht 57 million (2011: Baht 77 million) have been issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business, to guarantee payments of goods to suppliers.
- 27.2.2 Outstanding bank guarantees of Baht 22 million (2011: 11 million) have been issued by banks on behalf of the subsidiaries in respect of certain performance bonds as required in the normal course of business of its subsidiaries.

27.3 Other commitments

As at 31 December 2012, the Company had commitments to banks under outstanding letters of credit amounting to approximately USD 0.6 million and JPY 53.4 million (2011: USD 0.8 million and JPY 0.8 million).

27.4 Other service agreement

A subsidiary company has entered into an agreement to participate in an "intelligent meeting room" project (agreement for supply of equipment, software and services for intelligent meeting solution) with True Universal Convergent Company Limited (TUC) and Dosanet Company Limited, located in South Korea, (Dosanet). The agreement has a term of 2 years, from 1 February 2010 to 1 February 2012, and automatically renews for another year if no party gives notice of its intention to cancel the agreement. To date, none of the parties have announced their intention to cancel. Under the agreement, the subsidiary company has invested in the hardware and equipment for the project, together with insurance coverage for the equipment of Baht 5 million, and is required to pay Baht 0.1 million per year to TUC and training expenses of Baht 0.2 million to Dosanet. TUC is responsible for costs of internet connections for installing the I-Meeting Solution system and for finding customers, while Dosanet is to source the software and provide expertise for the I-Meeting Solution system. Revenue from this project will be shared among the parties in proportions specified in the agreement.

28. Financial instruments

28.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, bank overdrafts and short-term loan from financial institutions, and liabilities under hire purchase and finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts and short-term borrowings. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimum.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date.

(Unit: Million Baht)

			As at 31 D	ecember 2012		
	Fixed inte	Fixed interest rates				
	Within	1-5	Floating	Non- interest		
	1 year	years	interest rate	bearing	Total	interest rate
						(% per annum.)
Financial Assets						
Cash and cash equivalent	-	-	136.7	91.5	228.2	0.125 - 0.875
Trade and other receivables				932.4	932.4	-
			136.7	1,023.9	1,160.6	

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As at 31 December 201	ber 2012
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	Fixed inter	est rates				
	Within	1-5	Floating	Non- interest		
	1 year	years	interest rate	bearing	Total	interest rate
						(% per annum.)
Financial liabilities						
Bank overdrafts and short-term						
loans from financial institutions	592.8	-	54.0	-	646.8	4.150 - 7.775
Trade and other payables	-	-	-	545.3	545.3	-
Liabilities under hire purchase and						
finance lease agreements	1.1	0.2			1.3	3.630 - 4.670
	593.9	0.2	54.0	545.3	1,193.4	

(Unit: Million Baht)

As at 31	December	201
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	Fixed interest rates					
	Within	1-5	Floating	Non- interest		
	1 year	years	interest rate	bearing	Total	interest rate
						(% per annum.)
Financial Assets						
Cash and cash equivalent	-	-	57.9	86.9	144.8	0.500 - 0.875
Trade and other receivables				817.6	817.6	-
			57.9	904.5	962.4	
Financial liabilities						
Bank overdrafts and short-term						SIBOR -
loans from financial institutions	570.7	-	-	-	570.7	4.450
Trade and other payables	-	-	-	427.6	427.6	-
Liabilities under hire purchase and						
finance lease agreements	2.6	1.3			3.9	3.630 - 6.230
	573.3	1.3		427.6	1,002.2	

Foreign currency risk

The exposure to foreign currency risk of the Company and its subsidiaries arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities of the Company and its subsidiaries denominated in foreign currencies are summarised below.

	Financia	Financial assets Financial liabilities		Average exch	nange rate	
Foreign currency	as at 31 December		as at 31 December		as at 31 December	
	2012	<u>2011</u>	2012	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit	
US dollar	0.1	0.5	10.8	8.1	30.6316	31.6912
Euro	-	-	0.1	-	40.5563	41.0274
Japanese yen	-	-	53.4	-	0.3545	0.4084

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2012

		Contractual exchange rate	Contractual
Foreign currency	Bought amount	Bought	maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.2	30.79	10/01/13 - 08/02/13

As at 31 December 2011

		Contractual exchange rate	Contractual
Foreign currency	Bought amount	Bought	maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	31.51	22/02/12

28.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature, their fair value is not expected to be materially different from the amounts presented in statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

29. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2012, the Group's debt-to-equity ratio was 1.7:1 (2011: 1.6:1) and the Company's was 1.8:1 (2011: 1.5:1).

30. Events after the reporting period

On 19 February 2013, a meeting of the Board of Directors of Union Intraco Public Company Limited passed a resolution to propose that the Annual General Meeting of the Shareholders to be held in April 2013 adopt a resolution to pay a dividend for 2012 to the shareholders totaling Baht 58 million, as follow:

- A stock dividend of 2 new ordinary share for 5 existing ordinary shares, equivalent to a total of 52 million ordinary shares, or Baht 52 million.
- A cash dividend of Baht 0.046 per share, or a total of Baht 6 million.

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2013.