



**Annual Report 2013**

**UNION**  
**PETROCHEMICAL**  
**PUBLIC COMPANY LIMITED**

Investors can learn more on the issuing company's annual statement (Form 56-1)  
of companies listed. [www.sec.co.th](http://www.sec.co.th) or website [www.unionpetrochemical.com](http://www.unionpetrochemical.com)

# contents

- 1 announcement from the board
- 2 audit committee report
- 4 the history briefly of board
- 8 general information
- 10 the company and it subsidiaries financial highlights
- 11 group structure
- 13 risk factors
- 15 shareholder structure and management
- 24 the connected transactions
- 25 management discussion and analysis
- 27 financial statements

## Message from the Chairman of the Board of Directors

Thai Economy in 2013 faced an another tough year. The Country's GDP dropped from 6.4% to 2.9% due to the decrease in domestic consumption and the late recovery of exports sector. The local consumption dropped because most people aware of their expense as the individual debt level rise. Also most of the business sectors aware of their investment. The spending of government expenditure including mega projects seemed to prolong.

The Company operating results; which has the direct relationship with the Country overall economic conditions, was clearly shown a significant drop. In 2013, the Company and its subsidiaries's net profit is at THB 86.44 Million or decreasing by 35.36% when compared to the same period of the last year. This is due to the drop in average selling price of solvents while the cost of solvent is higher. This led to the lower gross profit margin when comparing to the same period of last year.

I hope that in the year 2014 Thai economy will recover from the year 2013 by placing hope on the recovery of the global economy which may light up our economy even though we are facing with the political problem and the drop in the number of in-bound tourists and the late of government spending.

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.



(Mr. Pala Sukawesh)  
Chairman



## 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 2013, 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:

1. 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 possesses the Audit License No. 3930 and/or Ms. Siraporn Ouaanukun who possesses Audit License No. 3844 and/or Ms. Cholros Lerdwana who possesses Audit License No. 4958 of the Ernst & 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 2014, 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 possesses the audit license No. 3930 and /or Ms. Siraporn Ouaanukun who possesses the audit license No. 3844 and/or Mrs. Cholaros Suntiasvaraporn who possesses the audit license No. 4523 of the Ernst & Young Office Limited as the Company external auditors in the accounting year 2014 for another year. This is mainly because we satisfied in the overall performance of the above said auditors.



A handwritten signature in black ink, consisting of a stylized 'N' followed by a horizontal line and a dot.

(Nopporn Thepasithar)  
Chairman of the Audit Committee





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

#### Work Experience

- 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.



### 2. Mr. Virat Suwannapasri

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

Dputy 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 Piyana Suwannapasri**  
Assistant Managing Director  
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 Managing 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 Cogeneration Co., Ltd.
- 2008 - Present : Assistant Managing Director (Accounting)  
- Ch. Karnchang Public Company Limited



## General Information

Name	: Union Petrochemical Public Company Limited
Location	: 728 Union House Bldg., Boromrachachonnee Bangbumru BangPlad Bangkok 10700
Homepage	: <a href="http://www.unionpetrochemical.com">http://www.unionpetrochemical.com</a>
Business Registration No.	: 0107548000391
Type of Business	: Trader of Solvents
Number of Share Issued and Paid up Capital	: Common Stock 715,834,900 Shares (As of March 31, 2013)
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	: 212,333,276 Baht
Par Value	: 1.00 Baht per share
% of Shareholding	: 60.00% (as at December 31, 2013)

Company Name	: Lion Asia (Thailand) Company Limited
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, 2013)

Company Name	: UKEM TECH Co.,Ltd
Location	: 728 Union House Bldg., Boromrachachonnee Bangbumru Bang Plad Bangkok 10700
Type of Business	: Currently Not Operate
Registered Capital	: 7,500,000 Baht
Paid up Capital	: 35,000,000.- Baht
Par Value	: 10 Baht per Share
% of Shareholding	: 99.99% (as at December 31, 2013)

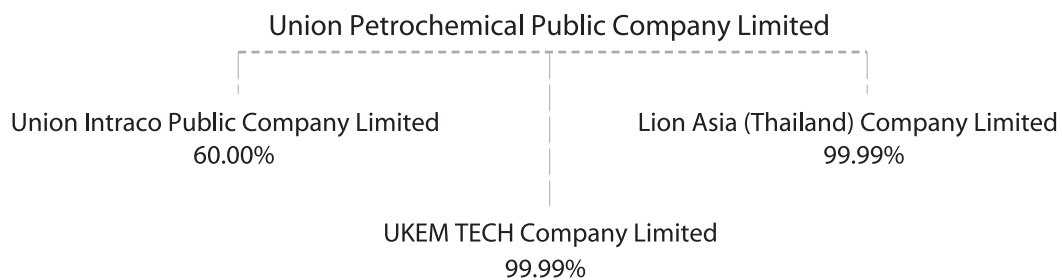
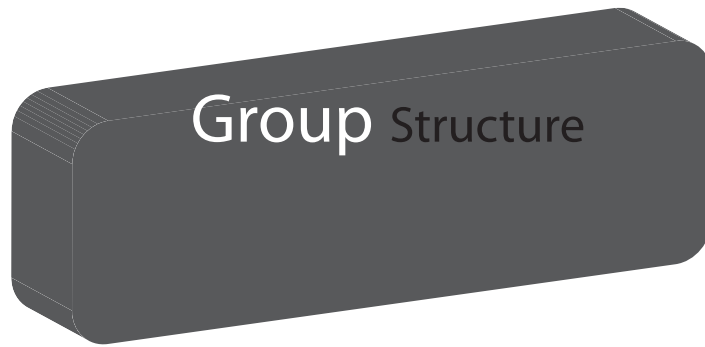
## Reference Data

Securities registration	: Thailand Securities Depository Co.,Ltd.
Location	: 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110
Tel	: 0-2229-2800
Fax	: 0-2359-1259
TSD Call Center	: (66 2) 229 2888
Website	: <a href="http://www.tsd.co.th/">http://www.tsd.co.th/</a>
E-mail	: TSDCallcenter@set.or.th
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

<b>Summary of Financial Performance</b> <i>Unit : Million Baht</i>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Total Asset	1,644.88	1,916.54	2,001.07
Total Liabilities	1,018.50	1,218.24	1,243.03
Shareholder Equities	626.38	698.29	758.04
Total Revenue	3,259.62	3,615.45	3,624.16
Total Expense (Exclude Tax & Interest Expense)	3,048.04	3,438.31	3,500.91
Net Profit - (After Tax & Interest Expense)	156.71	131.06	86.44
<b>Financial Ratio</b>			
Gross Profit Margin	13.44%	11.73%	10.71%
Net Profit Margin	4.81%	3.63%	2.39%
Return on Assets	9.52%	6.84%	4.32%
Return on Equities	25.03%	18.76%	11.40%
Net Debt Ratio* (times)	0.92	0.93	0.86

*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 212,333,276 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.

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	2011*		2012*		2013*	
	THB Mil	%	THB Mil	%	THB Mil	%
Union Petrochemical Plc.	2,523.15	77.41	2,698.76	74.65	2,684.03	74.06
Lion Asia (Thailand) Co.,Ltd.	238.75	7.32	271.82	7.51	274.49	7.57
Union Intraco Plc.	497.72	15.27	644.87	17.84	665.64	18.37
Total	3,259.62	100.00	3,615.45	100.00	3,624.16	100.00

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

## Revenue Breakdown by type of solvents

[ In THB :Million ]

Revenue By Products		2011	%	2012	%	2013	%
1	Commodity Solvents	2,523.15	77.41	2,698.76	74.65	2,684.03	74.06
2	Specialty Solvents / Chemicals	736.47	22.59	916.69	25.35	940.13	25.94
	Total*	3,259.62	100.00	3,615.45	100.00	3,624.16	100.00

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





## Risk Factors

### 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 32-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, 2013) as follows:

Registered Capital	206,250,000 Baht
Paid Up Capital	172,708,725 Baht
No. of Ordinary Shares issued	825,000,000 Shares
No. of Share paid-up shares	690,834,900 Shares
Par Value	0.25 Baht Per Share

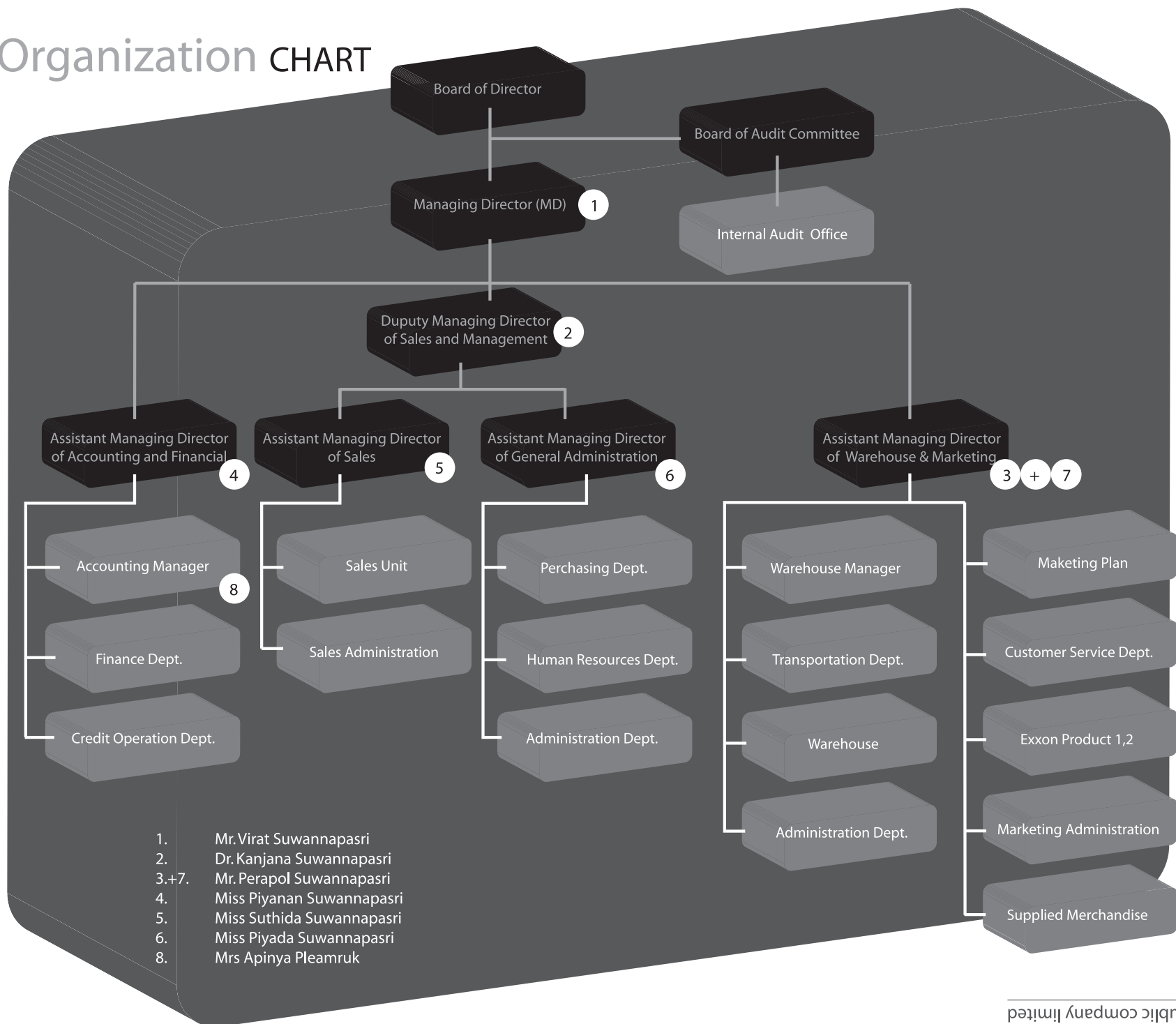
## Major Shareholders

	Name	As of December 31, 2013	
		No. of Share held by shareholder	(%)
1	Dr. Kanjana Suwannapasri	336,600,000	48.72
2	Ms. Chatprapa Suwannapasri	19,668,400	2.85
3	Ms. Junjira Julthira	15,800,000	2.29
4	Mr. Boonkiat Ursudhkij	10,000,000	1.45
5	Thai NVDR	6,721,600	0.97
6	Ms. Suthida Suwannapasri	6,600,000	0.96
7	Ms. Piyanan Suwannapasri	6,600,000	0.96
8	Mr. Perajed Suwannapasri	6,600,000	0.96
9	Ms. Piyada Suwannapasri	6,600,000	0.96
10	Mr. Perapol Suwannapasri	6,600,000	0.96

## 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, 2013 the company has 12 directors and 1 Company Secretary as follows:

	Name	Title	% of Shareholding in Company (In Million Shares)		
			1 Jan 13*	31 Dec.13	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	-
13	Ms. Waraporn Thongpho	Company Secretary	0	0	-

\* As of March 15, 2014 the total shares holding by Ms. Kanjana Suwannapasri is at 353.60 Million Shares or increased by 17.00 Million Shares

### 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, 2013 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, 2013 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, 2013 The Company has 6 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.Perapol Suwannapasri	Deputy Managing Director
4	Miss Piyanan Suwannapasri	Assistant Managing Director
5	Miss Suthida Suwannapasri	Assistant Managing Director
6	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 2013

	Name	No. of Attendant (Board of Director)		No. of Attendant (Audit Committee)	
		2012	2013	2012	2013
1.	Mr.Pala Sukhawej	5/5	5/5	-	-
2.	Mr.Virat Suwannapasri	5/5	4/5	-	-
3.	Dr.Kanjana Suwannapasri	5/5	5/5	-	-
4.	MissSuthida Suwannapasri	5/5	5/5	-	-
5.	MissPiyanan Suwannapasri	5/5	5/5	-	-
6.	MissPiyada Suwannapasri	5/5	4/5	-	-
7.	Mr.Perapol Suwannapasri	4/5	4/5	-	-
8.	Mr.Perajed Suwannapasri	4/5	5/5	-	-
9.	Dr.Khien Vongsuree	5/5	4/5	-	-
10.	Mr.Nopporn Thepsithar*	4/5	3/5	3/4	3/4
11.	Mr.Poolsak Tansitthipun*	5/5	5/5	4/4	4/4
12.	Mr.Vorapote Uchupaiboonvong*	5/5	3/5	4/4	4/4

Remarks: (\*) Director & Audit Committee

## Compensation

### a) Director

(Baht)

	Name	2013
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	220,000
10.	Mr.Nopporn Thepsithar	255,000
11.	Mr.Poolsak Tansithipun	270,000
12.	Mr.Vorapote Uchupaiboonvong	250,000
	Total	3,045,000

### b) Management

Management Compensation	Year 2013(Baht)
No. of Management (persons)	6
Total Amount	10,147,000

## 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's 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, 2013, The Company's Board of Directors consists of 12 directors, comprising as follows:

- Executive Director        6 persons
- Non-Executive Director   6 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, 2013 the Company has total employees (Excluded 6 persons in the management level) by 97 persons. In the past 3 years, the Company has no any dispute of labor.

### **Employee Remuneration**

Total remuneration of employees during the year 2013 (including the turnover during the year) which is breakdown into salary wages overtime Bonus and other benefits amounted to 25.57 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.

# The Connected Transactions

During year 2013 (1 January - 31 December ) The Company has the connected transaction which can be summarized as follows:

Parties with potential Conflict	<b>First Traco Co.,Ltd</b>
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 2.65 Million Baht
	Public Utility 0.36 Million Baht

Parties with potential Conflict	<b>Lion Asia (Thailand) Co.,Ltd.</b>
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 / Office Equipment* /Motor Oil
Value of Transaction	Sell Solvent 89.52 Million Baht
	Buy Equipment 0.09 Million Baht
	Buy Motor Oil 0.15 Million Baht
	Inventory Space Rental 0.15 Million Baht
	Transportation Service 0.48 Million Baht

\* Office Equipment is composed of computer, projector, mobile phone and ect.

Parties with potential Conflict	<b>Union Intraco Public Company Limited</b>
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 (Cash and Stock Dividend)
Value of Transaction	Buy Solvent 0.08 Million Baht
	Sell Solvent 13.08 Million Baht
	Transportation Service 0.13 Million Baht
	Dividend Receive 55.00 Million Baht
	Inventory Space 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 2013, the Company and its subsidiaries' net profit amounted to Baht 86.44 Million, decreased by Baht 47.28 Million or by 35.36%. Total Revenue of the group was higher than that of the previous year by amount of Baht 8.71 Million or increasing by 0.24% 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 2012 to 3.63% in 2013.

## Revenues

In year 2013, The Company and its subsidiaries' revenues from sale of solvents amounted to Baht 3,624.16 Million or increasing by Baht 8.71 Million or by 0.24% when compared to the same period of year 2012. The other revenues in year 2013 was Baht 8.15 Million lower than that of 2012 by amount of Baht 0.96 Million or decreasing by 10.54%.

## Expenses

### Cost of Sales

In Year 2013, The Company and its subsidiaries' cost of sales amounted to Baht 3,236.22 Million or increasing by Baht 45.04 Million or by 14.10% when compared to the same period of year 2012. The gross profit margin of 2013 and 2012 is at 10.70% and 11.73% respectively. The lower in gross margin was due to the higher average cost of solvents and the lower average selling price of solvent.

### Selling & Administration Expenses (S&A)

In Year 2013, The Company and its subsidiaries' S&A expenses amounted to Baht 247.26 Million or increasing by Baht 0.13 Million or by 0.05% when compared to the same period of year 2012. The S & A expenses was 6.82% and 6.83% of total sale revenues in year 2013 and 2012 respectively which is at the very close level.

### Interest Expenses

In Year 2013 the Company and its subsidiaries' Interest expenses amounted to Baht 19.56 Million or decreasing by Baht 2.10 Million or by 9.66% when compared to the same period of year 2012. The Interest Expenses was 0.54% and 0.60% of total sale revenues in year 2013 and 2012 respectively.

## Net Profit

In Year 2013, The Company and its subsidiaries' net profit amounted to Baht 86.44 Million or decreasing by Baht 47.28 Million or by 35.36% when compared to the same period of year 2012. The Earning per Share (EPS) decreased from 0.169 Bt/Share in Year 2012 to 0.096 Bt/Share in Year 2013. The return on equity (ROE) of the year 2013 and the year 2012 was 11.4% and 18.76%. respectively.

## Financial Status

### Assets

As the end of the year 2013, the total assets of the Company and its subsidiaries equals to Baht 2,001.07 Million, increasing by Baht 79.11 Million or by 4.12% from the end of the year 2012. The assets that saw the highest increase during the year is cash/ cash equivalent and account receivable which increased by Baht 100.67 Million and Baht 48.22 Million respectively. While the assets that saw the largest decrease during the year is inventory which decreased by Baht 77.65 Million. The total assets of 2013 divided into the current asset in amount of equals to Baht 1,786.73 Million and the fixed assets in amount of Baht 215.34 Million or equivalent to 89.29% and 10.71% of total assets respectively. The assets that have highest value is "account/ note receivable," which accounting for Baht 980.60 Million or 49.00% of total assets.

**Liabilities**

As the end of the year 2013, the total liabilities of the Company and its subsidiaries equals to Baht 1,243.30 Million, increased by 1.83% or by Baht 22.39 Million from the end of the year 2012. The total current liabilities equals to Baht 1,235.26 Million and the long-term liabilities equals to Baht 7.76 Million. The major component of liabilities is the "Bank Overdraft and Short term loan", accounting for Baht 655.23 Million or 52.71% of total liabilities.

**Shareholders' Equity**

The Company and its subsidiaries' shareholder equity increased by Baht 56.72 Million or by 8.08% from the end of the Year 2012 to Baht 758.04 Million at the end of year 2013.

**Audit's Fee**

In year 2013, 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 1,800,000.- (For the Company is at Bth 700,000) 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-



Union Petrochemical Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2013



Building a better  
working world

## **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 2013, 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 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Siraporn Ouuanunkun

Certified Public Accountant (Thailand) No. 3844

EY Office Limited

(Formerly known as Ernst & Young Office Limited)

Bangkok: 24 February 2014



Union Petrochemical Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2013

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
	Note	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(Restated)			(Restated)	
Assets							
Current assets							
Cash and cash equivalents	8	328,886,074	228,219,370	144,824,392	130,713,066	58,183,649	52,461,731
Trade and other receivables	7, 9	980,598,591	932,378,488	817,574,795	808,306,744	777,337,397	706,848,295
Inventories	10	458,359,293	536,009,693	456,813,476	288,196,340	376,897,471	193,248,112
Other current assets	11	17,888,859	22,359,789	22,391,537	4,725,793	10,249,868	6,828,692
Total current assets		1,785,732,817	1,718,967,340	1,441,604,200	1,231,941,943	1,222,668,385	959,386,830
Non-current assets							
Investments in available-for-sale securities	12	21,628,000	-	-	-	-	-
Investments in subsidiaries	13	-	-	-	95,769,030	102,911,800	95,411,800
Investment properties	14	13,959,000	13,959,000	-	13,959,000	13,959,000	-
Property, plant and equipment	15	172,368,319	179,766,041	183,804,692	78,043,926	77,774,352	85,866,883
Land awaiting development	14	-	-	13,959,000	-	-	13,959,000
Deferred tax assets	4, 25	3,522,287	5,425,129	2,769,077	2,307,029	2,258,507	2,316,646
Other non-current assets		3,859,451	3,842,857	5,508,516	2,545,251	2,785,676	2,893,396
Total non-current assets		215,337,057	202,993,027	206,041,285	192,624,236	199,689,335	200,447,725
Total assets		2,001,069,874	1,921,960,367	1,647,645,485	1,424,566,179	1,422,357,720	1,159,834,555

The accompanying notes are an integral part of the financial statements.

Union Petrochemical Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(Restated)			(Restated)	
<b>Liabilities and shareholders' equity</b>							
<b>Current liabilities</b>							
Bank overdrafts and short-term loans from							
financial institutions	16	655,231,028	646,849,707	570,673,428	405,458,496	412,825,904	313,309,068
Trade and other payables	17	565,191,242	545,270,298	427,573,871	484,006,865	492,609,226	373,313,843
Current portion of liabilities under hire purchase							
and finance lease agreements	18	495,939	1,144,121	2,552,646	-	-	1,378,360
Income tax payable		9,469,120	18,737,513	11,040,223	6,270,544	9,329,053	8,156,093
Other current liabilities		<u>4,877,442</u>	<u>1,709,471</u>	<u>1,084,471</u>	<u>647,662</u>	<u>354,991</u>	<u>425,528</u>
<b>Total current liabilities</b>		<u>1,235,264,771</u>	<u>1,213,711,110</u>	<u>1,012,924,639</u>	<u>896,383,567</u>	<u>915,119,174</u>	<u>696,582,892</u>
<b>Non-current liabilities</b>							
Liabilities under hire purchase and finance lease							
agreements - net of current portion	18	830,242	174,341	1,318,450	-	-	-
Provision for long-term employee benefits	19	4,467,550	4,358,107	4,256,651	4,305,796	4,216,120	4,132,937
Deferred tax liabilities	4, 25	<u>2,465,643</u>	<u>2,396,575</u>	<u>2,396,575</u>	<u>2,371,622</u>	<u>2,371,622</u>	<u>2,371,622</u>
<b>Total non-current liabilities</b>		<u>7,763,435</u>	<u>6,929,023</u>	<u>7,971,676</u>	<u>6,677,418</u>	<u>6,587,742</u>	<u>6,504,559</u>
<b>Total liabilities</b>		<u>1,243,028,206</u>	<u>1,220,640,133</u>	<u>1,020,896,315</u>	<u>903,060,985</u>	<u>921,706,916</u>	<u>703,087,451</u>

The accompanying notes are an integral part of the financial statements.

Union Petrochemical Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(Restated)			(Restated)	
<b>Shareholders' equity</b>							
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	206,250,000	206,250,000
Issued and fully paid up 21							
690,834,900 ordinary shares of Baht 0.25 each							
(31 December 2012: 666,635,500 ordinary shares of Baht 0.25 each)							
(1 January 2012: 660,000,500 ordinary shares of Baht 0.25 each)		172,708,725	166,658,875	165,000,125	172,708,725	166,658,875	165,000,125
Share premium		54,388,725	48,338,875	46,680,125	54,388,725	48,338,875	46,680,125
Advance receipts of ordinary share subscription		12,500,000	6,630,000	3,317,500	12,500,000	6,630,000	3,317,500
Retained earnings							
Appropriated - statutory reserve 23		20,625,000	20,625,000	20,625,000	20,625,000	20,625,000	20,625,000
Unappropriated		358,822,607	336,388,091	283,881,962	251,796,254	248,911,564	211,637,864
Other components of shareholders' equity		11,995,787	11,755,306	11,816,692	9,486,490	9,486,490	9,486,490
Equity attributable to owners of the Company		631,040,844	590,396,147	531,321,404	521,505,194	500,650,804	456,747,104
Non-controlling interests of the subsidiary		127,000,824	110,924,087	95,427,766	-	-	-
<b>Total shareholders' equity</b>		<b>758,041,668</b>	<b>701,320,234</b>	<b>626,749,170</b>	<b>521,505,194</b>	<b>500,650,804</b>	<b>456,747,104</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,001,069,874</b>	<b>1,921,960,367</b>	<b>1,647,645,485</b>	<b>1,424,566,179</b>	<b>1,422,357,720</b>	<b>1,159,834,555</b>
		-	-	-	-	-	-

The accompanying notes are an integral part of the financial statements.

Directors

Union Petrochemical Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
			(Restated)		(Restated)
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		3,624,155,366	3,615,445,862	2,786,630,410	2,828,708,732
Other income					
Dividend income	13	-	-	5,611,301	8,579,230
Gains on exchange		-	13,775,911	-	4,265,392
Others		8,152,106	9,112,362	2,807,795	3,251,875
<b>Total revenues</b>		<u>3,632,307,472</u>	<u>3,638,334,135</u>	<u>2,795,049,506</u>	<u>2,844,805,229</u>
<b>Expenses</b>					
Cost of sales		3,236,221,502	3,191,179,943	2,540,704,101	2,529,398,199
Selling expenses		89,296,252	87,651,690	56,553,631	54,935,920
Administrative expenses		157,961,509	159,475,889	122,757,364	119,072,272
Other expenses					
Loss on exchange		17,430,758	-	1,487,422	-
<b>Total expenses</b>		<u>3,500,910,021</u>	<u>3,438,307,522</u>	<u>2,721,502,518</u>	<u>2,703,406,391</u>
<b>Profit before finance cost and income tax expenses</b>		<u>131,397,451</u>	<u>200,026,613</u>	<u>73,546,988</u>	<u>141,398,838</u>
Finance cost		<u>(19,648,040)</u>	<u>(21,752,977)</u>	<u>(14,023,953)</u>	<u>(15,268,224)</u>
<b>Profit before income tax expenses</b>		<u>111,749,411</u>	<u>178,273,636</u>	<u>59,523,035</u>	<u>126,130,614</u>
Income tax expenses	25	<u>(25,310,206)</u>	<u>(44,555,021)</u>	<u>(12,452,502)</u>	<u>(28,861,519)</u>
<b>Profit for the year</b>		<u>86,439,205</u>	<u>133,718,615</u>	<u>47,070,533</u>	<u>97,269,095</u>
<b>Other comprehensive income:</b>					
Exchange differences on translation of financial statements					
in foreign currency		(35,790)	(61,386)	-	-
Unrealised gain from changes in value of					
investments in available-for-sale securities		345,339	-	-	-
Less: Related tax expenses	25	<u>(69,068)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the year</b>		<u>240,481</u>	<u>(61,386)</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>86,679,686</u>	<u>133,657,229</u>	<u>47,070,533</u>	<u>97,269,095</u>

The accompanying notes are an integral part of the financial statements.

Union Petrochemical Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2013

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
			(Restated)	(Restated)
<b>Profit attributable to:</b>				
Equity holders of the Company		66,620,365	112,501,524	47,070,533
Non-controlling interests of the subsidiary		19,818,840	21,217,091	97,269,095
		<u>86,439,205</u>	<u>133,718,615</u>	
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company		66,860,846	112,440,138	47,070,533
Non-controlling interests of the subsidiary		19,818,840	21,217,091	97,269,095
		<u>86,679,686</u>	<u>133,657,229</u>	
<b>Earnings per share</b>	26			
Basic earnings per share				
Profit attributable to equity holders of the Company		<u>0.097</u>	<u>0.169</u>	<u>0.069</u>
Diluted earnings per share				
Profit attributable to equity holders of the Company		<u>0.087</u>	<u>0.144</u>	<u>0.061</u>

The accompanying notes are an integral part of the financial statements.

**Union Petrochemical Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the year ended 31 December 2013**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
<b>Cash flows from (used in) operating activities</b>				
Profit before tax	111,749,411	178,273,636	59,523,035	126,130,614
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	18,245,264	22,034,422	9,662,372	12,319,765
Allowance for doubtful accounts (reversal)	(3,023,481)	(981,927)	(3,221,847)	(1,094,796)
Reduce cost of inventories to net realisable value (reversal)	(11,268,819)	9,884,711	(2,598,414)	885,140
Gain on sales of fixed assets	(58,621)	(79,639)	-	-
Write off of fixed assets	-	1,340,113	-	-
Allowance for impairment of investments in available-for-sale securities	-	-	5,973,195	-
Loss on capital return from investment in subsidiary	-	-	252,105	-
Provision for long-term employee benefits	109,443	101,456	89,676	83,183
Unrealised (gains) loss on exchange	1,631,952	(3,291,878)	2,742,223	(673,023)
Dividend income	-	-	(5,611,301)	(8,579,230)
Interest expenses	19,648,040	21,752,977	14,023,953	15,268,224
Profit from operating activities before changes in operating assets and liabilities	137,033,189	229,033,871	80,834,997	144,339,877
Operating assets (increase) decrease				
Trade and other receivables	(45,141,083)	(113,841,793)	(27,747,500)	(69,394,306)
Inventories	88,919,219	(89,080,928)	91,299,545	(184,534,499)
Other current assets	4,470,930	497,374	5,524,075	(3,421,176)
Other non-current assets	(114,625)	1,567,633	160,450	21,610
Operating liabilities increase (decrease)				
Trade and other payables	18,233,453	118,085,212	(9,525,301)	119,774,426
Other current liabilities	3,472,041	624,999	292,671	(70,537)
Cash flows used in operating activities	206,873,124	146,886,368	140,838,937	6,715,395
Cash paid for interest expenses	(19,952,110)	(21,092,273)	(14,154,558)	(15,148,450)
Cash paid for income tax expenses	(32,675,757)	(39,979,409)	(15,559,533)	(27,630,420)
<b>Net cash flows from (used in) operating activities</b>	<b>154,245,257</b>	<b>85,814,686</b>	<b>111,124,846</b>	<b>(36,063,475)</b>

The accompanying notes are an integral part of the financial statements.

**Union Petrochemical Public Company Limited and its subsidiaries**

**Cash flow statement (continued)**

**For the year ended 31 December 2013**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
<b>Cash flows from (used in) investing activities</b>				
Investments in available-for-sale securities	(21,282,661)	-	-	-
Acquisition of fixed assets	(13,189,390)	(19,243,489)	(9,851,971)	(4,141,124)
Proceeds from sales of fixed assets	3,784,000	85,271	-	-
Cash received from capital return from the subsidiary	-	-	917,470	-
Dividend received from subsidiary	-	-	5,611,301	8,579,230
Investment in subsidiary companies	-	-	-	(7,500,000)
<b>Net cash flows used in investing activities</b>	<b>(30,688,051)</b>	<b>(19,158,218)</b>	<b>(3,323,200)</b>	<b>(3,061,894)</b>
<b>Cash flows from (used in) financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	8,381,321	78,795,265	(9,056,086)	99,516,233
Repayment of liabilities under hire purchase				
and finance lease agreements	(1,277,781)	(3,189,152)	-	(1,468,268)
Dividend payment	(47,927,952)	(65,436,217)	(44,185,843)	(59,830,678)
Proceeds from ordinary shares issuance from				
exercised warrants	17,969,700	6,630,000	17,969,700	6,630,000
<b>Net cash flows (used in) from financing activities</b>	<b>(22,854,712)</b>	<b>16,799,896</b>	<b>(35,272,229)</b>	<b>44,847,287</b>
<b>Decrease in translation adjustments</b>	<b>(35,790)</b>	<b>(61,386)</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>100,666,704</b>	<b>83,394,978</b>	<b>72,529,417</b>	<b>5,721,918</b>
Cash and cash equivalents at beginning of year	228,219,370	144,824,392	58,183,649	52,461,731
<b>Cash and cash equivalents at end of year</b>	<b>328,886,074</b>	<b>228,219,370</b>	<b>130,713,066</b>	<b>58,183,649</b>
	-		-	
<b>Supplemental cash flow information</b>				
Non-cash transactions				
Purchase of assets under hire purchase agreement	1,285,500	-	-	-

The accompanying notes are an integral part of the financial statements.



Union Petrochemical Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements														
	Equity attributable to owners of the Company														
	Other components of equity														
	Other comprehensive income														
	Exchange differences on translation of financial statements in foreign currency														
	Surplus on changes in value of available-for-sale securities														
	Differences on reorganisation of business under common control														
	Discount from shareholding percentage in subsidiary														
	Total other components of shareholders' equity														
	Total equity attributable to owners of the Company														
	Equity attributable to non-controlling interests of the subsidiary														
	Total shareholders' equity														
	Issued and paid-up share capital	Share premium	Advance receipts of ordinary share subscription	Retained earnings		Appropriated	Unappropriated	Surplus on revaluation of assets	Surplus on changes in value of available-for-sale securities	Differences on reorganisation of business under common control	Discount from shareholding percentage in subsidiary	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
Balance as at 31 December 2011 - as previously reported	165,000,125	46,680,125	3,317,500	20,625,000	281,123,478	97,176	11,982,875	-	3,116,269	(983,053)	14,213,267	530,959,495	95,417,173	626,376,668	
Cumulative effect of change in accounting policy for dererred taxes (Note 4)	-	-	-	-	2,758,484	-	(2,396,575)	-	-	-	(2,396,575)	361,909	10,593	372,502	
Balance as at 31 December 2011 - as restated	165,000,125	46,680,125	3,317,500	20,625,000	283,881,962	97,176	9,586,300	-	3,116,269	(983,053)	11,816,692	531,321,404	95,427,766	626,749,170	
Ordinary shares issuance from exercised warrants (Note 21)	1,658,750	1,658,750	(3,317,500)	-	-	-	-	-	-	-	-	-	-	-	
Advance receipts of ordinary share subscription	-	-	6,630,000	-	-	-	-	-	-	-	-	6,630,000	-	6,630,000	
Dividend payment (Note 29)	-	-	-	-	(59,995,395)	-	-	-	-	-	-	(59,995,395)	(5,720,770)	(65,716,165)	
Total comprehensive income for the year	-	-	-	-	112,501,524	(61,386)	-	-	-	-	(61,386)	112,440,138	21,217,091	133,657,229	
Balance as at 31 December 2012 - as restated	166,658,875	48,338,875	6,630,000	20,625,000	336,388,091	35,790	9,586,300	-	3,116,269	(983,053)	11,755,306	590,396,147	110,924,087	701,320,234	
Balance as at 31 December 2012 - as previously reported	166,658,875	48,338,875	6,630,000	20,625,000	331,710,141	35,790	11,982,875	-	3,116,269	(983,053)	14,151,881	588,114,772	110,176,908	698,291,680	
Cumulative effect of change in accounting policy for dererred taxes (Note 4)	-	-	-	-	4,677,950	-	(2,396,575)	-	-	-	(2,396,575)	2,281,375	747,179	3,028,554	
Balance as at 31 December 2012 - as restated	166,658,875	48,338,875	6,630,000	20,625,000	336,388,091	35,790	9,586,300	-	3,116,269	(983,053)	11,755,306	590,396,147	110,924,087	701,320,234	
Ordinary shares issuance from exercised warrants (Note 21)	6,049,850	6,049,850	(6,630,000)	-	-	-	-	-	-	-	-	5,469,700	-	5,469,700	
Advance receipts of ordinary share subscription	-	-	12,500,000	-	-	-	-	-	-	-	-	12,500,000	-	12,500,000	
Dividend payment (Note 29)	-	-	-	-	(44,185,849)	-	-	-	-	-	-	(44,185,849)	(3,742,103)	(47,927,952)	
Total comprehensive income for the year	-	-	-	-	66,620,365	(35,790)	-	276,271	-	-	240,481	66,860,846	19,818,840	86,679,686	
Balance as at 31 December 2013	172,708,725	54,388,725	12,500,000	20,625,000	358,822,607	-	9,586,300	276,271	3,116,269	(983,053)	11,995,787	631,040,844	127,000,824	758,041,668	

The accompanying notes are an integral part of the financial statements.

Union Petrochemical Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (Continued)

For the year ended 31 December 2013

(Unit: Baht)

	Separate financial statements							
	Issued and paid-up share capital		Advance receipts of ordinary share subscription	Retained earnings		Other components of equity		
						Surplus on revaluation of assets	Total other components of shareholders' equity	Total shareholders' equity
	Share premium			Appropriated	Unappropriated			
<b>Balance as at 31 December 2011 - as previously reported</b>	165,000,125	46,680,125	3,317,500	20,625,000	209,321,218	11,858,112	11,858,112	456,802,080
Cumulative effect of change in accounting policy for dererred taxes (Note 4)	-	-	-	-	2,316,646	(2,371,622)	(2,371,622)	(54,976)
<b>Balance as at 31 December 2011 - as restated</b>	165,000,125	46,680,125	3,317,500	20,625,000	211,637,864	9,486,490	9,486,490	456,747,104
Ordinary shares issuance from exercised warrants (Note 21)	1,658,750	1,658,750	(3,317,500)	-	-	-	-	-
Advance receipts of ordinary share subscription	-	-	6,630,000	-	-	-	-	6,630,000
Dividend payment (Note 29)	-	-	-	-	(59,995,395)	-	-	(59,995,395)
Total comprehensive income for the year	-	-	-	-	97,269,095	-	-	97,269,095
<b>Balance as at 1 January 2012 - as restated</b>	<u>166,658,875</u>	<u>48,338,875</u>	<u>6,630,000</u>	<u>20,625,000</u>	<u>248,911,564</u>	<u>9,486,490</u>	<u>9,486,490</u>	<u>500,650,804</u>
<b>Balance as at 31 December 2012 - as previously reported</b>	166,658,875	48,338,875	6,630,000	20,625,000	246,653,057	11,858,112	11,858,112	500,763,919
Cumulative effect of change in accounting policy for dererred taxes (Note 4)	-	-	-	-	2,258,507	(2,371,622)	(2,371,622)	(113,115)
<b>Balance as at 31 December 2012 - as restated</b>	166,658,875	48,338,875	6,630,000	20,625,000	248,911,564	9,486,490	9,486,490	500,650,804
Ordinary shares issuance from exercised warrants (Note 21)	6,049,850	6,049,850	(6,630,000)	-	-	-	-	5,469,700
Advance receipts of ordinary share subscription	-	-	12,500,000	-	-	-	-	12,500,000
Dividend payment (Note 29)	-	-	-	-	(44,185,843)	-	-	(44,185,843)
Total comprehensive income for the year	-	-	-	-	47,070,533	-	-	47,070,533
<b>Balance as at 1 January 2013</b>	<u>172,708,725</u>	<u>54,388,725</u>	<u>12,500,000</u>	<u>20,625,000</u>	<u>251,796,254</u>	<u>9,486,490</u>	<u>9,486,490</u>	<u>521,505,194</u>

The accompanying notes are an integral part of the financial statements.

## Union Petrochemical Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2013

#### 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 Thai Financial Reporting 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”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2013</u>	<u>2012</u>
			Percent	Percent
Union Intraco Public Company Limited	Import and distribution of chemical products	Thailand	59.99	59.99
Lion Asia (Thailand) Company Limited	Distribution of chemical and lubricant products, and electronic equipments	Thailand	99.99	99.99
UKEM Tech Company Limited	Production and distribution of ethanol	Thailand	99.99	99.99
Multi Kross Operation Limited*	Import and distribution of chemical products	Hong Kong	-	99.99

\* This company was deregistered on 3 September 2013 and presently had completed dissolution process.

- (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

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

#### (a) Accounting standards that became effective in the current accounting year

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:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

## **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

### **(b) Accounting standards that will become effective in the future**

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014

		<u>Effective date</u>
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The management of the Company and its subsidiaries believe that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

#### 4. Cumulative effect of changes in accounting policies due to the adoption of new accounting standard

During the current year, the Company and its subsidiaries made the changes described in Note 3 to the financial statements to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December	31 December	1 January	31 December	31 December	1 January
	2013	2012	2012	2013	2012	2012
<b>Statements of financial position</b>						
Increase in deferred tax assets	3,522	5,425	2,769	2,307	2,259	2,317
Increase in deferred tax liabilities	2,466	2,397	2,397	2,372	2,372	2,372
Decrease in non-controlling interests						
of the subsidiaries	44	747	11	-	-	-
Decrease in unappropriated retained						
earnings	3,478	4,678	2,758	2,307	2,259	2,317
Other components of equity	2,466	2,397	2,397	2,372	2,372	2,372

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012	2013	2012
<b>Statements of comprehensive income</b>				
<b>Profit or loss:</b>				
Increase (decrease) in income tax expenses	1,903	(2,655)	(48)	58
Increase (decrease) in profit attributable to non-controlling interest of the subsidiaries	(703)	736	-	-
Increase (decrease) in profit attributable to equity holders of the Company	(1,200)	1,919	(49)	(58)
Increase (decrease) in basic earnings per share (Baht)	Insignificant to the basic earnings per share	Insignificant to the basic earnings per share	Insignificant to the basic earnings per share	Insignificant to the basic earnings per share
Increase (decrease) in diluted earnings per share (Baht)	Insignificant to the diluted earnings per share	Insignificant to the diluted earnings per share	Insignificant to the diluted earnings per share	Insignificant to the diluted earnings per share
<b>Other comprehensive income:</b>				
Gain on changes in value of available-for-sale securities	69	-	-	-

## **5. Significant accounting policies**

### **5.1 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.

### **5.2 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.

### **5.3 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.

### **5.4 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.



## **5.5 Investments**

- (a) 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).
- (b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

The fair value of marketable securities is based on the latest bid price of the last working day of the year.

The weighted average method is used for computation of the cost of investments.

## **5.6 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.

## **5.7 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.

## **5.8 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.

## **5.9 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.

### **5.10 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.

### **5.11 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

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.

### **5.12 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries 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.

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

### ***Defined benefit plans***

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries 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.

## **5.14 Provisions**

Provisions are recognised when the Company and its subsidiaries 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.

## **5.15 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### **Current tax**

Current 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.

### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **6. 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 and its subsidiaries measure 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.

## **7. 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 statements		financial statements		Pricing policy
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	102,600	129,948	Similar to market price
Other income	-	-	1,237	1,451	As mutual agreement
Purchases of goods	-	-	80	442	Similar to market price
Purchases of assets	-	-	87	7,214	Similar to market price
Other expenses	-	-	280	202	Similar to market price
<b><u>Transactions with related companies</u></b>					
Rental expenses	2,651	2,838	2,150	2,150	Contract price (close to market price)
Other expenses	362	384	321	317	As mutual agreement

The balances of the accounts as at 31 December 2013 and 2012 between the Company and related parties are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b><u>Trade and other receivables - related parties (Note 9)</u></b>				
<i>Subsidiaries</i>				
Union Intraco Public Company Limited	-	-	3,500	2,855
Lion Asia (Thailand) Company Limited	-	-	41,816	40,299
UKEM Tech Company Limited	-	-	7,584	7,584
<i>Director</i>	-	350	-	350
Total trade and other receivables - related parties	<u>-</u>	<u>350</u>	<u>52,900</u>	<u>51,088</u>

**Trade and other payables - related parties (Note 17)**

<i>Subsidiaries</i>				
Union Intraco Public Company Limited	-	-	51	129
Lion Asia (Thailand) Company Limited	-	-	5,021	5,319
<i>Related companies</i>				
Firsttraco Company Limited	458	261	439	198
<i>Director</i>	<u>457</u>	<u>375</u>	<u>-</u>	<u>-</u>
Total trade and other payables - related parties	<u>915</u>	<u>636</u>	<u>5,511</u>	<u>5,646</u>

**Directors and management's remuneration**

During the year ended 31 December 2013, the Company and its subsidiaries had expenses related to the salaries, bonuses and meeting allowances paid to their directors and management approximately Baht 18.4 million (2012: Baht 17.1 million). (Separate financial statements: approximately Baht 12.6 million (2012: Baht 12.5 million)).

**8. Cash and cash equivalents**

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash	360	270	250	200
Bank deposits	<u>328,526</u>	<u>227,949</u>	<u>130,463</u>	<u>57,984</u>
Total	<u>328,886</u>	<u>228,219</u>	<u>130,713</u>	<u>58,184</u>

As at 31 December 2013, bank deposits in saving accounts and fixed deposits carried interests between 0.13 and 1.88 percent per annum (2012: between 0.13 and 0.88 percent per annum).

## 9. Trade and other receivables

		(Unit: Thousand Baht)		
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<b>Trade receivables - related parties</b>				
Aged on the basis of due dates				
Not yet due	-	-	36,412	38,566
Past due up to 3 months	-	-	8,904	4,588
4Total trade receivables - related parties	-	-	45,316	43,154
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Not yet due	706,949	707,369	560,135	554,728
Past due				
Up to 3 months	268,604	223,145	195,116	171,421
3 - 6 months	2,003	442	-	-
6 - 12 months	575	303	-	-
Over 12 months	786	504	242	484
Total	978,917	931,763	755,493	726,633
Add: Returned cheques	1,167	4,091	973	3,897
Total trade receivables - unrelated parties	980,084	935,854	756,466	730,530
Total trade receivables	980,084	935,854	801,782	773,684
Less: Allowance for doubtful accounts	(1,451)	(4,475)	(1,059)	(4,281)
Total trade receivables - net	978,633	931,379	800,723	769,403
<b>Other receivables</b>				
Other receivable - related parties	-	350	7,584	7,934
Other receivables - unrelated parties	1,966	649	-	-
Total other receivables	1,966	999	7,584	7,934
Total trade and other receivables - net	980,599	932,378	808,307	777,337



## 10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Finished goods	405,997	399,770	(656)	(11,924)	405,341	387,846
Raw materials	4,768	2,400	-	-	4,768	2,400
Goods in transit	47,963	144,374	-	-	47,963	144,374
Packing materials	287	1,390	-	-	287	1,390
Total	<u>459,015</u>	<u>547,934</u>	<u>(656)</u>	<u>(11,924)</u>	<u>458,359</u>	<u>536,010</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Finished goods	281,074	242,066	(197)	(2,796)	280,877	239,270
Goods in transit	7,320	133,027	-	-	7,320	133,027
Packing materials	-	4,600	-	-	-	4,600
Total	<u>288,394</u>	<u>379,693</u>	<u>(197)</u>	<u>(2,796)</u>	<u>288,197</u>	<u>376,897</u>

## 11. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenue department receivable	11,319	14,956	1,438	5,446
Prepaid expenses	2,358	1,588	988	1,138
Undue input VAT	2,677	4,669	2,296	3,568
Others	1,535	1,147	4	98
Total other current assets	<u>17,889</u>	<u>22,360</u>	<u>4,726</u>	<u>10,250</u>

## 12. Investments in available-for-sale securities

(Unit: Thousand Baht)

Type of investments	Consolidated financial statements					
	Cost		Unrealised gain on changes in value of investment		Carrying amount	
	2013	2012	2013	2012	2013	2012
Available-for-sale securities	21,283	-	345	-	21,628	-
Total	21,283	-	345	-	21,628	-

## 13. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Separate financial statements									
	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investments		Dividend received during the year	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
			(Percent)	(Percent)						
Union Intraco Public Company Limited	212,333	130,000	59.99	59.99	77,993	77,993	-	-	77,993	77,993
Lion Asia (Thailand) Company Limited	15,000	15,000	100.00	100.00	15,000	15,000	-	-	15,000	15,000
UKEM Tech Company Limited	8,750	8,750	100.00	100.00	8,750	8,750	(5,974)	-	2,776	8,750
Multi Kross Operation Limited	-	1,169	-	100.00	-	1,169	-	-	-	1,169
Total					101,743	102,912	(5,974)	-	95,769	102,912

### 13.1 Investment in subsidiary - Union Intraco Public Company Limited

The Annual General Meeting of the subsidiary's shareholders held on 23 April 2013 and the Extraordinary General Meeting of the subsidiary's shareholders held on 9 December 2013 approved an increase/decrease of the registered share capital from Baht 130 million (130 million ordinary shares of Baht 1 each) to Baht 212.3 million (212.3 million ordinary shares of Baht 1 each) to support the payment of stock dividends during the year.

During the year ended 31 December 2013, the Company received cash dividend amounting to Baht 5.6 million and stock dividend totaling 49.4 million shares from Union Intraco Public Company Limited, a subsidiary, (2012: received cash dividend of Baht 8.6 million).

#### 13.2 Investment in subsidiary - UKEM Tech Company Limited

On 14 August 2013, Meeting of the Board of Directors No. 4/2556 approved the dissolution of a subsidiary company, UKEM Tech Company Limited. The management are now in the process of dissolving the subsidiary in accordance with procedures stipulated by law.

#### 13.3 Investment in subsidiary - Multi Kross Operation Limited

Multi Kross Operation Limited, a subsidiary registered in Hong Kong Special Administrative Region of the People's Republic of China, was deregistered on 3 September 2013. On 12 September 2013, the subsidiary returned capital amounting to HKD 0.24 million (equivalent to Baht 0.9 million) to the Company. The liquidation of the subsidiary is now completed.

### 14. **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 2012, the management of the Company changed the purpose for which the land was held for future division and sale. The Company therefore reclassified such land awaiting development to investment properties.

## 15. 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
<b>Cost / Revalued amount:</b>							
1 January 2012	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	-	-	(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
Additions	-	169	2,728	1,464	9,459	655	14,475
Disposals/write-off	-	-	(2,076)	-	(5,664)	-	(7,740)
Transfers in (out)	-	154	-	-	-	(154)	-
31 December 2013	75,968	78,097	50,253	20,828	108,039	1,229	334,414
<b>Accumulated depreciation:</b>							
1 January 2012	-	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	-	-	(1,061)	-	-	-	(1,061)
31 December 2012	-	33,316	27,105	13,380	74,110	-	147,911
Depreciation for the year	-	4,027	5,316	2,200	6,604	-	18,147
Depreciation on disposals/write-off	-	-	(1,822)	-	(2,192)	-	(4,014)
31 December 2013	-	37,343	30,599	15,580	78,522	-	162,044

(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
<b>Allowance for impairment loss:</b>							
1 January 2012	2	-	-	-	-	-	2
Increase during the year	-	-	-	-	-	-	-
31 December 2012	2	-	-	-	-	-	2
Increase during the year	-	-	-	-	-	-	-
31 December 2013	2	-	-	-	-	-	2
<b>Net book value:</b>							
31 December 2012	75,966	44,458	22,496	5,984	30,134	728	179,766
31 December 2013	75,966	40,754	19,654	5,248	29,517	1,229	172,368
<b>Depreciation for the year</b>							
2012							21,937
2013							18,142

(Unit: Thousand Baht)

## Separate financial statements

	Revaluation basis	Cost basis					Total
	Land	Buildings and leasehold improvement	Tools and equipment	Furniture and office equipment	Motor vehicles	Assets under construction	
<b>Cost / Revalued amount:</b>							
1 January 2012	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
Additions	-	-	4,628	1,079	4,145	-	9,852
31 December 2013	28,800	51,294	22,115	9,252	85,190	-	196,651
<b>Accumulated depreciation:</b>							
1 January 2012	-	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
Depreciation for the year	-	2,597	2,372	955	3,658	-	9,582
31 December 2013	-	29,433	11,907	6,933	70,334	-	118,607

(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
<b>Net book value:</b>							
31 December 2012	28,800	24,458	7,952	2,195	14,369	-	77,774
31 December 2013	28,800	21,861	10,208	2,319	14,856	-	78,044
<b>Depreciation for the year</b>							
2012							12,234
2013							9,582

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 2013 would have been Baht 64.0 million (2012: Baht 64.0 million) (Separate financial statements: Baht 16.9 million (2012: Baht 16.9 million)).

As at 31 December 2013, the subsidiaries had vehicles under hire purchase and finance lease agreements with net book values amounting to Baht 5.2 million (2012: Baht 4.7 million).

## 16. Bank overdrafts and short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Bank overdrafts	14,435	53,980	-	48,967
Short-term loans from financial institutions				
Trust receipt	473,296	415,370	265,458	213,859
Promissory notes	167,500	177,500	140,000	150,000
Total	<u>655,231</u>	<u>646,850</u>	<u>405,458</u>	<u>412,826</u>

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

As at 31 December 2013, the non-secured short-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 1,910 million (2012: Baht 1,896 million) (Separate financial statements: Baht 1,181 million (2012: Baht 1,134 million)).

## 17. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Trade payables - related parties	-	-	4,989	5,051
Trade payables - unrelated parties	534,609	516,192	459,832	468,403
Other payables - related parties	896	631	522	595
Other payables - unrelated parties	15,494	14,894	13,874	13,021
Accrued expenses - related parties	19	5	-	-
Accrued expenses - unrelated parties	14,173	13,548	4,790	5,539
Total trade and other payables	<u>565,191</u>	<u>545,270</u>	<u>484,007</u>	<u>492,609</u>

## 18. Liabilities under hire purchase and finance lease agreements

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Liabilities under hire purchase and finance lease agreements	1,328	1,351	-	-
Less : Deferred interest expenses	(2)	(33)	-	-
Total	<u>1,326</u>	<u>1,318</u>	<u>-</u>	<u>-</u>
Less : Portion due within one year	<u>(496)</u>	<u>(1,144)</u>	<u>-</u>	<u>-</u>
Liabilities under hire purchase and finance lease agreements - net	<u>830</u>	<u>174</u>	<u>-</u>	<u>-</u>



The 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					
	2013			2012		
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease payments	498	830	1,328	1,175	176	1,351
Deferred interest expenses	(2)	-	(2)	(31)	(2)	(33)
Present value of future minimum lease payments	496	830	1,326	1,144	174	1,318

## 19. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<b>Defined benefit obligation at beginning of year</b>	4,358	4,257	4,216	4,133
Current service cost	79	76	64	61
Interest cost	30	25	26	22
<b>Defined benefit obligation at end of year</b>	<b>4,467</b>	<b>4,358</b>	<b>4,306</b>	<b>4,216</b>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Current service cost	79	76	64	61
Interest cost	30	25	26	22
<b>Total expenses recognised in profit or loss</b>	<b>109</b>	<b>101</b>	<b>90</b>	<b>83</b>

Line items under which such expenses are included in profit or loss

Selling and administrative expenses	109	101	90	83
-------------------------------------	-----	-----	----	----

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	(% 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 years are as follows:

	(Unit: Thousand Baht)	
	Defined benefit obligation	
	Consolidated	Separate
	financial statements	financial statements
Year 2013	4,467	4,306
Year 2012	4,358	4,216
Year 2011	4,257	4,133

## 20. 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 2010.

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

	(Units)
Outstanding units as at 1 January 2012	158,364,491
Number of exercised warrants during the year 2012	(13,260,000)
Outstanding units as at 31 December 2012	145,104,491
Number of exercised warrants during the year 2013	(10,939,400)
Outstanding units as at 31 December 2013	134,165,091

## 21. Share capital / share premium

Presented below is a summary of movements in share capital during the year ended 31 December 2013 and 2012.

	Issued and fully paid up share capital		Share premium		Date of registration of additional shares with the Ministry of Commerce		Date of listing securities on the Stock Exchange of Thailand	
	(Thousand Baht)		(Thousand Baht)					
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Balance outstanding as at beginning of year	166,659	165,000	48,339	46,680				
Increase in share capital								
Exercised warrants in December	3,315	1,659	3,315	1,659	9 Jan 13	9 Jan 12	17 Jan 13	27 Jan 12
Exercised warrants in June	2,735	-	2,735	-	8 Jul 13	-	15 Jul 13	-
Balance outstanding as at end of year	<u>172,709</u>	<u>166,659</u>	<u>54,389</u>	<u>48,339</u>				

## 22. Revaluation surplus

This represents surplus arising from revaluation of land.

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

## 23. 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.

## 24. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Salary and wages and other employee benefits	81,396	84,011	57,601	55,755
Depreciation and amortisation	18,245	22,034	9,662	12,320
Transportation expenses	38,596	42,850	35,084	33,018
Rental expenses from operating lease agreements	20,801	22,153	2,004	18,968
Loss from the reduce cost of inventories to net realisable value	(11,269)	9,885	(2,598)	885
Purchase raw materials and finished goods	3,203,053	3,161,255	2,577,612	2,590,555
Changes in inventories of raw materials and finished goods	(7,492)	13,672	(34,408)	(62,042)

## 25. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
<b>Current income tax:</b>				
Current income tax charge	23,407	47,211	12,501	28,803
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	1,903	(2,656)	(48)	59
<b>Income tax expense reported in the statement of comprehensive income</b>	<u>25,310</u>	<u>44,555</u>	<u>12,453</u>	<u>28,862</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Deferred tax relating to gain on change in value of investment in available-for-sale securities	69	-	-	-
Total	<u>69</u>	<u>-</u>	<u>-</u>	<u>-</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012 is presented below:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Accounting profit before tax	<u>111,749</u>	<u>178,274</u>	<u>59,523</u>	<u>126,131</u>
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	22,350	41,003	11,905	29,010
Effects of changes in the applicable tax rates	-	398	-	(9)
Effects of:				
Exempted dividend income	-	-	(1,122)	(1,973)
Effect of unused tax losses	2,292	905	-	-
Others	<u>668</u>	<u>2,249</u>	<u>1,670</u>	<u>1,834</u>
Income tax expenses reported in the statement of comprehensive income	<u>25,310</u>	<u>44,555</u>	<u>12,453</u>	<u>28,862</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position					
	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	31 December	31 December	1 January	31 December	31 December	1 January
	2013	2012	2012	2013	2012	2012
		(Restated)			(Restated)	
<b>Deferred tax assets</b>						
Allowance for doubtful accounts	250	895	1,124	212	856	1,108
Allowance for diminution in value of inventories	96	2,385	408	39	559	382
Allowance for investment impairment	1,195	-	-	1,195	-	-
Provision for long-term employee benefits	876	872	851	861	844	827
Unrealised intercompany gain on sales of fixed assets	54	430	386	-	-	-
Unrealised gain on intercompany trading transaction	1,051	843	-	-	-	-
Total	3,522	5,425	2,769	2,307	2,259	2,317
<b>Deferred tax liabilities</b>						
Surplus on revaluation of assets	2,397	2,397	2,397	2,372	2,372	2,372
Gain on re-measuring available-for-sale investments	69	-	-	-	-	-
Total	2,466	2,397	2,397	2,372	2,372	2,372

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

As at 31 December 2013 the subsidiaries has unused tax losses totaling Baht 11.5 million (2012: Baht 4.5 million), on which deferred tax assets have not been recognised as the subsidiaries believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

## 26. 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						
Profit for the year		Weighted average number of ordinary shares		Earnings per share		
<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)	
(Restated)						
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	66,620	112,502	684,763	666,636	0.097	0.169
<b>Effect of dilutive potential ordinary shares</b>						
Warrants	-	-	84,223	113,451		
<b>Diluted earnings per share</b>						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	66,620	112,502	768,986	780,087	0.087	0.144
Separate financial statements						
Profit for the year		Weighted average number of ordinary shares		Earnings per share		
<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)	
(Restated)						
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	47,071	97,269	684,763	666,636	0.069	0.146
<b>Effect of dilutive potential ordinary shares</b>						
Warrants	-	-	84,223	113,451		
<b>Diluted earnings per share</b>						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	47,071	97,269	768,986	780,087	0.061	0.125

## 27. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

For the year 2013 and 2012, the Company and its subsidiaries have no major customer with revenue at 10 percent or more of an entity's revenues.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2013 and 2012.

(Unit: Thousand Baht)												
	Commodity chemicals		Specialty chemicals		Other segments <sup>1)</sup>		Total segments		Adjustments and		Consolidated	
	segment		segment						eliminations			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenue												
External customers	2,684,031	2,698,761	773,304	783,160	166,821	133,525	3,624,156	3,615,446	-	-	3,624,156	3,615,446
Inter-segment	102,600	129,948	3,137	7,887	238	563	105,975	138,398	(105,975)	(138,398)	-	-
Total revenue	2,786,631	2,828,709	776,441	791,047	167,059	134,088	3,730,131	3,753,844	(105,975)	(138,398)	3,624,156	3,615,446
Results												
Segment profit											387,934	424,266
Other income											8,152	22,888
Selling expenses											(89,296)	(87,652)
Administrative expenses											(157,962)	(159,476)
Other expenses											(17,431)	-
Financial expenses											(19,648)	(21,753)
Profit before income tax expenses											111,749	178,273
Income tax expenses											(25,310)	(44,555)
Profit for the period											86,439	133,718
Segment total assets												
Total assets	1,328,797	1,319,446	661,064	600,543	76,027	63,267	2,065,888	1,983,256	(64,818)	(61,296)	2,001,070	1,921,960

<sup>1)</sup> Other segments included the distribution of plastic pellets, distribution of lubricant, distribution of computer equipment and the provision of computer system services, among others.

The Company and its subsidiaries are principally operated in Thailand. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively this geographical reportable segment.



## 28. Provident fund

The Company, its subsidiaries, and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The employees, the Company and its subsidiaries contribute to the fund monthly at the rate of 2 percent of basic salary. The fund, which is managed by Krungsri Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2013 and 2012, 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.

## 29. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividends per share (Baht)
Dividend for 2011	The Annual General Meeting of the Company's shareholders on 20 April 2012	59,995	0.09
Total for the year 2012		59,995	0.09
Dividend for 2012	The Annual General Meeting of the Company's shareholders on 20 April 2013	44,186	0.07
Total for the year 2013		44,186	0.07

## 30. Commitments and contingent liabilities

### 30.1 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 2013, future minimum lease payments required under these operating leases contracts were as follows.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Payable:				
In up to 1 year	16	19	12	15
In over 1 year and up to 5 years	11	23	7	17
In over 5 years	-	1	-	1

## **30.2 Guarantees**

As at 31 December 2013, the Company and its subsidiaries had the following outstanding significant letters of guarantee:

30.2.1 Outstanding bank guarantees of Baht 86 million (2012: Baht 57 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.

30.2.2 Outstanding bank guarantees of Baht 15 million (2012: 22 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.

## **30.3 Other commitments**

As at 31 December 2013, the Company had commitments to banks under outstanding letters of credit amounting to approximately USD 2.2 million (2012: USD 0.6 million and JPY 53.4 million).

## **30.4 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.

## **31. Financial instruments**

### **31.1 Financial risk management**

The financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No.107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, trade and other receivables, investment in available-for-sale securities, 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 and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do 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 exposure of the Company and its subsidiaries to interest rate risk relates primarily to its cash at banks, bank overdrafts and short-term borrowings. Most of financial assets and liabilities of the Company and its subsidiaries 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)

## Consolidated financial statements

As at 31 December 2013

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	interest rate (% per annum.)
	Within 1 year	1-5 years				
<u>Financial Assets</u>						
Cash and cash equivalent	-	-	297.3	31.6	328.9	0.13 - 1.88
Trade and other receivables	-	-	-	980.6	980.6	-
	-	-	297.3	1,012.2	1,309.5	-
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	14.4	-	640.8	-	655.2	1.25-7.50
Trade and other payables	-	-	-	565.2	565.2	-
Liabilities under hire purchase and finance lease agreements	0.1	1.2	-	-	1.3	3.63
	14.5	1.2	640.8	565.2	1,221.7	

(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2012

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	interest rate (% per annum.)
	Within 1 year	1-5 years				
<u>Financial Assets</u>						
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	
<u>Financial liabilities</u>						
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)

Separate financial statements					
As at 31 December 2013					
	Fixed interest rates		Non- interest bearing	Total	interest rate
	Within 1 year	Floating interest rate			(% per annum.)
<u>Financial Assets</u>					
Cash and cash equivalent	-	116.9	13.8	130.7	0.13 - 0.50
Trade and other receivables	-	-	808.3	808.3	-
	-	116.9	822.1	939.0	
<u>Financial liabilities</u>					
Bank overdrafts and short-term loans from financial institutions	405.5	-	-	405.5	1.12 - 6.00
Trade and other payables	-	-	484.0	484.0	-
	405.5	-	484.0	889.5	

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2012					
	Fixed interest rates		Non- interest bearing	Total	interest rate (% per annum.)
	Within 1 year	Floating interest rate			
<u>Financial Assets</u>					
Cash and cash equivalent	-	1.0	57.2	58.2	0.125 - 0.875
Trade and other receivables	-	-	777.3	777.3	-
	-	1.0	834.5	835.5	
<u>Financial liabilities</u>					
Bank overdrafts and short-term loans from financial institutions	363.8	49.0	-	412.8	3.32 - 4.15
Trade and other payables	-	-	492.6	492.6	-
	363.8	49.0	492.6	905.4	

### **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.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.1	10.2	10.8	32.8136	30.6316
Euro	-	-	0.1	0.1	45.0217	40.5563
Japanese yen	-	-	-	53.4	0.3130	0.3545

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2013			
Foreign currency	Bought amount	Contractual exchange rate	Contractual maturity date
	(Million)	Bought	
		(Baht per 1 foreign currency unit)	
US dollar	0.6	32.05-32.77	07/02/14 - 27/05/14

As at 31 December 2012			
Foreign currency	Bought amount	Contractual exchange rate	Contractual maturity date
	(Million)	Bought	
		(Baht per 1 foreign currency unit)	
US dollar	0.2	30.79	10/01/13 - 08/02/13

### 31.2 Fair values of financial instruments

Since the majority of financial instruments of the Company and its subsidiaries 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.

## 32. 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 2013, the Group's debt-to-equity ratio was 1.6:1 (2012: 1.7:1) and the Company's was 1.7:1 (2012: 1.8:1).

### **33. Events after the reporting period**

- 33.1 On 19 February 2014, a meeting of the Board of Directors No.1/2014 of Union Intraco Public Company Limited passed a resolution to propose that the Annual General Meeting of the Shareholders to be held in April 2014 adopt a resolution to pay a dividend of Baht 0.05 per share, or a total of Baht 10.6 million, to the shareholders in respect of the 2013 earnings.

Such dividend will be paid and recorded after it is approved by the Annual General Meeting of shareholders of Union Intraco Public Company Limited.

- 33.2 On 24 February 2014, a meeting of the Company's Board of Directors No.1/2014 passed a resolution to propose that the Annual General Meeting of the shareholders to be held in April 2014 adopt a resolution to pay a dividend of Baht 0.03 per share, or a total of Baht 21.5 million, to the shareholders in respect of the 2013 earnings.

Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company shareholders.

### **34. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2014.