



Annual Report 2014

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED

www.unionpetrochemical.com

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



Message from the Chairman of the Board of Directors

Thai Economy in 2014, GDP slightly increased by 0.70% slowdown from the previous year which increased by 2.9%. This was mainly due to the shrinking of export sector in line with the late recovery of world economy and the confidence of investors in the first half of the year as the uncertainty of the Thai political situation. Besides the spending of government expenditure including mega projects seemed to come lately.

The Company operating results; which has the direct relationship with the Country overall economic conditions, was clearly shown a significant drop. However, the operating result of Gratitude Infinite Plc, the subsidiary company, has shown the impressive performance. Its revenue and net profit increased by 22.65% and 52.00% from the earlier year as the result from the success in the new product launched into the market. This led to the overall performance of the Company and subsidiaries to have the net profit of THB 94.41 Million or increased by 9.22% when compared to the same period of the previous year.

I hope that in the year 2015 Thai economy will expanded in accordance with the forecast from the Government. The support factors are the government spending which will increase more and the lessen political risk and also the increasing number of inbound foreign travelers. Also, The Company need to be careful on the volatile of the oil price which have directly impact to the operation result. However, with the strong fundamental of the Company, I believe that the Company will overcome all the straggles and returning back shareholders the good returns.

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.

A handwritten signature in black ink, appearing to be 'Pala Sukawesh' with a stylized flourish at the end.

(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 Uchupaiboovong 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 2014, 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 Uchupaiboovong	3	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 Ouannukun who possesses Audit License No. 3844 and/or Ms. Cholros Lerdwana who possesses Audit License No. 4958 of the EY 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 2015, 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 Ouannukun who possesses the audit license No. 3844 and/or Mrs. Cholaros Suntiasvaraporn who possesses the audit license No. 4523 of the EY Office Limited as the Company external auditors in the accounting year 2015 for another year. This is mainly because we satisfied in the overall performance of the above said auditors.



(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.
- 2008- Present : Chairman - Petroleum Institute of Thailand
- 2006- 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
 - * Gratitude Infinite Public Company Limited



3. Dr. Kanjana Suwannapasri

Deputy 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
- * Gratitude Infinite Public Company Limited



4. Mr. Perajed Suwannapasri

Deputy 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
- * Gratitude Infinite 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 - * Gratitude Infinite Public Company Limited
- 1993 - 2005 : General Manager - Union Petrochemical Co.,Ltd.



7. Miss Piyanan 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
- * Gratitude Infinite 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 - * Gratitude Infinite 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 : Management 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

** Gratitude Infinite Public Company Limited, previously known as
Union Intraco Public Company Limited*

General Information

Name : Union Petrochemical Public Company Limited
 Location : 728 Union House Bldg., Boromrachachonnee
 Bangbumru BangPlad Bangkok 10700
 Homepage : <http://www.unionpetrochemical.com>
 Business Registration No. : 0107548000391
 Type of Business : Trader of Solvents
 Registered Capital : 206,250,000 Baht. (As of march 31,2015)
 Paid-up Capital : 206,056,899 Baht. (As of march 31,2015)
 Number of Share Issued
 and Paid up Capital : Common Stock 824,227,596 Shares (As of march 31,2015)
 Par Value : 0.25 Baht per Share
 Telephone : 0-2881-8288
 Fax : 0-2433-7243-4

Investment of Company

Company Name : Gratitude Infinite Public Company Limited
 Location : 9/8 Moo 5 Saladharmasop Taweewattana Bangkok.
 Type of Business : Trader of Specialty Chemical
 Registered Capital : 302,687,292 Baht
 Paid up Capital : 302,686,633 Baht
 Par Value : 1.00 Baht per share
 % of Shareholding : 60.00% (as at December 31, 2014)

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, 2014)

Company Name : UKEM TECH Co.,Ltd
 Location : 728 Union House Bldg., Boromrachachonnee Bangbumru Bang Plad Bangkok 10700
 Type of Business : Currently Not Operate and on the process of registering to halt business
 Registered Capital : 35,000,000 Baht
 Paid up Capital : 7,500,000 Baht
 Par Value : 10 Baht per Share
 % of Shareholding : 99.99% (as at December 31, 2014)

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 : <http://www.tsd.co.th/>
 E-mail : TSDCallcenter@set.or.th

Auditor : EY Office Limited
 Location : 33rd Floor Lake Rachada Office Complex No. 193/136-137 Rachadapisek
 Road Klong Toey Bangkok 10110
 Telephone : +66 (0) 2264-9090

Financial Highlights of the Company and its subsidiaries

Summary of Financial Performance <i>Unit : Million Baht</i>	2012	2013	2014
Total Asset	1,916.54	2,001.07	1,995.78
Total Liabilities	1,218.24	1,243.03	1,109.16
Shareholder Equities	698.29	758.04	886.62
Total Revenue	3,615.45	3,624.16	3,748.69
Total Expense (Exclude Tax & Interest Expense)	3,438.31	3,500.91	3,625.02
Net Profit – (After Tax & Interest Expense)	131.06	86.44	94.41
Financial Ratio			
Gross Profit Margin	11.73%	10.71%	10.38%
Net Profit Margin	3.63%	2.39%	2.52%
Return on Assets	6.84%	4.32%	4.73%
Return on Equities	18.76%	11.40%	10.65%
Net Debt Ratio* (Times)	0.93	0.86	0.72

Remarks: Interest Burden Debt.

Group Structure



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.

Gratitude Infinite Public Company Limited ("the Subsidiary") A wholly-owned subsidiary of the Company is the distributor of specialty chemicals. As of December 31, 2014, the registered and paid-up capital of Gratitude Infinite was 302.69 Million Baht. Most of its products are sold directly to manufacturers. Gratitude Infinite 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, 2014, 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, 2014, the registered capital to UKEM TECH Co.,Ltd is 35 Million Baht and its paid up is 7.25 Million Baht

() Currently Not Operate and on the process of registering to halt business*

Revenue Structure

Revenue By Company	2012*		2013*		2014*	
	THB Mil	%	THB Mil	%	THB Mil	%
Union Petrochemical Plc.	2,698.76	74.65	2,684.03	74.06	2,629.82	70.15
Lion Asia (Thailand) Co.,Ltd.	271.82	7.51	274.49	7.57	302.33	8.06
Gratitude Infinite Co.,Ltd.	644.87	17.84	665.64	18.37	816.54	21.78
Total	3,615.45	100.00	3,624.16	100.00	3,748.69	100.00

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

Revenue Breakdown by type of solvents

[In THB :Million]

Revenue By Products		2012	%	2013	%	2014	%
1	Commodity Solvents	2,698.76	74.65	2,684.03	74.06	2,629.82	70.15
2	Specialty Solvents / Chemicals	916.69	25.35	940.13	25.94	1,118.87	29.85
	Total*	3,615.45	100.00	3,624.16	100.00	3,748.69	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 30-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 57%, 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 (March 31, 2015) as follows:

Registered Capital	206,250,000 Baht
Paid Up Capital	206,056,899 Baht
No. of Ordinary Shares issued	825,000,000 Shares
No. of Share paid-up shares	824,227,596 Shares
Par Value	0.25 Baht Per Share

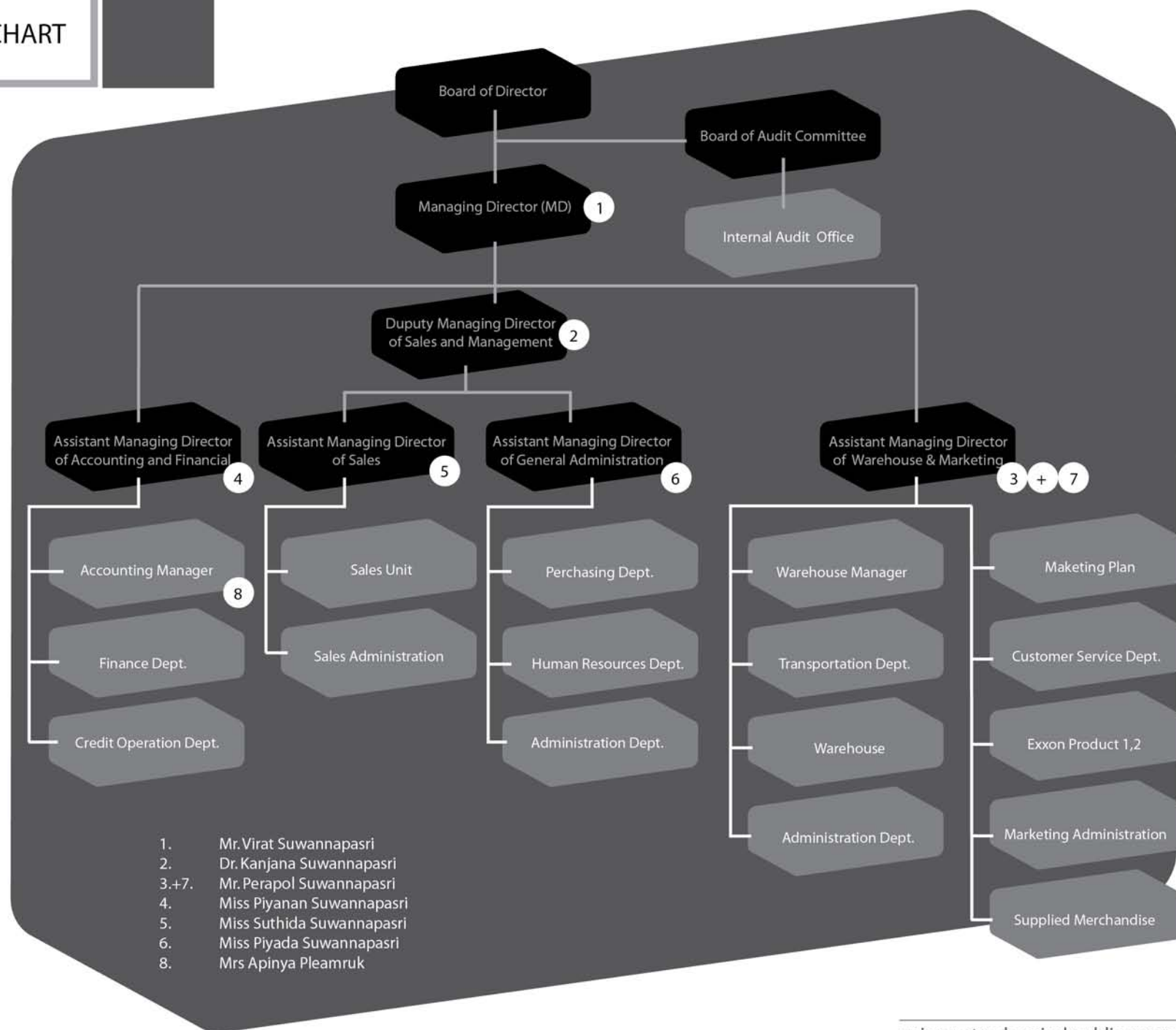
Major Shareholders

	Name	As of December 31, 2014	
		No. of Share held by shareholder	(%)
1	Dr. Kanjana Suwannapasri	367,750,000	44.62
2	Ms. Chatprapa Suwannapasri	35,218,400	4.27
3	Ms. Junjira Julthira	14,052,900	1.70
4	Mr. Luecha Phoop	13,935,500	1.69
5	Mr. Perajade Sueannapasri	12,250,000	1.49
6	Mr. Metharaj Ursuthkij	9,660,000	1.17
7	Ms. Piyanan Suwannapasri	9,250,000	1.12
8	Ms. Suthida Suwannapasri	9,250,000	1.12
9	Ms. Piyada Suwannapasri	9,250,000	1.12
10	Mr. Perapol Suwannapasri	9,250,000	1.12

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, 2014 the company has 12 directors and 1 Company Secretary as follows:

	Name	Title	% of Shareholding in Company (In Million Shares)		
			1 Jan 14*	31 Dec.14	Change
1	Mr. Pala Sukhawej	Chairman	0	0	-
2	Mr. Virat Suwannapasri	Director	0	0	-
3	Dr. Kanjana Suwannapasri	Deputy Managing Director	353.60	367.75	+14.15
4	Miss Suthida Suwannapasri	Assistant Managing Director	6.60	9.25	+2.65
5	Miss Piyanan Suwannapasri	Assistant Managing Director	6.60	9.25	+2.65
6	Miss Piyada Suwannapasri	Assistant Managing Director	6.60	9.25	+2.65
7	Mr. Perapol Suwannapasri	Assistant Managing Director	6.60	9.25	+2.65
8	Mr. Perajed Suwannapasri	Deputy Managing Director	6.60	12.25	+5.65
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	-

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, 2014 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, 2014 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, 2014 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 2014

	Name	No. of Attendant (Board of Director)		No. of Attendant (Audit Committee)	
		2013	2014	2013	2014
1.	Mr.Pala Sukhawej	5/5	5/5	-	-
2.	Mr.Virat Suwannapasri	4/5	5/5	-	-
3.	Dr.Kanjana Suwannapasri	5/5	5/5	-	-
4.	MissSuthida Suwannapasri	5/5	5/5	-	-
5.	MissPiyanan Suwannapasri	5/5	4/5	-	-
6.	MissPiyada Suwannapasri	4/5	5/5	-	-
7.	Mr.Perapol Suwannapasri	4/5	5/5	-	-
8.	Mr.Perajed Suwannapasri	5/5	5/5	-	-
9.	Dr.Khien Vongsuree	4/5	5/5	-	-
10.	Mr.Nopporn Thepsithar*	3/5	3/5	3/4	3/4
11.	Mr.Poolsak Tansitthipun*	5/5	5/5	4/4	4/4
12.	Mr.Vorapote Uchupaiboonvong*	3/5	4/5	4/4	3/4

Remarks: (*) Director & Audit Committee

Compensation

a) Director

(Baht)

	Name	2014
1.	Mr.Pala Sukhawej	2,050,000.-
2.	Mr.Virat Suwannapasri	-
3.	Dr.Kanjana Suwannapasri	-
4.	MissSuthida Suwannapasri	-
5.	MissPiyanan Suwannapasri	-
6.	MissPiyada Suwannapasri	-
7.	Mr.Perapol Suwannapasri	-
8.	Mr.Perajed Suwannapasri	-
9.	Dr.Khien Vongsuree	230,000
10.	Mr.Nopporn Thepsithar	265,000
11.	Mr.Poolsak Tansithipun	270,000
12.	Mr.Vorapote Uchupaiboonvong	260,000
	Total	3,075,000

b) Management

Management Compensation	Year 2014 (Million Baht)
No. of Management (persons)	6
Total Amount	10.95

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 2006, 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 shareholder 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, 2014 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, 2014 the Company has total employees (Excluded 6 persons in the management level) by 126 persons. In the past 3 years, the Company has no any dispute of labor.

Employee Remuneration

Total remuneration of employees during the year 2014 (including the turnover during the year) which is breakdown into salary wages overtime Bonus and other benefits amounted to 27.33 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 2014 (1 January - 31 December) The Company has the connected transaction which can be summarized as follows:

Parties with potential Conflict	First Traco Co.,Ltd
Type of Relationship	Same Major Shareholder / Director.
Type of Transaction	The Company and Subsidiaries rent an office space and utilize a public utility (Electricity)
Value of Transaction	Rental 2.82 Million Baht Public Utility 0.36 Million Baht
Parties with potential Conflict	Lion Asia (Thailand) Co.,Ltd.
Type of Relationship	Subsidiary of Company by holding 99.99% of its registered and paid up capital
Type of Transaction	Buy/Sell solvent / Inventory Space Rental / Office Equipment* /Motor Oil
Value of Transaction	Sell Goods 110.38 Million Baht Buy Goods 8.12 Million Baht Buy Assets 0.10 Million Baht Inventory Space Rental 1.26 Million Baht Transportation Service 0.10 Million Baht

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

Parties with potential Conflict	Gratitude Infinite Public Company Limited.
Type of Relationship	Subsidiary of Company by holding 60.00% of its registered and paid up capital
Type of Transaction	Buy/Sell solvent / Inventory Space Rental / Transportation / Dividend (Cash and Stock Dividend)
Value of Transaction	Buy Goods 0.00 Million Baht Sell Goods 11.58 Million Baht Transportation Service 0.10 Million Baht Dividend Receive 54.21 Million Baht Inventory Space 0.48 Million Baht Sell Assets 0.39 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 2014, the Company and its subsidiaries' net profit amounted to Baht 94.41 Million, increased by Baht 7.97 Million or by 9.22%. Total Revenue of the group was higher than that of the previous year by amount of Baht 214.53 Million or increasing by 3.44%. In 2014, the Gross profit margin of the Company and its subsidiaries is at 10.38% compared to 10.71% that of the previous year, a decrease by 0.33% from the last year or declined by 3.08%. Meanwhile the selling and administrative expensed as percentage slightly increased to 7.04%. However, the Company and its subsidiaries has lower financial expenses and no huge foreign exchange loss as the year before, this made the net profit margin of the Company and its subsidiaries higher from 2.37% in 2013 to 2.52% in 2014

Revenues

In year 2014, The Company and its subsidiaries' revenues from sale of solvents amounted to Baht 3,748.69 Million or increasing by Baht 124.54 Million or by 3.43% when compared to the same period of year 2013. The other revenues in year 2014 was Baht 15.33 Million higher than that of 2013 by amount of Baht 7.18 Million or increasing by 88.10%.

Expenses

Cost of Sales

In Year 2014, The Company and its subsidiaries' cost of sales amounted to Baht 3,359.60 Million or increasing by 3.81% when compared to the same period of year 2013. The gross profit margin of 2014 and 2013 is at 10.38% and 10.70% respectively. The lower in gross margin was due to the higher average cost of solvents and the lower average selling price of solvent of the Parent Company.

Selling & Administration Expenses (S&A)

In Year 2014, The Company and its subsidiaries' S&A expenses amounted to Baht 265.19 Million or increasing by Baht 17.93 Million or by 7.25% when compared to the same period of year 2013. The S & A expenses was 7.04% and 6.82% of total sale revenues in year 2014 and 2013 respectively.

Interest Expenses

In Year 2014 the Company and its subsidiaries' Interest expenses amounted to Baht 17.96 Million or decreasing by Baht 1.96 Million or by 8.60% when compared to the same period of year 2013. The Interest Expenses was 0.48% and 0.54% of total sale revenues in year 2014 and 2013 respectively.

Net Profit

In Year 2014, The Company and its subsidiaries' net profit amounted to Baht 94.41 Million or increasing by Baht 7.97 Million or by 9.22% when compared to the same period of year 2013. The Earning per Share (EPS) decreased from 0.088 in Year 2014 to 0.097 in Year 2013. The return on equity (ROE) of the year 2014 and the year 2013 was 10.65% and 11.4% respectively.

Financial Status

Assets

As the end of the year 2014, the total assets of the Company and its subsidiaries equals to Baht 1,995.78 Million, declined by Baht 5.29 Million or by 0.26% from the end of the year 2013. The assets that saw the highest increase during the year is the security for sale and the property plant and equipment. While the assets that saw the largest decrease during the year is inventory. The total assets of 2014 divided into the current asset in amount of equals to Baht 1,723.04 Million and the fixed assets in amount of Baht 272.74 Million or equivalent to 86.33% and 13.66% of total assets respectively. The assets that have highest value is "account/ note receivable", which accounting for Baht 982.47 Million or 49.23% of total assets.

Liabilities

As the end of the year 2014, the total liabilities of the Company and its subsidiaries equals to Baht 1,109.16 Million, decreased by 12.07% or by Baht 133.87 Million from the end of the year 2013. The total current liabilities equals to Baht 1,092.22 Million and the long-term liabilities equals to Baht 16.94 Million. The major component of liabilities is the "Bank Overdraft and Short term loan", accounting for Baht 638.86 Million or 57.60% of total liabilities.

Shareholders' Equity

The Company and its subsidiaries' shareholder equity increased by Baht 128.58 Million or by 16.96% from the end of the Year 2013 to Baht 886.624 Million at the end of year 2014.

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 2,185,000.- (For the Company is at Bth 820,000) and there's no for other expense related to auditing service.

b. Fee from other services

- To the Company's auditor in the previous financial period totaling Baht -0-
- To the office employing Baht -0-

Financial Statements

Union Petrochemical Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2014



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 2014, 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 judgement, 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 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Chonlaros Suntiasvaraporn

Certified Public Accountant (Thailand) No. 4523

EY Office Limited

Bangkok: 24 February 2015

Union Petrochemical Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Assets					
Current assets					
Cash and cash equivalents	7	334,099,533	328,886,074	147,827,639	130,713,066
Trade and other receivables	8	982,472,211	980,598,591	752,956,040	808,306,744
Inventories	9	390,271,179	458,359,293	197,947,619	288,196,340
Other current assets	10	16,196,125	17,888,859	2,888,002	4,725,793
Total current assets		<u>1,723,039,048</u>	<u>1,785,732,817</u>	<u>1,101,619,300</u>	<u>1,231,941,943</u>
Non-current assets					
Available-for-sale investments	11	55,743,480	21,628,000	-	-
Investments in subsidiaries	12	-	-	93,560,205	95,769,030
Intangible assets		5,435,916	236,309	1,335,264	236,299
Investment properties	13	13,959,000	13,959,000	13,959,000	13,959,000
Property, plant and equipment	14	185,127,577	172,368,319	79,914,277	78,043,926
Deferred tax assets	23	5,867,269	3,522,287	4,115,008	2,307,029
Other non-current assets		6,606,502	3,623,142	2,727,053	2,308,952
Total non-current assets		<u>272,739,744</u>	<u>215,337,057</u>	<u>195,610,807</u>	<u>192,624,236</u>
Total assets		<u><u>1,995,778,792</u></u>	<u><u>2,001,069,874</u></u>	<u><u>1,297,230,107</u></u>	<u><u>1,424,566,179</u></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 2014

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	15	638,858,911	655,231,028	336,653,013	405,458,496
Trade and other payables	16	433,412,331	565,191,242	360,850,769	484,006,865
Current portion of liabilities under					
hire purchase agreements		321,384	495,939	-	-
Income tax payable		10,903,927	9,469,120	1,145,253	6,270,544
Other current liabilities		8,718,630	4,877,442	1,335,601	647,662
Total current liabilities		<u>1,092,215,183</u>	<u>1,235,264,771</u>	<u>699,984,636</u>	<u>896,383,567</u>
Non-current liabilities					
Liabilities under hire purchase agreements - net					
of current portion		508,858	830,242	-	-
Provision for long-term employee benefits	17	11,584,377	4,467,550	8,842,821	4,305,796
Deferred tax liabilities	23	4,847,478	2,465,643	2,371,622	2,371,622
Total non-current liabilities		<u>16,940,713</u>	<u>7,763,435</u>	<u>11,214,443</u>	<u>6,677,418</u>
Total liabilities		<u>1,109,155,896</u>	<u>1,243,028,206</u>	<u>711,199,079</u>	<u>903,060,985</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 2014

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
Shareholders' equity					
Share capital					
Registered					
825,000,000 ordinary shares of Baht 0.25 each		<u>206,250,000</u>	<u>206,250,000</u>	<u>206,250,000</u>	<u>206,250,000</u>
Issued and fully paid up					
824,227,596 ordinary shares of Baht 0.25 each	19				
(2013: 690,834,900 ordinary shares					
of Baht 0.25 each)		206,056,899	172,708,725	206,056,899	172,708,725
Share premium		87,736,899	54,388,725	87,736,899	54,388,725
Advance receipts of ordinary share subscription		-	12,500,000	-	12,500,000
Retained earnings					
Appropriated - statutory reserve	21	20,625,000	20,625,000	20,625,000	20,625,000
Unappropriated		397,659,924	358,822,607	262,125,740	251,796,254
Other components of shareholders' equity		<u>17,600,704</u>	<u>11,995,787</u>	<u>9,486,490</u>	<u>9,486,490</u>
Equity attributable to owners of the Company		729,679,426	631,040,844	586,031,028	521,505,194
Non-controlling interests of the subsidiaries		<u>156,943,470</u>	<u>127,000,824</u>	-	-
Total shareholders' equity		<u>886,622,896</u>	<u>758,041,668</u>	<u>586,031,028</u>	<u>521,505,194</u>
Total liabilities and shareholders' equity		<u>1,995,778,792</u>	<u>2,001,069,874</u>	<u>1,297,230,107</u>	<u>1,424,566,179</u>
		-	-	-	-

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 2014

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit or loss:					
Revenues					
Sales		3,748,690,469	3,624,155,366	2,751,781,742	2,786,630,410
Other income					
Dividend income received from subsidiary	12	-	-	12,392,513	5,611,301
Gains from sales of current and available-for-sale investments		4,890,503	-	-	-
Others		10,439,314	8,152,106	2,915,931	2,807,795
Total revenues		<u>3,764,020,286</u>	<u>3,632,307,472</u>	<u>2,767,090,186</u>	<u>2,795,049,506</u>
Expenses					
Cost of sales		3,359,597,290	3,236,221,502	2,531,801,238	2,540,704,101
Selling expenses		90,897,662	89,296,252	57,648,290	56,553,631
Administrative expenses		174,290,649	157,961,509	119,875,356	122,757,364
Other expenses					
Impairment loss of investment in subsidiary		-	-	2,208,825	-
Loss on exchange		238,244	17,430,758	3,117,793	1,487,422
Total expenses		<u>3,625,023,845</u>	<u>3,500,910,021</u>	<u>2,714,651,502</u>	<u>2,721,502,518</u>
Profit before finance cost and income tax expenses		<u>138,996,441</u>	<u>131,397,451</u>	<u>52,438,684</u>	<u>73,546,988</u>
Finance cost		(17,965,345)	(19,648,040)	(10,428,500)	(14,023,953)
Profit before income tax expenses		<u>121,031,096</u>	<u>111,749,411</u>	<u>42,010,184</u>	<u>59,523,035</u>
Income tax expenses	23	(26,617,660)	(25,310,206)	(7,100,301)	(12,452,502)
Profit for the year		<u>94,413,436</u>	<u>86,439,205</u>	<u>34,909,883</u>	<u>47,070,533</u>
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		-	(35,790)	-	-
Less: Income tax effect		-	-	-	-
		-	(35,790)	-	-
Gains on revaluation of available-for-sale investments	11	11,909,179	345,339	-	-
Less: Income tax effect	23	(2,381,836)	(69,068)	-	-
		9,527,343	276,271	-	-
Actuarial losses	17	(6,022,345)	-	(3,882,561)	-
Less: Income tax effect	23	1,204,469	-	776,512	-
		(4,817,876)	-	(3,106,049)	-
Other comprehensive income for the year - net of relevant income taxes		<u>4,709,467</u>	<u>240,481</u>	<u>(3,106,049)</u>	<u>-</u>
Total comprehensive income for the year		<u>99,122,903</u>	<u>86,679,686</u>	<u>31,803,834</u>	<u>47,070,533</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 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit attributable to:					
Equity holders of the Company		64,485,811	66,620,365	<u>34,909,883</u>	<u>47,070,533</u>
Non-controlling interests of the subsidiary		<u>29,927,625</u>	<u>19,818,840</u>		
		<u>94,413,436</u>	<u>86,439,205</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		65,916,582	66,860,846	<u>31,803,834</u>	<u>47,070,533</u>
Non-controlling interests of the subsidiary		<u>33,206,321</u>	<u>19,818,840</u>		
		<u>99,122,903</u>	<u>86,679,686</u>		
Earnings per share	24				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.088</u>	<u>0.097</u>	<u>0.048</u>	<u>0.069</u>
Diluted earnings per share					
Profit attributable to equity holders of the Company		<u>0.088</u>	<u>0.087</u>	<u>0.048</u>	<u>0.061</u>

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 2014

(Unit: Baht)

Consolidated financial statements														
Equity attributable to owners of the Company														
Other components of shareholders' equity														
Other comprehensive income														
Exchange														
differences on														
translation of														
financial														
statements in														
foreign currency														
Surplus on														
revaluation of														
assets														
investments														
common control														
under														
of business														
reorganisation														
change in the														
shareholding														
percentage														
in subsidiaries														
Total other														
components of														
shareholders'														
equity														
the Company														
Total equity														
attributable to														
owners of														
the Company														
Equity attributable														
to non-controlling														
interests of the														
subsidiaries														
Total														
shareholders'														
equity														
Issued and	Share premium	Advance	Retained earnings		foreign currency	assets	investments	common control	under	of business	shareholding	equity	the Company	Equity attributable
paid-up		receipts of	Appropriated	Unappropriated							percentage			to non-controlling
share capital		ordinary share												interests of the
		subscription												subsidiaries
Balance as at 1 January 2013	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 19)	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 27)	-	-	-	-	(44,185,849)	-	-	-	-	-	-	(44,185,849)	-	(44,185,849)
Dividend paid to non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(3,742,103)	(3,742,103)
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
Balance as at 1 January 2014	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
Ordinary shares issuance from														
exercised warrants (Note 19)	33,348,174	33,348,174	(12,500,000)	-	-	-	-	-	-	-	-	54,196,348	-	54,196,348
Increase in equity attributable to non-controlling interests														
of subsidiary from investment in subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	5,000,100	5,000,100
Dividend payment (Note 27)	-	-	-	-	(21,474,348)	-	-	-	-	-	-	(21,474,348)	-	(21,474,348)
Dividend paid to non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(8,263,775)	(8,263,775)
Profit for the year	-	-	-	-	64,485,811	-	-	-	-	-	-	64,485,811	29,927,625	94,413,436
Other comprehensive income for the year	-	-	-	-	(4,174,146)	-	-	5,604,917	-	-	5,604,917	1,430,771	3,278,696	4,709,467
Total comprehensive income for the year	-	-	-	-	60,311,665	-	-	5,604,917	-	-	5,604,917	65,916,582	33,206,321	99,122,903
Balance as at 31 December 2014	206,056,899	87,736,899	-	20,625,000	397,659,924	-	9,586,300	5,881,188	3,116,269	(983,053)	17,600,704	729,679,426	156,943,470	886,622,896

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 2014

(Unit: Baht)

	Separate financial statements							
				Other components of shareholders' equity				
	Issued and paid-up share capital	Share premium	Advance receipts of ordinary share subscription	Retained earnings		Surplus on revaluation of assets	Total other components of shareholders' equity	Total shareholders' equity
				Appropriated	Unappropriated			
Balance as at 1 January 2013	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 19)	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 27)	-	-	-	-	(44,185,843)	-	-	(44,185,843)
Total comprehensive income for the year	-	-	-	-	47,070,533	-	-	47,070,533
Balance as at 31 December 2013	<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>
Balance as at 1 January 2014	172,708,725	54,388,725	12,500,000	20,625,000	251,796,254	9,486,490	9,486,490	521,505,194
Ordinary shares issuance from exercised warrants (Note 19)	33,348,174	33,348,174	(12,500,000)	-	-	-	-	54,196,348
Dividend payment (Note 27)	-	-	-	-	(21,474,348)	-	-	(21,474,348)
Profit for the year	-	-	-	-	34,909,883	-	-	34,909,883
Other comprehensive income for the year	-	-	-	-	(3,106,049)	-	-	(3,106,049)
Total comprehensive income for the year	-	-	-	-	31,803,834	-	-	31,803,834
Balance as at 31 December 2014	<u>206,056,899</u>	<u>87,736,899</u>	<u>-</u>	<u>20,625,000</u>	<u>262,125,740</u>	<u>9,486,490</u>	<u>9,486,490</u>	<u>586,031,028</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 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from (used in) operating activities				
Profit before tax	121,031,096	111,749,411	42,010,184	59,523,035
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	21,248,956	18,245,264	10,276,209	9,662,372
Allowance for doubtful accounts (reversal)	(390,000)	(3,023,481)	(390,000)	(3,221,847)
Reduce cost of inventories to net realisable value (reversal)	3,476,029	(11,268,819)	2,684,045	(2,598,414)
Gain on sales of current investments	(331,349)	-	-	-
Gain on sales of available-for-sale investments	(4,559,154)	-	-	-
Gain on sales of equipment	(79,076)	(58,621)	(55,165)	-
Write-off equipment	470,857	-	-	-
Impairment loss of investment in subsidiary	-	-	2,208,825	5,973,195
Loss from capital return from the subsidiary	-	-	-	252,105
Provision for long-term employee benefits	1,062,324	109,443	654,464	89,676
Unrealised loss on exchange	4,352,198	1,631,952	3,061,277	2,742,223
Dividend income	-	-	(12,392,513)	(5,611,301)
Interest expenses	17,965,345	19,648,040	10,428,501	14,023,953
Profit from operating activities before changes in operating assets and liabilities	164,247,226	137,033,189	58,485,827	80,834,997
Operating assets (increase) decrease				
Trade and other receivables	(1,611,223)	(45,141,083)	55,740,704	(27,747,500)
Inventories	64,612,085	88,919,219	87,564,676	91,299,545
Other current assets	1,692,734	4,470,930	1,837,791	5,524,075
Other non-current assets	(2,983,360)	(114,625)	(418,101)	160,450
Operating liabilities increase (decrease)				
Trade and other payables	(130,731,965)	18,233,453	(123,193,536)	(9,525,301)
Other current liabilities	3,726,539	3,472,041	836,802	292,671
Cash flows used in operating activities	98,952,036	206,873,124	80,854,163	140,838,937
Cash paid for interest expenses	(18,515,856)	(19,952,110)	(10,577,364)	(14,154,558)
Cash paid for income tax expenses	(26,247,995)	(32,675,757)	(13,257,059)	(15,559,533)
Net cash flows from operating activities	54,188,185	154,245,257	57,019,740	111,124,846

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 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from (used in) investing activities				
Proceeds from sales of current investments	55,331,349	-	-	-
Increase in current investments	(55,000,000)	-	-	-
Proceed from sales of available-for-sale investments	31,681,075	-	-	-
Increase in available-for-sale investments	(49,328,223)	(21,282,661)	-	-
Acquisition of property, plant and equipment	(36,370,252)	(13,189,390)	(12,047,070)	(9,851,971)
Proceeds from sales of equipment	2,266,880	3,784,000	55,250	-
Cash paid for intangible assets	(5,496,230)	-	(1,198,540)	-
Cash received from capital return from the subsidiary	-	-	-	917,470
Dividend received from subsidiary	-	-	12,392,513	5,611,301
Net cash flows used in investing activities	(56,915,401)	(30,688,051)	(797,847)	(3,323,200)
Cash flows from (used in) financing activities				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	(21,108,183)	8,381,321	(71,829,320)	(9,056,086)
Repayment of liabilities under hire purchase agreements	(409,467)	(1,277,781)	-	-
Dividend payment	(21,474,348)	(44,185,849)	(21,474,348)	(44,185,843)
Dividend paid to non-controlling interests of the subsidiary	(8,263,775)	(3,742,103)	-	-
Proceeds from exercised warrants	54,196,348	17,969,700	54,196,348	17,969,700
Cash received from non-controlling interests of the subsidiary	5,000,100	-	-	-
Net cash flows (used in) from financing activities	7,940,675	(22,854,712)	(39,107,320)	(35,272,229)
Decrease in translation adjustments	-	(35,790)	-	-
Net increase in cash and cash equivalents	5,213,459	100,666,704	17,114,573	72,529,417
Cash and cash equivalents at beginning of year	328,886,074	228,219,370	130,713,066	58,183,649
Cash and cash equivalents at end of year	334,099,533	328,886,074	147,827,639	130,713,066
	-	-	-	-
Supplemental cash flow information				
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

Notes to consolidated financial statements

For the year ended 31 December 2014

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	Paid-up capital		Percentage of shareholding	
			2014 (Thousand Baht)	2013 (Thousand Baht)	2014 Percent	2013 Percent
Gratitude Infinite Public Company Limited (formerly known as “Union Intraco Public Company Limited”)	Import and distribution of chemical products	Thailand	302,687	212,333	59.99	59.99
Gratitude Supplement Company Limited *	Production and distribution of supplementary	Thailand	25,000	-	79.99	-
Lion Asia (Thailand) Company Limited	Distribution of chemical lubricant products and electronic equipment	Thailand	15,000	15,000	99.99	99.99
UKEM Tech Company Limited	Production and distribution of ethanol (ceased its operations)	Thailand	8,750	8,750	99.99	99.99

* Held by subsidiary: Gratitude Infinite Public Company Limited

On 23 June 2014, the Board of directors' meeting of Gratitude Infinite Public Company Limited ("the Company's subsidiary") has approved the investment plan for establishment of new subsidiary company, Gratitude Supplement Company Limited ("New subsidiary"), which engages in production and distribution of supplementary. The new subsidiary has a registered capital of Baht 25 million (250,000 ordinary shares, Baht 100 per share). The new subsidiary has been registered on 22 July 2014 and the Company's subsidiary holds 79.99 percent of its ordinary shares.

In addition, the Board of directors' meeting of the Company's subsidiary has approved the acquisition of assets which include land and buildings, machineries and licenses from C.G. Biz Co., Ltd. with amounting to Baht 17 million.

Subsequently, on 30 July 2014, the new subsidiary acquired the assets of C.G.Biz Co., Ltd. amounting to Baht 17 million (including VAT).

- (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 financial reporting standards

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

(a) Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

(b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles and related to the Company and its subsidiaries, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognised actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that the standards will not have any significant impact on the Company and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Rendering of services

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

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade and other receivables

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

4.4 Inventories

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

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

4.5 Investments

- (a) Investments in subsidiaries are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (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 fair value of unit trusts is determined from their net asset value.

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

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Investment properties

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

No depreciation is provided to investment properties.

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

4.7 Property, plant and equipment / Depreciation

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

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

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

- When an asset's carrying amount is increased as a result of a revaluation of the assets of the Company and its subsidiaries, 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.

- When an asset's carrying amount is decreased as a result of a revaluation of assets of the Company and its subsidiaries, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

Depreciation of buildings 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, tools and factory equipment	-	3 - 10 years
Furniture and office equipment	-	3 - 5 years
Motor vehicles	-	5 and 10 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

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

4.8 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss (if any). Intangible assets are computer software and the operation licenses. Intangible assets 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.

	<u>Useful lives</u>
Computer software	3 - 5 years
Operation licenses	10 years

4.9 Related party transactions

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

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

4.10 Long-term leases

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

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

4.11 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

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

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

4.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries, and their 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 treat 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 other comprehensive income.

4.14 Provisions

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

4.15 Income tax

Income tax 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.

5. Significant accounting judgements and estimates

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

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

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

Post-employment benefits under defined benefit plans

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

6. Related party transactions

During the years, 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 and those related parties.

(Unit: Thousand Baht)					
	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	121,955	102,600	Similar to market price
Other income	-	-	1,262	1,237	As mutual agreement
Purchases of goods	-	-	8,171	80	Similar to market price
Purchases of assets	-	-	99	87	Similar to market price
Other expenses	-	-	74	280	Similar to market price
<u>Transactions with related companies</u>					
Rental expenses	2,816	2,651	2,147	2,150	Contract price (close to market price)
Other expenses	355	362	293	321	As mutual agreement

The balances of the accounts as at 31 December 2014 and 2013 between the Company and those related companies are as follows:

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade and other receivables - related parties (Note 8)</u>				
<i>Subsidiaries</i>				
Gratitude Infinite Public Company Limited (formerly known as "Union Intraco Public Company Limited")	-	-	2,248	3,500
Lion Asia (Thailand) Company Limited	-	-	30,839	41,816
UKEM Tech Company Limited	-	-	5,412	7,584
Total trade and other receivables - related parties	-	-	38,499	52,900

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade and other payables - related parties (Note 16)</u>				
<i>Subsidiaries</i>				
Gratitude Infinite Public Company Limited (formerly known as "Union Intraco Public Company Limited")	-	-	-	51
Lion Asia (Thailand) Company Limited	-	-	8,808	5,021
<i>Related companies</i>				
Firsttraco Company Limited	198	458	198	439
Director	80	457	-	-
Total trade and other payables - related parties	<u>278</u>	<u>915</u>	<u>9,006</u>	<u>5,511</u>

Directors and management's remuneration

During the years ended 31 December 2014 and 2013, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	21,045	18,377	14,016	12,586
Post-employment benefits	5,737	6	3,844	-
Total	<u>26,782</u>	<u>18,383</u>	<u>17,860</u>	<u>12,586</u>

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash	291	360	250	250
Bank deposits	200,517	179,886	147,578	130,463
Money market fund	133,291	148,640	-	-
Total	<u>334,099</u>	<u>328,886</u>	<u>147,828</u>	<u>130,713</u>

As at 31 December 2014, bank deposits in saving accounts and fixed deposits carried interests between 0.125 and 0.625 percent per annum (2013: between 0.13 and 1.88 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Trade receivables - related parties (Note 6)				
Aged on the basis of due dates				
Not yet due	-	-	25,601	36,412
Past due up to 3 months	-	-	7,486	8,904
Total trade receivables - related parties	-	-	33,087	45,316
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	722,378	706,949	547,715	560,135
Past due				
Up to 3 months	251,325	268,604	166,745	195,116
3 - 6 months	2,246	2,003	-	-
6 - 12 months	5,809	575	-	-
Over 12 months	1,036	786	141	242
Total	982,794	978,917	714,601	755,493
Add: Returned cheques	719	1,167	525	973
Total trade receivables - unrelated parties	983,513	980,084	715,126	756,466
Total trade receivables	983,513	980,084	748,213	801,782
Less: Allowance for doubtful accounts	(1,061)	(1,451)	(669)	(1,059)
Total trade receivables - net	982,452	978,633	747,544	800,723
Other receivables				
Other receivables - related parties (Note 6)	-	-	5,412	7,584
Other receivables - unrelated parties	20	1,966	-	-
Total other receivables	20	1,966	5,412	7,584
Total trade and other receivables - net	982,472	980,599	752,956	808,307

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Finished goods	344,688	405,997	(4,132)	(656)	340,556	405,341
Raw materials	415	4,768	-	-	415	4,768
Goods in transit	48,952	47,963	-	-	48,952	47,963
Packing materials	348	287	-	-	348	287
Total	<u>394,403</u>	<u>459,015</u>	<u>(4,132)</u>	<u>(656)</u>	<u>390,271</u>	<u>458,359</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Finished goods	179,632	281,073	(2,881)	(197)	176,751	280,876
Goods in transit	21,197	7,320	-	-	21,197	7,320
Total	<u>200,829</u>	<u>288,393</u>	<u>(2,881)</u>	<u>(197)</u>	<u>197,948</u>	<u>288,196</u>

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 3.5 million (The Company only: Baht 2.7 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 11.3 million (The Company only: Baht 2.6 million), and reduced the amount of inventories recognised as expenses during the year.

10. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue department receivable	8,423	11,319	-	1,438
Prepaid expenses	1,291	2,358	981	988
Undue input VAT	3,373	2,677	1,870	2,296
Others	3,109	1,535	37	4
Total other current assets	<u>16,196</u>	<u>17,889</u>	<u>2,888</u>	<u>4,726</u>

11. Available-for-sale investments

(Unit: Thousand Baht)

Type of investments	Consolidated financial statements					
	Cost		Unrealised gain on changes in value of investments		Carrying amount	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Available-for-sale securities	43,489	21,283	12,254	345	55,743	21,628
Total	<u>43,489</u>	<u>21,283</u>	<u>12,254</u>	<u>345</u>	<u>55,743</u>	<u>21,628</u>

During the year 2014, a subsidiary sold available-for-sale securities with book values totaling Baht 31.7 million and recognised gains (after tax) on the sales amounting to Baht 3.7 million in profit or loss. This amount included gains transferred from gain on valuation of available-for-sale investments in other comprehensive income during the year, amounting to Baht 0.3 million (after tax).

12. 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					
	Cost		Allowance for impairment of investments		Carrying amounts based on cost method-net	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Gratitude Infinite Public Company Limited ("Formerly known as Union Intraco Public Company Limited")	77,993	77,993	-	-	77,993	77,993
Lion Asia (Thailand) Company Limited	15,000	15,000	-	-	15,000	15,000
UKEM Tech Company Limited	8,750	8,750	(8,183)	(5,974)	567	2,776
Total	<u>101,743</u>	<u>101,743</u>	<u>(8,183)</u>	<u>(5,974)</u>	<u>93,560</u>	<u>95,769</u>

12.1 Investment in subsidiary - Gratitude Infinite Public Company Limited (“formerly known as Union Intraco Public Company Limited”)

- a) The Extraordinary General Meeting of the subsidiary’s shareholders No. 1/2014 held on 12 December 2014 approved an increase/decrease of the registered share capital from Baht 212.3 million (212.3 million ordinary shares of par value of Baht 1 each) to Baht 302.7 million (302.7 million ordinary shares of par value of Baht 1 each) to support the payment of stock dividends.
- b) During the year ended 31 December 2014, the Company received cash dividend totaling Baht 12.4 million and stock dividend totaling 54.2 million shares from Gratitude Infinite Public Company Limited.
- c) 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.
- d) 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 Gratitude Infinite Public Company Limited.

12.2 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 and expect to register the dissolution in the first quarter of 2015.

13. Investment properties

The Company purchased a piece of land from a related company for division and sales. The price of this land 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 of Baht 13.96 million.

14. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Revaluation basis	Cost basis					
	Land	Buildings and leasehold improvement	Machinery, tools and factory equipment	Furniture and office equipment	Motor vehicles	Assets under construction	Installation and under Total
Cost / Revalued amount:							
1 January 2013	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	-	-	(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
Additions	2,000	5,980	2,965	1,816	8,497	12,889	34,147
Disposals/write-off	-	-	(1,442)	(123)	(4,016)	-	(5,581)
Transfers in (out)	-	-	655	-	-	(655)	-
31 December 2014	77,968	84,077	52,431	22,521	112,520	13,463	362,980
Accumulated depreciation:							
1 January 2013	-	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	-	-	(1,822)	-	(2,192)	-	(4,014)
31 December 2013	-	37,343	30,599	15,580	78,522	-	162,044
Depreciation for the year	-	4,240	6,330	1,488	7,255	-	19,313
Depreciation on disposals/write-off	-	-	(1,424)	(108)	(1,974)	-	(3,506)
31 December 2014	-	41,583	35,505	16,960	83,803	-	177,851
Allowance for impairment loss:							
1 January 2013	1	-	-	-	-	-	1
Increase during the year	-	-	-	-	-	-	-
31 December 2013	1	-	-	-	-	-	1
Increase during the year	-	-	-	-	-	-	-
31 December 2014	1	-	-	-	-	-	1
Net book value:							
31 December 2013	75,967	40,754	19,654	5,248	29,517	1,229	172,368
31 December 2014	77,967	42,494	16,926	5,561	28,717	13,463	185,128
Depreciation for the year							
2013							18,147
2014							19,313

(Unit: Thousand Baht)

Separate financial statements						
	Revaluation	Cost basis				Total
	basis	Buildings and	Tools	Furniture	Motor	
	Land	leasehold improvement		and office equipment	vehicles	
Cost / Revalued amount:						
1 January 2013	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
Additions	-	-	4,932	1,086	6,029	12,047
Disposals	-	-	(987)	-	-	(987)
31 December 2014	28,800	51,294	26,060	10,338	91,219	207,711
Accumulated depreciation:						
1 January 2013	-	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
Depreciation for the year	-	2,583	3,287	1,026	3,281	10,177
Depreciation on disposals	-	-	(987)	-	-	(987)
31 December 2014	-	32,016	14,207	7,959	73,615	127,797
Net book value:						
31 December 2013	28,800	21,861	10,208	2,319	14,856	78,044
31 December 2014	28,800	19,278	11,853	2,379	17,604	79,914
Depreciation for the year						
2013						9,582
2014						10,177

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

Had the land been carried in the financial statements based on historical cost, their net book values as of 31 December 2014 would have been Baht 66.0 million (2013: Baht 64.0 million) (The Company only: Baht 16.9 million (2013: Baht 16.9 million)).

As at 31 December 2014, the subsidiaries had vehicles under hire purchase agreements with net book values amounting to Baht 1.3 million (2013: Baht 5.0 million).

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Bank overdrafts	13,511	14,435	13,511	-
Short-term loans from financial institutions				
Trust receipt	436,848	473,296	193,142	265,458
Promissory notes	188,500	167,500	130,000	140,000
Total	<u>638,859</u>	<u>655,231</u>	<u>336,653</u>	<u>405,458</u>

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

As at 31 December 2014, the non-secured credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 3,914 million (2013: Baht 1,910 million) (The Company only: Baht 2,764 million (2013: Baht 1,181 million)).

16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade and other payables				
- related parties (Note 6)	278	915	9,006	5,511
Trade payables - unrelated parties	401,383	534,609	331,908	459,832
Other payables - unrelated parties	16,277	15,494	14,109	13,874
Accrued expenses	15,474	14,173	5,828	4,790
Total trade and other payables	<u>433,412</u>	<u>565,191</u>	<u>360,851</u>	<u>484,007</u>

17. Provision for long-term employee benefits

Provision for long-term employee benefits, which represent compensation payable to employees after they retire from the Company and its subsidiaries, was as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Defined benefit obligation at beginning of year	4,468	4,358	4,306	4,216
Current service cost	839	80	494	64
Interest cost	255	30	160	26
Actuarial losses	6,022	-	3,883	-
Defined benefit obligation at end of year	11,584	4,468	8,843	4,306

Long-term employee benefit expenses included in the profit or loss consist of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current service cost	839	79	494	64
Interest cost	255	30	160	26
Total expenses recognised in profit or loss	1,094	109	654	90
Line items in profit or loss under which such expenses are included				
Selling and administrative expenses	1,094	109	654	90

As at 31 December 2014, cumulative actuarial losses, which were recognised in other comprehensive income of the Company and its subsidiaries amounted to Baht 6.0 million (The Company only: Baht 3.9 million).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.40	4.41	4.40	4.41
Future salary increase rate (depending on age)	5 - 10	8.12	8.0	8.12
Staff turnover rate (depending on age)	0.5 - 50	0 - 22	3 - 15	0 - 22

The amounts of defined benefit obligations and experience adjustments for the current year and the past three years are as follows:

(Unit: Thousand Baht)				
	Defined benefit obligation		Experience adjustments on the obligations	
	Consolidated	Separate	Consolidated	Separate
	financial statements	financial statements	financial statements	financial statements
Year 2014	11,584	8,843	1,390	1,209
Year 2013	4,468	4,306	-	-
Year 2012	4,358	4,216	-	-
Year 2011	4,257	4,133	-	-

18. Warrants

On 30 September 2009, the Extraordinary General Meeting of the Company's shareholders No. 1/2552 approved the resolution to issue 165 million warrants to purchase the Company's ordinary shares to be offered to the existing shareholders in proportion to their shareholding at the rate of 4 ordinary shares to 1 warrant to purchase the Company's ordinary shares. No value is to be charged for the warrants upon issue. The warrants have an exercise price of Baht 0.50 per unit and are exercisable in a ratio of 1 warrant per 1 ordinary share, for a period of 5 years from the issue date. The warrant holders are entitled to exercise the warrants every 30 June and 30 December. The first exercise date was on 30 December 2010. The last exercise date is on 4 November 2014.

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

	(Units)
Outstanding units as at 1 January 2013	145,104,491
Number of exercised warrants during the year 2013	(10,939,400)
Outstanding units as at 31 December 2013	134,165,091
Number of exercised warrants during the year 2014	(133,392,696)
Number of expired warrants	(772,395)
Outstanding units as at 31 December 2014	-

19. Share capital / share premium

Presented below is a summary of movements in share capital and share premium during the year ended 31 December 2014 and 2013.

	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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Balance outstanding as at								
beginning of year	172,709	166,659	54,388	48,339				
Increase in share capital								
Exercised warrants in December	6,250	3,315	6,250	3,315	9 Jan 14	9 Jan 13	17 Jan 14	17 Jan 13
Exercised warrants in June	2,833	2,735	2,833	2,735	9 Jul 14	8 Jul 13	14 Jul 14	15 Jul 13
Exercised warrants in November	<u>24,265</u>	<u>-</u>	<u>24,265</u>	<u>-</u>	11 Nov 14	-	11 Nov 14	-
Balance outstanding as at end								
of year	<u>206,057</u>	<u>172,709</u>	<u>87,736</u>	<u>54,389</u>				

20. Revaluation surplus

This represents surplus arising from revaluation of land.

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

21. Statutory reserve

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

22. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2014	2013	2014	2013
Salaries and wages and other employee benefits	90,647	81,396	63,011	57,601
Depreciation and amortisation	21,249	18,245	10,276	9,662
Transportation expenses	44,049	38,596	32,664	35,084
Rental expenses from operating lease agreements	23,844	20,801	20,378	20,004
Loss from the reduction cost of inventories to net realisable value (reversal)	3,476	(11,269)	2,684	(2,598)
Purchase raw materials and finished goods	3,292,966	3,203,053	2,427,675	2,577,612
Changes in inventories of raw materials and finished goods	65,601	(7,492)	101,442	(34,408)

23. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2014	2013	2014	2013
Current income tax:				
Current income tax charge	27,758	23,407	8,131	12,501
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,140)	1,903	(1,031)	(48)
Income tax expenses reported in the statement of comprehensive income	26,618	25,310	7,100	12,453

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2014	2013	2014	2013
Deferred tax relating to gain on revaluation of available-for-sale investments	2,382	69	-	-
Deferred tax relating to actuarial losses	(1,204)	-	(777)	-
Total	1,178	69	(777)	-

The reconciliation between accounting profit and income tax expenses is shown below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Accounting profit before tax	<u>121,031</u>	<u>111,749</u>	<u>42,010</u>	<u>59,523</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	24,206	22,350	8,402	11,905
Effects of:				
Exempted dividend income	-	-	(2,479)	(1,122)
Effect of unused tax losses	1,486	2,292	-	-
Others	926	668	1,177	1,670
Total	<u>2,412</u>	<u>2,960</u>	<u>(1,302)</u>	<u>598</u>
Income tax expenses reported in the statement of comprehensive income	<u>26,618</u>	<u>25,310</u>	<u>7,100</u>	<u>12,453</u>

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

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Deferred tax assets				
Allowance for doubtful accounts	212	250	134	212
Allowance for diminution in value of inventories	826	96	576	39
Allowance for impairment loss of investment	1,636	1,195	1,636	1,195
Provision for long-term employee benefits	2,317	876	1,769	861
Unrealised intercompany gain on sales of fixed assets	774	54	-	-
Unrealised gain on intercompany trading transaction	102	1,051	-	-
Total	<u>5,867</u>	<u>3,522</u>	<u>4,115</u>	<u>2,307</u>
Deferred tax liabilities				
Surplus on revaluation of assets	2,397	2,397	2,372	2,372
Surplus on changes in value of available-for-sale investments	2,450	69	-	-
Total	<u>4,847</u>	<u>2,466</u>	<u>2,372</u>	<u>2,372</u>

As at 31 December 2014 the subsidiaries have unused tax losses totaling Baht 21.9 million (2013: Baht 16.6 million). No deferred tax assets have been recognised on these amounts as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

24. Earnings per share

Basic 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.

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 issued 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	
	2014	2013	2014	2013	2014	2013
	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders						
of the parent	64,486	66,620	733,750	684,763	0.088	0.097
Effect of dilutive potential ordinary shares						
Warrants	-	-	-	84,223		
Diluted earnings per share						
Profit attributable to ordinary shareholders						
assuming the conversion of warrants to						
ordinary shares	64,486	66,620	733,750	768,986	0.088	0.087

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the parent	34,910	47,071	733,750	684,763	0.048	0.069
Effect of dilutive potential ordinary shares						
Warrants	-	-	-	84,223		
Diluted earnings per share						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	34,910	47,071	733,750	768,986	0.048	0.061

25. 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.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have 3 reportable segments as follows:

- Commodity chemicals segment
- Specialty chemicals segment
- Other segments included the distribution of plastic pellets, distribution of lubricant, distribution of computer equipment and the provision of computer system services, among others.

No operating segments have been aggregated to form the above reportable operating segments.

The decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on basis consistent with that used to measure operating profit or loss in the financial statements.

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

For the year 2014 and 2013, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

The following tables present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2014 and 2013.

(Unit: Thousand Baht)												
	Commodity chemicals segment		Specialty chemicals segment		Other segments ¹⁾		Total segments		Adjustments and eliminations		Consolidated	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue												
External customers	2,629,827	2,684,031	946,546	773,304	172,317	166,821	3,748,690	3,624,156	-	-	3,748,690	3,624,156
Inter-segment	121,955	102,600	11,795	3,137	145	238	133,895	105,975	(133,895)	(105,975)	-	-
Total revenue	<u>2,751,782</u>	<u>2,786,631</u>	<u>958,341</u>	<u>776,441</u>	<u>172,462</u>	<u>167,059</u>	<u>3,882,585</u>	<u>3,730,131</u>	<u>(133,895)</u>	<u>(105,975)</u>	<u>3,748,690</u>	<u>3,624,156</u>
Results												
Segment profit											389,093	387,934
Other income											15,330	8,152
Selling expenses											(90,898)	(89,296)
Administrative expenses											(174,291)	(157,962)
Other expenses											(238)	(17,431)
Financial expenses											(17,965)	(19,648)
Profit before income tax expenses											121,031	111,749
Income tax expenses											(26,618)	(25,310)
Profit for the year											94,413	86,439

¹⁾ 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.

26. 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 years 2014 and 2013, the Company and its subsidiaries contributed Baht 1 million and Baht 0.5 million, respectively (The Company only: Baht 0.3 million and Baht 0.3 million, respectively) to the fund.

27. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividends per share (Baht)
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
Dividend for 2013	The Annual General Meeting of the Company's shareholders on 22 April 2014	21,474	0.03
Total for the year 2014		21,474	0.03

28. Commitments and contingent liabilities

28.1 Capital commitments

As at 31 December 2014, the subsidiaries had capital commitments of approximately Baht 3.4 million relating to the construction of buildings and acquisition of machinery.

28.2 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 4 years.

As at 31 December 2014 and 2013, future minimum lease payments required under these operating leases contracts were as follows.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Payable:				
In up to 1 year	13	16	9	12
In over 1 year and up to 4 years	13	11	8	7

28.3 Guarantees

As at 31 December 2014 and 2013, the Company and its subsidiaries had the following outstanding significant letters of guarantee:

28.3.1 Outstanding bank guarantees of Baht 72 million (2013: Baht 86 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 of the Company, to guarantee payments of goods to suppliers.

28.3.2 Outstanding bank guarantees of Baht 33 million (2013: 15 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.

28.4 Other commitments

As at 31 December 2014, the Company had commitments to banks under outstanding letters of credit amounting to approximately USD 0.58 million (2013: USD 2.2 million and JPY 53.4 million).

28.5 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 provides expertise for the I-Meeting Solution system. Revenue from this project will be shared among the parties in proportions specified in the agreement.

29. Financial instruments

29.1 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, available-for-sale investments, bank overdrafts and short-term loan from financial institutions, trade and other payables and liabilities under hire purchase 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 2014						
	Fixed interest rates					
	Within 1 year	1-5 years	Floating interest rate	Non- interest bearing	Total	interest rate (% per annum.)
<u>Financial Assets</u>						
Cash and cash equivalents	-	-	323.8	10.3	334.1	0.125 - 0.625, 2.11
Trade and other receivables	-	-	-	982.5	982.5	-
Available-for-sale investments	-	-	-	55.7	55.7	-
	-	-	323.8	1,048.5	1,372.3	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	-	-	638.9	-	638.9	1.18 - 3.59
Trade and other payables	-	-	-	433.4	433.4	-
Liabilities under hire purchase agreement	0.3	0.5	-	-	0.8	-
	0.3	0.5	638.9	433.4	1,073.1	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2013						
	Fixed interest rates					
	Within 1 year	1-5 years	Floating interest rate	Non- interest bearing	Total	interest rate (% per annum.)
<u>Financial Assets</u>						
Cash and cash equivalent	-	-	297.3	31.6	328.9	0.13 - 1.88, 2.47
Trade and other receivables	-	-	-	980.6	980.6	-
Available-for-sale investments	-	-	-	21.6	21.6	
	-	-	297.3	1,033.8	1,331.1	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	-	-	655.2	-	655.2	1.25 - 7.50
Trade and other payables	-	-	-	565.2	565.2	-
Liabilities under hire purchase agreement	0.5	0.8	-	-	1.3	3.63
	0.5	0.8	655.2	565.2	1,221.7	

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2014					
	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	-	146.9	0.9	147.8	0.125 - 0.50
Trade and other receivables	-	-	753.0	753.0	-
	-	146.9	753.9	900.8	
<u>Financial liabilities</u>					
Bank overdrafts and short-term loans from financial institutions	-	336.7	-	336.7	3.15 - 3.42
Trade and other payables	-	-	360.9	360.9	-
	-	336.7	360.9	697.6	

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2013					
	Fixed interest rates				
	Within 1 year	Floating interest rate	Non- interest bearing	Total	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	

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 seek to reduce this risk by entering into forward exchange contracts when they consider 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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	0.1	12.3	10.2	32.9630	32.8136
Euro	0.2	-	0.4	0.1	40.0530	45.0217

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2014			
Foreign currency	Bought amount	Contractual exchange rate Bought	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.8	32.05 - 33.19	24/4/15 - 09/06/15

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

29.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature and loans bear interest rates which are close to market rate, 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.

30. 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 2014, the Group's debt-to-equity ratio was 1:3:1 (2013: 1.6:1) and the Company's was 1:2:1 (2013: 1.7:1).

31. Events after the reporting period

On 20 February 2015, the Board of Directors Meeting No. 1/2015 of Gratitude Infinite Public Company Limited, a subsidiary, approved the following resolutions:

- a) To propose to the Annual General Meeting of the subsidiary's shareholders for the year 2015 for approval to issue and offer up to 151,343,316 warrants to the existing shareholders, free of charge. These warrants are exercisable for a period of 3 years from the issued date in a ratio of 1 warrant for 1 ordinary share and at an exercise price of Baht 2.
- b) To propose to the Annual General Meeting of the subsidiary's shareholders for the year 2015 for approval to decrease the subsidiary's registered share capital from Baht 302,687,292 (302,687,292 ordinary shares of Baht 1 each) to Baht 302,686,633 (302,686,633 ordinary shares of Baht 1 each), by eliminating the 659 ordinary shares of Baht 1 each with a total of Baht 659 that are not issued.
- c) To propose to the Annual General Meeting of the subsidiary's shareholders for the year 2015 for approval to increase the subsidiary's registered share capital from Baht 302,686,633 (302,686,633 ordinary shares of Baht 1 each) to Baht 454,029,949 (454,029,949 ordinary shares of Baht 1 each) to be reserved for the exercise of warrants.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2015.