



รายงานประจำปี Annual Report

2553 2010



บริษัท ยูเนียนไพโอเนียร์ จำกัด(มหาชน)
Union Pioneer Public Co.,Ltd.

สารบัญ



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Major Financial Ratio and Summary Information for 5 Years



Financial Information

	Unit : Thousand Baht				
	2010	2009	2008	2007	2006
Sales	862,704	935,507	955,169	816,007	895,487
Other Income	47,634	36,212	27,138	40,317	35,755
Share of profit from investment accounted for under equity method	-	-	-	406	269
Total Revenues	910,338	971,719	982,307	856,730	931,511
Total Costs and Expenses	854,326	812,577	953,754	829,215	907,710
Interest Expenses	16	327	343	2,716	3,461
Corporate Income Tax	12,953	44,301	9,768	7,671	5,665
Net Earnings for the Year	43,043	114,514	18,442	17,127	14,675
Earning per share (Baht)	5.74	15.27	2.46	2.28	1.96
Dividends per share (Baht)	5.70	15.00	2.50	2.25	1.90
Current Assets	406,191	465,683	393,703	297,709	390,440
Investment in associated company	0	0	7,762	9,808	12,533
Property, plant and equipment-net	138,791	121,844	133,817	162,444	174,432
Total Non- Current Assets	332	290	261	92	92
Total Assets	545,314	587,817	535,543	470,056	577,497
Total Current Liabilities	191,922	164,969	209,737	144,407	252,314
Registered, Issued and fully paid	75,000	75,000	75,000	75,000	75,000
Share premium	30,625	30,625	30,625	30,625	30,625
Retained earnings: Allocated and Unallocated	247,767	317,224	220,181	220,024	219,558
Total Shareholders' Equity	353,392	422,849	325,806	325,649	325,183
Total Liabilities and Shareholders' Equity	545,314	587,817	535,543	470,056	577,497
Major Financial Ratio	2010	2009	2008	2007	2006
Dividends per Net Profit (%)	99.32	98.24	101.67	98.53	97.10
Book Value per share (Baht)	47.12	56.38	43.44	43.42	43.36
Earning Ratio (%)	4.72	11.78	1.88	2	1.58
Returns on Equity (%)	11.09	30.59	5.66	5.26	4.51
Returns on Assets (%)	7.60	20.39	3.67	3.27	2.74

Report of the Board of Directors

Economic stimulus by many countries around the world in 2010 made the world economic recovery from the economic crisis occurring from the end of the year 2008 to the year 2009, especially in Asian countries. The countries having economic growth have increased, such as China and India. While in the U.S.A and some European economies tend to be better.

Thai economy is under expansion in 2010. Although there are many negative aspects, such as domestic political problems, the appreciation of the Thai Baht value and other natural disasters, Thai economy can grow from export and service sectors as well as domestic demand that continued to recover make Thailand's economic growth increased.

Higher economic growth in Asia makes a demand for rubber growing and the rubber production season in Thailand is so rainy, leading to flooding in the south of the country that is the source of the largest rubber plantation. The rubber tree can not be cut a slanted slice to get the latex. In 2010, rubber price have risen continually from 89.00 baht/kg on January, to 139.00 baht/kg on December, which is much higher and still continuing to the year 2011.

Rubber prices are still increasing all the time. As well as other raw material prices such as yarn prices have increased. This affects the cost of raw materials used in manufacturing increased significantly comparing with last year. This make the Company lost some customers because they can not accept the higher price of raw materials that is a major barrier of the operations of the Company. However, the company tries to find new markets that have never been launched, such as U.S.A market, markets in Central America as well as regional Asian markets which need to use more elastic products made of the natural rubber as components of finished goods. The Company will strive to maintain its existing domestic markets with expansion into the new customers who have a need to use the Company's products as their raw material. The Company has learned about research and development on its products together with appropriated cost management, more productive efficiency, quality product improvement, and new product design development which can satisfy with customers' needs. Besides the development on productive capability and products, the Company realizes on the measures on environment conservation and product safety. These causes the Company can present the products which have standards on the environment and the product safety for attaining customer confidence, especially for launching to the developed countries for acceptance. The Company has still maintained the environment management system ISO 14001 and the product safety standards as the Oeko-Tex Standard 100 system, and has developed the quality management system ISO 9001 to version 2008 in order to certify the Company's products for more customer confidence.

The Company has jointed to the Thailand textile institute for developing the products and production processes but not impact on the environment, according to the Product Safety Standard of the European Union which will be new requirement for the products exporting to the European Union in the future.

At present, the Company has been certified the Food and Drug Administration for some elastic webbing products in order to increase many distribution channels. The Company has still aimed at developing the business capability to competition and sustainable business growth, and also protecting the Company from some impacts on the community and society. The Company has supported employees to join in many activities, has supported all employees to continuously join in 5-S Activities, has made the action plans to improve the business activities for more efficiency, including the productive energy conservation by joining on the Energy Conservation Project with Department of Industrial Promotion and Thailand Environment Institutes, and has emphasized on the customer relationship for more satisfaction on products and services.

In 2010, the Company had its total revenues of Bath 910 million or decreased by 6.38% comparing with the last year, as the export sale was totally Baht 525 million decreased by 16% and the local sale was totally Baht 338 million increased by 8.68%. The Company had its net profit of Baht 43.04 million decreased by Baht 62.41 million from the last year, or Baht 5.74 per share.

In 2011, despite the volatility of environmental factors in different business, that will affect the competitiveness of the Company. This mean the Company has to negotiate on prices with customers more. This is the year of price war. But the Company remains confident we can resolve problems and other obstacles to the process to get the job done well.

On behalf of the Board of Directors, we would like to thank those who participate in the success of the company including shareholders and partners to continuously support the Company's business, significant thank to the Company's customers who have confidence in the Company's products and services continuously and also thanks to executives and employees who have empathy, the ability to function fully as the Company's business growth.



(Miss Sriwarin Jirapakkana)

Chairman

Union Pioneer Public Company Limited

Nature of the Company's business operation is the manufacturing industry on the rubber thread and rubber tape, elastic braiding, and elastic webbing under the brand name, VENUS, which has been well-known and acceptable on quality to consumers both domestically and internationally for more than 37 years. The Company's products are mostly used in the garment industry and other works as the customers' business types. The Company realizes the significant on the customer especially on the safety and the hygiene, therefore the Company has continuously developed the products to ensure the consumers that the Company's products have the safety for using.

The Company's products have passed the testing of the Textile Testing Institution in Switzerland for certifying yearly on quality of Oeko-Tex Standard 100, as the textile products which are safe for consumers. At present, the Company has been certified the Food and Drug Administration for some parts of elastic webbing products.

In 2010, the Company joined the exhibitors and seminars "The sustainable development of Thai textiles, with discussion of the project EU Flower. The Company is one of three companies from seven companies to be certified from the Danish EU Flower.

The Company's product can be classified as follows:

- Rubber Thread and Rubber Tape are used to be the elastic components of the Rim of baby and adult diaper's legs and waist, the Rim of pants' legs for gentlemen, the Swimming suits, the Rim of shower cap and swimming cap and so on. These are also used as the materials for producing on the elastic braid, elastic webbing and covered yarn.
- Elastic Braid are used with the Clothes for children, the Rim of pajamas' waist for both children and adults, the Rim of pants' waist and legs for both gentlemen and ladies and others as the customers' needs.
- Elastic Webbing and Covered Yarn are used to be the components of the Underwear for gentlemen and ladies, the General clothes for children and adult, back support, and etc.

The Company has single product line that is the category of rubber thread, rubber tape, elastic braiding, and elastic webbing, which the main material is the natural rubber block. Most raw materials are purchased from domestic.

Type of Product or Service

The Company operates in the elastic manufacturing industry. The Company's products have been certified OEKO-TEX STANDARD100 every year. The Company has been certified Environmental Management System ISO14001 Version 2004 and ISO 9001 standards development to Version 2008. The Elastic Webbing products are certified medical standards of Food and Drug Administration (FDA).

The Company's products include 3 main categories as following:

1. Rubber Thread and Rubber Tape
2. Elastic Braid
3. Elastic Webbing

Market and Competition Situation

In the past year, the Company has increased sales in the domestic market, although the competition was increased over the previous year. For the international market, the competition is stronger than the domestic market.

Competition Strategy

The Company pays attention to the threats that might arise from the global economy still uncertain. Therefore planning to adjust and accommodate different situations that may arise by focusing on research and development of new products to market. Along with seeking new markets by depending on quality and standard features, increasing efficiency in various fields, and combing with rational price that is a key factor in driving. And preparing the customer relation management which focused on the needs of customers to customer satisfaction and confidence in the quality of goods and services as well as business-friendly environment.

Customers' Characteristics

Most of the Company's customers were manufacturers and distributors in both domestic and international market.

Target Markets

The targets markets of the Company was the ones who concern on worthiness, quality, and safety of product which could be classified into 3 groups as followings;

1. Diaper Manufacturers
2. Apparel Manufacturers
3. Distributors both wholesalers and retailers

Distribution Channel

The Company contacts directly with the customers. With the strong relationship with the customers, the Company was also able to get the new customer through word of mouth of the existing customers which was one of the most effective ways to expand the market.

Trend of Industry and Future Competition

From the economic stimulus package of various countries around the globe in 2010, the last global economy is recovering from the economic crisis in 2009 and resulted in manufacturing garments is growing from year 2009 and has the continuous trend to year 2011.

The world economy has recovered, but it has the flooding in major rubber growing areas of Thailand affecting the price of rubber increased rapidly and continuously in the year 2010. Allowing entrepreneurs to use products made from rubber, some are switching to find the substitute products that impact to competition with directly competing products, also compete with substitute products in the future. The likely future competition is more intense.

The Company therefore needs to be developed in terms of using resources to maximize efficiency. Product Development to keep costs competition including the quality of products to meet the requirements of international standards as well as customers-defined standards. There is also need to care about the environmental impact more.

The Company remains committed to improve the business competitiveness and sustainable growth combined with attention to prevent negative impact on society.

The company has the risk management committee in a systematic way that taking into account the risk factors that affects the organization, as well as controls the risk management in an acceptable level by continued monitoring of risk factors within the company, and reports the progress to the Board of Directors every quarter, wherewith having consultation with the audit committee to provide management with more effective. The important risk factor that may affect the operations of the company is

1. Risk in business operation

The company's business operation is the manufacturing industry on the rubber thread and rubber tape, elastic braiding, and elastic webbing following the customer orders. There are currently major customers both domestic and abroad, but according to fluctuations in the global economy today including competition with other manufacturers both domestic and abroad such as China, Indonesia, India and Vietnam, etc. that have the opportunity to make the customers to change orders turn to competitors who have low cost and wage, or turn to alternative materials such as change from natural rubber to Spandex therefore the company must have the preventive measure to keep old and new customers as following;

- Developing product quality to meet customer needs
- Improving production efficiency to reduce costs by providing new machine or technology to replace old machine for maintain competitiveness in the quality of products and services.
- Retaining good relationships with customers by making satisfaction to customers with good service.
- Finding new sources of raw materials to reduce cost of production, but still maintaining the quality meets the standard as customer needs.

The company has management standards to be consistent with the trend and needs of current business world such as ISO 9001, ISO 14001 and Oeko-Tex Standard 100 standards, as well as customer-defined standards. This standard will allow the production and management to be efficient, and it can compete with external markets and commercial competitors.

2. Risk in rubber price fluctuation

During the past year, rubber price has risen continuously which directly impacts the cost of production of the company because it is the main raw material which represents more than 80 percent of the cost of elastic production, therefore the risk management policy will be in sales and stored stock, herewith information are tracked closely, continues to operate without negligence, and do not purchase raw materials by agreed price before shipping. It also does not offer price to the customer until knows the cost, and sufficiency of raw materials quantity for ensuring in the cost of goods.

3. Risk in exchange rate

The company has the orders and export that denominated in foreign currency which is U.S. dollar. The company may be at risk from exchange rate fluctuation that has negative impact on the income of the company. The changing value of the baht is uncontrollable. The company has the supported measures by setting a team to tracks the movements of exchange rate regularly and continuously including analyzing the impact at the significant level, reporting and consulting with senior management for making timely decisions, and managing risk by hedging contracts in the exchange rate with banks, such as a Forward Contract. For the procurement of raw materials, the company will buy from a vendor in domestic.

Structure of Shareholding and Management

Shareholders: The Company has registered and paid-up capital for Baht 75 million, at 7,500,000 ordinary shares @ Baht 10.00 per share.

Numbers of the shareholders at the date of closed registered book on April 1, 2010

- Thai nationality shareholders were totally 7,263,160 shares as 96.84%
- Foreign nationality shareholders (alien) were totally 236,840 shares as 3.16%

List of the top 10 shareholders group holding highest shares at last date of closed registered book.

No.	Shareholders	Ultimate Shareholders	No. of Shares	% of Total Shares
1	1.1 Saha Union Public Company Limited 1.2 Saha Union Holding Company Limited	- Darakananda Group - Saha Union Public Company Limited	3,671,820 282,790	48.958 3.771
2	Mr. Sumate Darakananda	-	745,040	9.934
3	Kasikorn Bank Public Company Limited	-	673,500	8.980
4	Bangkok Insurance Public Company Limited	-	619,000	8.253
5	Takeuchi Press Industries Co., Ltd.	-	139,100	1.855
6	Mr. Nithipan Darakananda	-	115,000	1.533
7	Marue Nissan Co., Ltd.	-	78,000	1.040
8	Mrs. Sumporn Krairerg	-	64,450	0.859
9	Ms. Nukunthorn Darakananda	-	53,100	0.708
10	Mr. Peera Arunothai	-	44,500	0.593

Dividend Policy :

The resolution of the Board of Directors meeting No.10/2010 on October 13, 2010: To alter the Company's dividend payment policy from "to pay dividend to the shareholders as appropriate investment rate, depend on the operating result of the Company" to "depending on the performance of the Company, at a rate not less than 1/3 of the annual net profit, after accumulated loss (if any), from the separate financial statement of the Company"

(Unit: Baht)

Dividend	Approved by	Dividend Paid	Dividend Paid per share
For the Year 2007	Annual General Meeting of Shareholders on April 23, 2008	16,875,000	2.25
For the Year 2008	Annual General Meeting of Shareholders on April 22, 2009	18,750,000	2.50
For the Year 2009	Annual General Meeting of Shareholders on April 21, 2010	112,500,000	15.00

Management

Management Structure consists of the Board of Directors, the Nomination and Compensation Committee, the Audit Committee, the Executive Management of the Company, and the Independent Directors

The Board of Directors, Number of Attendances, Shareholding, and Remuneration of each director are as follows.

Name and Surname	Position	Shareholding	Number of Attendances		Remuneration (Baht)	
			2010	2009	2010	2009
1. Ms. Sriwarin Jirapakkana	Chairman of The Board	NO	12/12	12/12	72,000	90,000
2. Mr. Preecha Wattanasaranont	Managing Director	NO	12/12	12/12	72,000	72,000
3. Dr. Thitivat Suebsaeng	Director	NO	10/12	12/12	72,000	72,000
4. Mr. Sompop Amatayakul	Independent Director	NO	10/12	6/10	72,000	66,000
5. Mr. Nattapong Sukhavisidh	Independent Director	NO	10/12	10/12	72,000	72,000
6. Mrs.Sangsawang Mallikamas	Independent Director	12,000	11/12	12/12	72,000	72,000
7. Mr. Nantiya Darakananda	Director	NO	9/12	7/12	72,000	72,000
8. Mr. Vacharaphong Darakananda	Director	NO	12/12	12/12	72,000	72,000
9. Mr. Yanyong Tungjitkul	Independent Director	5,320	11/12	9/9	72,000	54,000
			Total		648,000	642,000

In the year 2010, the Board of Directors has an annual self-assessment once a year on a regular basis. Assessment results are aggregated by the Company Secretary who has been reported to the Board of Directors for acknowledgement and consideration on further improvements.

The Scope of Authorities and Duties of the Board of Directors

1. Appointing and withdrawing the staff of the Company. The board can assign such authority to any director/directors for deputizing.

2. Determining on gratuity payment to the staffs or employees of the Company, or any persons who work whether routine or not, in the Company.

3. Determining on interim dividend to shareholders.

4. Observing the laws, objectives, requirements, and resolutions of the shareholders' meetings.

For operating under the authority, the board may assign to any director/directors or any persons for deputizing.

Board of Directors must be at least 5 board members, with no less than half of all numbers residing in the kingdom. No less than three-quarters of the members must be Thai citizens.

At each annual meeting of the ordinary shareholders, one-third of the total number of board members will be at the end of their terms. If the number of board members cannot be exactly divided into one-third, the closest number to one-third will suffice.

Within the first and second year of the Company's registration, members of the board drew lots to decide who had to leave the board. Since then, the board members who are on the board longest have vacated their seats. The board members who leave at the end of their term can be nominated to sit on the board again.

Besides leaving the board at the end of the term, a board member may quit his or her board duties when:

1. He/she dies.

2. He/she resigns from the board.

3. He/she is disqualified.

4. The shareholders at the shareholders' meeting can vote any members out by vote from no less than three-quarters of the members at any particular meeting, who, with their combined holdings own no less than half of the total shares of all the voting shareholders at the meeting.

5. He/she is ordered out by the court of law.

Authorized Directors who are authorized to sign on behalf of the Company are "the mutual signatures of two directors with the Company's seal, except Mrs. Sangsawang Mallikamas, Mr. Yanyong Tungjitkul, Mr. Nattapong Sukhavisidh and Mr. Sompop Amatayakul who are the Audit Committeemen and/or independent directors"

Company Secretary: Mr. Amarin Pataranavig has the duty as the Securities and Exchange Act (No.4) B.E.2551.

Criteria and Method of the Nomination on the Board of Directors:

The Company passed the resolution to appoint the Nomination and Compensation Committee for 2 years term from May 20, 2009 to May 19, 2011.

Names list of the Nomination and Compensation Committee are as following;

Name and Surname	Position	Number of Attendances		Remuneration (Baht)	
		2010	2009	2010	2009
1. Mr. Sompop Amatayakul	Chairman of Nomination and Remuneration Committee	1/1	1/1	6,000	6,000
2. Mrs. Sangsawang Mallikamas	Nomination and Remuneration Committeeman	1/1	1/1	6,000	6,000
3. Ms. Sriwarin Jirapakkana	Nomination and Remuneration Committeeman	1/1	1/1	6,000	6,000

The Scope of Authorities and Duties of the Nomination Director and Remuneration Committee are as follow;

1. To select the appropriate persons to be the new directors, by presenting to the board meeting for consideration.
2. To determine on the way for nominating the board of directors.
3. To consider on the way for remunerating the board of directors.
4. To determine on the remuneration to the board of directors.

The management of the Company does not have any prohibitive characteristic as the notice of the Office of the Securities and Exchange Commission at KJ.5/2548, under requirement on the management of the stock issued company.

On February 16, 2010, Nomination and Remuneration Committee has a meeting to nominate the right person nominated as the director for replacing the one who retire by rotation and to consider the remuneration offered to shareholders for approval.

Criteria and Process for Nomination Director

The candidates for director nominees should have the qualifications with no any prohibitive characteristic as following;

- (1) Having the qualifications with no any prohibitive characteristic according to the Public Company Act, Securities and Exchange Act and the Good Corporate Governance of the Company.
- (2) Being of knowledgeable, capable, independent, dedicated with suitable age and ability to perform director's duties with care and loyalty. Reputable businesspersons of integrity and superb professional references may also qualify as nominees
- (3) Having at least one skill of industry knowledge, accounting& finance, strategic management, corporate governance and legal.
- (4) The Nomination Director and Remuneration Committee would consider the candidates for director nominees and proposed to the Board of Director to approval before proposed to the shareholders.

Independent Director of the Company complying with the requirement of SEC on the topic "Component and Performance of the Independent Directors" for having at least one-third of the Board of Directors, the Independent Directors of the Company are as following;

1. Mr. Sompop Amatayakul
2. Mrs. Sangsawang Mallikamas
3. Mr. Nattapong Sukhavisidh
4. Mr. Yanyong Tungjitkul

Criteria for the Selection of the Independent Directors

The Company's Board of Directors selectively extends on invitation to persons of recognized capability, experience, vision, and with a good understanding of the nature of the company's business. The Board deems such appointments as a favorable contribution to the company's progress and development. Such persons must also be willing to devote their time adequately to the business of the Company, and they must ensure they meet all regulations and requirements of the state agencies concerning the appointment of an independent director of a business entity.

The Independent Directors Definition as the requirement of SEC.

(A) Holding shares not over one percent of the total shares with voting right of the applicant for license, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant for license, however, it includes shareholding by related persons of the independent director also.

(B) Not being or has been a director with management participation on employees, consultant with regular salary or authorized person of the applicant for license, holding company, subsidiary, affiliation, subsidiary in same level, major shareholder or of authorized person of the applicant for license, except relieved from aforesaid characteristic at not less than two years before submitting permission to the Office. However, the prohibited characteristics do not include that of civil service or consultant of government body holding major shareholding or authorized person of the applicant for license.

(C) Not being person of whole blood or registration as stated in the law, in the manner of being father or mother, spouse, brotherhood and offspring including spouse of the offspring of the management, major shareholder, authorized person or person designated to be management or authorized person of the applicant for license or subsidiary.

(D) Not have or has been in business relation with the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant for license, in the manner that may obstruct the independent exercise of discretion including in not being or has been a significant shareholder or authorized person of the person with business relation with the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant, except relieved from aforesaid characteristics at not less than two years before the date of submission for permission from the Office.

The business relation in paragraph one includes trade transactions in normal business, rent or lease on items related to asset or service or in giving or receiving financial assistance through acceptance or lending, guarantee, granting asset as debt security including similar behavior resulting in the applicant or contract party with debt burden to be settled with another party from 3% of net tangible asset of the applicant or from twenty million baht up, as which amount is lower. However, the debt burden calculation shall be in value calculation on related items as announced by the Securities Exchange Commission on Rules of Related Items, by mutatis mutandis. But the consideration of such debt burden shall include debt burdens incurred at one previous year before the date of business relation with the same person.

(E) Not being or has been auditor of the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant and shall not be significant shareholder, authorized person or partner of auditing office with the auditor of the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant in attachment, except relieved from such characteristic at not less than two years before the date of submission for permission from the Office.

(F) Not being or has been any professional provider which includes legal consulting or financial consulting with service fee over two million baht a year from the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant, and not being a significant shareholder, authorized person or partner of the professional provider, except relieved from such characteristic at not less than two years before the date of submission for permission from the Office.

(G) Not being a director appointed to be agent of the director of the applicant, major shareholder or shareholder with relation with the major shareholder.

(H) Not operating similar or significant competitive business to the business of the applicant or subsidiary or not being significant partner in the partnership or directorship with management participation on employees, consultant with regular salary or holding shares over one percent of the total shares with voting right in other company, operating business similar or competing with business of the applicant or subsidiary.

(I) Not having other characteristics that will hinder free independent opinion in relation with the operation of the applicant.

After the appointment to be independent director with the characteristics as stated in paragraph one (A) to (I), the independent director may be assigned from the committee to make decision on the business operation of the applicant, holding company, subsidiary, affiliation, subsidiary of same level, major shareholder or authorized person of the applicant under the method of collective decision).

¹ Related Persons : Person in Section 258 of the Securities and Stock Exchange Act.

² Director with management participation: A director holding management position with the responsibility in any implementation as management and it includes authorized director who can sign in binding company except it is expressly shown to be signing at the approval of the committee and in joint signing with other directors.

³ Subsidiary of same level: The subsidiary in same level over 2 companies under the same holding company.

Audit Committee as According to the requirement of SEC on the topic “Component and Performance of the Independent Directors” setting on November 26, 1999.

* are approved to appoint by the Board meeting resolution and having two directors who have the knowledge of Account and Finance.

* are the directors who are independent and are not the executive directors.

At the board meeting no. 5/2009 on May 20, 2009, the board of directors’ resolution to appoint the new Audit Committee, with two-year terms, from April 27, 2009 to April 26, 2011.

Mrs. Raveevarn Suktreesoon who is the Internal Audit Manager, is the Secretary of Audit Committee.

The Details of the Remuneration and the Number of Attendances are as following:

Name and Surname	Position	Number of Attendances		Remuneration (Baht)	
		2010	2009	2010	2009
1. Mrs. Sangsawang Mallikamas	Chairman of Audit Committee	4/4	7/7	128,000	108,000
2. Mr. Nattapong Sukhavisidh	Audit Committeeman	4/4	7/7	120,000	108,000
3. Mr. Yanyong Tungjitkul	Audit Committeeman	3/4	5/5	120,000	90,000

The Regulation of the Audit Committee

As the resolution of the meeting no. 3/2009 on March 18, 2009, the Board of Directors agreed to approve the regulation concerning the Audit Committee, as following:

1. Composition and Qualifications

The Audit Committee comprised of three independent directors: one Audit Chairman and two Audit Committeemen. The Audit Committee shall appoint one the Consultant and one Internal Audit Manager as the Secretary to the Audit Committee.

2. Terms of the Audit Committee

Audit Committee shall hold office for a term of two years. Upon expiration of the term of office, such Audit Committee member may be re-appointed.

In case there is any circumstance causing any audit committee member to be unable to hold the remained term in addition to the terminated term, the Board of Directors should appoint the new member who has complete qualifications to replace the vacancy for the remained term.

3. Duties and Responsibilities of the Audit Committee

- 3.1 Review the Company’s financial statement to ensure its accuracy and adequacy as the generally accepted accounting principles.
- 3.2 Ensure that the Company has an appropriate and efficiency internal control system, internal audit; and consider the independence of the internal audit as well as to appoint, rotate or dismiss Internal Audit Manager of the Company.
- 3.3 Ensure that the Company has complied to the Securities and Exchange Act, regulations of SEC / SET and any other related regulations.

- 3.4 Nominate appropriated and independent persons with remuneration for further consideration and arrange meeting with auditors without the management of the Company at least once a year.
- 3.5 Review, comment and ensure that all connected transactions and any other conflict of interest transactions have been complied to laws, and regulations of SET to ensure that the transactions are reasonable with best benefit to the Company.
- 3.6 Provide the Audit Committee report for disclosure in the annual report of the Company. The mentioned report shall be signed by the Audit Chairman and consisted of the least information as following;
 - (a) Comment on the accuracy, completeness and credibility of the Company's financial report.
 - (b) Comment on the adequacy of the Company's internal control system.
 - (c) Comment on the compliance with the Securities and Exchange Act, requirements of the Stock Exchange of Thailand, or laws related to the Company's businesses.
 - (d) Comment on the suitability of the Company's auditor nominated by the Audit Committee.
 - (e) Comment on the transaction that may have conflicts of interests.
 - (f) Frequency of audit committee meetings and the attendances of each audit committee member.
 - (g) Comment or observation that the Audit Committee got from the operation as the charter or the regulation of the Audit Committee.
 - (h) Any other report which should be made to the shareholders and general investors within the scope of duties and responsibilities assigned by the Board of Directors.
- 3.7 Let and follow the management to resolve the revelation of weaknesses.
- 3.8 Follow and consider developing self-assessment programs in order to obtain feedback on the committee's significant performance.
- 3.9 Perform any other functions assigned by the company's board of directors.

4. Authority of the Audit Committee

For the operation of the audit committee would contribute in ensuring the complying with the objectives, the Audit Committee has the authority to:

4.1 Concerning with the management

The Audit Committee has the authority to invite related executive manager/supervisor or officer of the company to attend the meeting when it is necessary and appropriate.

4.2 Concerning with the internal auditor

- 4.2.1 Coordinate for the mutual understanding between the company's board of directors, the external auditor and the internal auditors.
- 4.2.2 Appoint, rotate or dismiss chief of internal auditors who takes responsibilities to internal audit and on the information system, as the management submitted.
- 4.2.3 Assure of independence of internal auditors
- 4.2.4 Control the operations of the internal audit office as the governance and control of the management or director.

4.3 Concerning with the external auditor

- 4.3.1 Review and assess the auditor's performance.
- 4.3.2 Submit the name lists of the auditors to the board of directors with remuneration for approval of the shareholders' meeting further.
- 4.3.3 Comment on the remuneration that the auditor serving and consulting to the board of directors.

4.4 Concerning with other sections

The audit committee has the authority to audit and investigate relevant persons or matters within its scope of work and authority; and to hire or obtain specialized services to assist its auditing and investigative tasks, as deemed appropriate by the Audit Committee.

This regulation is valid from March 18, 2009, instead of the regulation date on November 26, 1999.

For the Audit Committee Performance of the Year 2010, the Company attached the Report of the Audit Committee of the Year 2010 on page 78

The Executive has totally 8 persons as follows;

<u>Name and Surname</u>	<u>Position</u>
1. Mr. Preecha Wattanasaranont	Managing Director
2. Mr. Sumate Sarerojana	Factory Manager
3. Mr. Pravit Atikomchakorn	Engineering Division Manager
4. Mr. Komon Iamwatcharin	Sales and Marketing Division Manager
5. Mrs. Yupa Roongphornchai	Accounting & Cost Division Manager
6. Ms. Yuppares Pongsangiem	Finance Division Manager
7. Mr. Apirom Danpatanachaikul	Human Resources Division Manager
8. Mr. Yanyong Kunasitsiri	Quality Assurance Division Manager.

Remuneration for the Executives is in accordance with the criteria and policy set by the board that is linked to the performances of the Company and that of each executive.

Total remuneration of the Executives:	2010	2009
Salary, Bonus	11.52 Million Baht (8 persons)	10.70 Million Baht. (8 persons)
Other remuneration:	None	

The External Auditor of the Company is Mr. Supachai Phanyawattano, with certified public accountant (Thailand) no. 3930, of Ernst & Young Office Limited, has been the independent auditor of the Company since the first quarter of 2006, totally 5 years. The independent auditor of the Company is not the one of the associated company. (The Company does not have any subsidiaries.)

Audit Fee for the External Auditor

The Company paid the audit fee to Ernst & Young Office Limited,

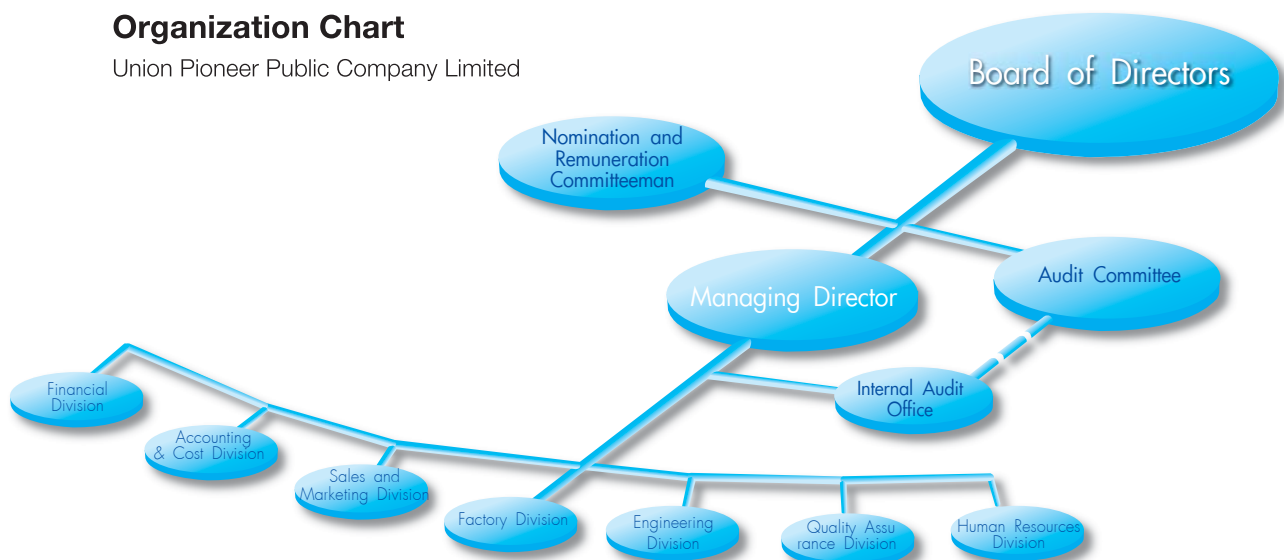
- In 2006, was totally Baht 360,000 (Baht Three hundred sixty thousand only).
- In 2007, was totally Baht 470,000 (Baht Four hundred seventy thousand only)
- In 2008, was totally Baht 600,000 (Baht Six hundred thousand only)
- In 2009, was totally Baht 650,000 (Baht Six hundred fifty thousand only)
- In 2010, was totally Baht 700,000 (Baht Seven hundred thousand only)

The Company did not pay audit fee directly to the independent auditor or any his concerned persons.

Non-audit fee: The Company does not pay any non-audit fees.

Organization Chart

Union Pioneer Public Company Limited



The Company has realized and operated the business with a sense of responsibility based on ethical principles and good governance together with paying attention to social and environmental care, leading to the development of a sustainable business. These make the society and the community to live as a mechanism that is based on the belief that business and society will be living together in a mutually beneficial support. The Company has implemented the Corporate Social Responsibility as following;

Good Corporate Governance Principles

Policy on Corporate Governance of the Company which is “Integrity, Quality, Service”, consist of five categories as following;

1. **Rights of Shareholders**
2. **Equitable Treatment of Shareholders**
3. **Disclosure and Transparency**
4. **Disclosure and Transparency**
5. **Responsibility of the Board**

Details of the principles of Five Good Corporate Governance Principles on page 67-74

● Environmental Conservation

The company joined the EU Flower Project with Thailand textile institute. This is one of the EU environmental label, certified for products or processes that do not affect the environment in 2010, the Company is one of three companies from seven companies to be certified from the Danish EU Flower.

The Company has been certified the environment management system ISO14001 : 2004, and jointed to the Bangchan Industrial Estate on the Environmental Day for encouraging on planting for better environment.

The Company reduced the impact on the environment and society: by eliminating on hazardous and non-hazardous waste types, wastewater, consumption of energy and natural resources, dust in the production process and vapors from chemical toluene. The company has the controls and treatment through external agencies that have been approved by the government operates to avoid environmental impacts as environmental management systems standards such as ISO 14001.

Project activities, by aiming at improving and developing on better environment, as follows:-

- Project on dust dispersion control at rubber section
- Project on reduction on lost water quantity from rubber washing process
- Project on lengthening the age of the batch off water usage

● The Environmental Policy

The Company implemented the ISO 14001 standard for environment management. The executives of the Company defined the environmental policy complying with the main policy and the environmental situation of the Company by realizing on:

1. Strictly observing the rules and other regulations concerning environment.
2. Defining the plan and management for prevent the environmental problems concerning pollution on noise, air, water and refuse to impact on the environment at least.
3. Perpetually and continuously practicing on the environmental system.
4. Publicizing this policy to the employees and concern persons for understanding and disclosure.

Moreover, the Company has a respects for the worth resource usage, and lost reduction on unnecessary, including realizing on the bad impact that may occur from the production process and the product extermination by efficiently planing and non-damaging on environment. The Company aims at continuously trying to upgrade the quality on environment and overseeing the safety aspect, by joining on the Energy Conservation Project with Department of Industrial Promotion (DIP) and Thailand Environment Institutes (TEI).

● Energy Policy

Union Pioneer Public Company Limited uses the energy for production industry on rubber thread & rubber tape, elastic braid, and elastic webbing, aiming at efficient reduction on energy usage and on expenses to the lowest level. For meeting the aforementioned object, the Company defines the good practice as following;-

1. The Company regards that the energy conservation is the part of the Company.
2. The Company intends to observe the rules and other regulations concerning environment.
3. The Company supports the personnel to learn by training and creating environmental appreciation in the employees at every levels for efficient energy usage and lost reduction.
4. The Company intends at continuously improving the efficiency on energy usage, and using the high technology for energy saving.
5. The Company intends the energy conservation project to meet the aforementioned object for responding on environmental management, joining on energy conservation of society, and supporting on information on energy conservation to outer organization.

Project on Energy Conservation

The Company has a working group on energy conservation and starts saving electricity by setting up the string for on-off lighting within the building in order workers for pulling the rope to easily turn on and off the light for specific areas to light use as well as turning off the computer screen during lunch period for motivating employees to be aware of energy conservation.

Project on Paper Use Reduction

The Company encourages employees to reduce paper use by campaigning to reuse paper for two sides and to reuse envelopes in many times for resending the documents among units in the Company.

● Community and Social

The Company operates business without any impact on the surrounding community by participating in various activities as well as donating money to various temples restoration in both Bangkok and other provinces.

- Donating gifts on Children's Day to the Bampennue Temple School , Bangchan Community Housing, Bangchan Industrial estate, Minburi Youghth Center.
- Merit for education to the Bampennue Temple School
- Donate computers to be used in the study to the Bampennue Temple School
- Participating in the Candle Parade at the Bampennue Temple
- Donate money to solve water problems and arrange landscape to Bangchan Industrial estate.
- Employees jointed to donate their blood to the National Blood Center, Thai Red Cross Society
- Donate consumer goods to help the flood victims with the Office of Minburi

● Company's Products Safety to the Consumers

The Company's products have passed the testing of the Textile Testing Institution in Switzerland for certifying yearly on quality of Oeko-Tex Standard 100, as the textile products which are safe for consumers. At present, the Company has been certified the Food and Drug Administration for some elastic webbing products.

The Company developed ISO 9001 to version 2008 for controlling every processes relating with the products of the products in order to satisfy the customers and create their confidence and also protect the Company from any impacts to the community and society.

5 Principles of good Corporate Governance

Good Corporate Governance Principles consisting of five categories as following;

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Disclosure and Transparency
4. Disclosure and Transparency
5. Responsibility of the Board

Policy on Corporate Governance

The Company has the Policy on Corporate Governance which is “Integrity, Quality, Service” , by issuing the strategic policy for governing the organization to the appropriate management system, recognizing the benefits of the stakeholders with fairness, and having quality on the internal control system, risk management system and operation processes by improving the personnel for more efficiency, under the actual and adequate information.

For maintaining the Company’s stability and appropriate making the benefits of all stakeholders including shareholders, the board of directors and the top management have set the activity plan and operation system, followed-up, and improved the policy to suit for the timely changing situation under the Values as follows;

- 1.1 Integrity
- 1.2 Team Work
- 1.3 Responsibility
- 1.4 Conscience on Ownership

Category No.1: Rights of Shareholders

The Company’s shareholders have fairly basic rights such as

1. Rights on receiving a stock certificate, purchasing, selling, and transferring stock.
2. Rights on obtaining appropriate information in time, participating and voting in the shareholders’ meetings, by seeing the information concerning the shareholders’ meeting both in Thai & English at the Company’s web site www.unionpioneer.co.th or through the news system of the Stock Exchange of Thailand.
3. Rights on electing or removing a member of the Board. The election on the Company’s directors is performed by the meeting of the shareholders, according to the rules and methods as following;
 - (3.1) One shareholder has one vote per one share.
 - (3.2) The election on directors may be done by voting to elect the director individually or to elect the directors for one group, until the number of directors completing as required, with the respect to the resolution of the shareholders’ meeting. For each resolution, the shareholders have to vote with their rights mentioned on the rule no.1, and not be able to divide the right to any other shareholder(s) or group.
 - (3.3) The voting for election on directors is regard to the side which has more votes than the other one. If the numbers of votes of two sides are equal, the chairman of the meeting will be the arbiter.
4. Right on approving of appointing the external auditors, and right on having the profit sharing. The Board has a policy to facilitate the shareholders in the shareholders’ meeting by sending the information that is complete, clear and in time. The Board encourages the shareholders to participate and vote in the shareholders ‘meeting or to transfer their voting rights to anybody or any independent director to vote in the meeting instead. The Board also gives an opportunity to the shareholders to express their opinion, request any explanation and asking the questions extremely.
5. Right to receive the information and to submit the subject in advance before the shareholders’ meeting

Before the shareholders’ meeting, the Company gives a chance for the shareholders to submit the subject to the Board to consider whether the Board will accept to include it to the agenda of the meeting. In the annual general meeting of shareholders no. 17, the shareholders of the Company can submit any agenda subjects in advance from December 28, 2009 to January 31, 2010.

*From December 23, 2009, the shareholders could see the details at Submission of the Agenda to be fixed in the Shareholder’s Meeting in both Thai and English, at the Company’s we site www.unionpioneer.co.th, informing the information through the news system of Stock Exchange of Thailand, or writing the letter to the Directors and the Secretary of the Company, as the following detail;

- Criteria on submission of the agenda to be fixed in the shareholders' meeting, by identifying the information concerning as:

1. Qualification of the shareholders
2. Submission of the agenda to be fixed in the shareholders' meeting
3. Sending the documents
4. Steps on the considerations

- Proposal Form of the Agenda in the 16th Annual General Shareholders' Meeting (Form A)

*Moreover, the Company informs the meeting procedure for the 17th Annual General Shareholders' Meeting with the documents, in both Thai and English to the shareholders on March 21, 2010, at the Company's web site www.unionpioneer.co.th. The shareholders would receive the information in advance 30 days before the general shareholders' meeting.

The Company would send the documents to the shareholders to consider before meeting, consisting of ;

- The notice to call the Shareholders' Meeting, by identifying with the information of each agenda
- Minutes of the Annual General Meeting of the Shareholders No. 16, Annual report 2009
- PROXY Form (Form B) that the shareholders could authorize the Independent Director to be the Proxy to attend and vote.
- Resumes of the persons be presented to be elected as the directors, and the name list of the directors
- Definition of the Independent Directors of the persons who are appointed as the Independent Directors
- Resumes of the Independent Directors with be appointed as the Proxy by the shareholders
- Criteria for the nominating the Directors
- Documents and evidence submitted for attending the meeting
- Regulation concerning the shareholders' meeting
- Map of the meeting place

Category No.2: Equitable Treatment of Shareholders

*The Company gives a chance for the the minor shareholders to submit the name of persons be presented as the director, through the Company web site, www.unionpioneer.co.th

*From the previous shareholders' meeting, the Company realized on the equitable treatment of shareholders, by no adding any agenda more except the agenda of the meeting as the notice to call the Shareholders' Meeting.

*The minor shareholders could use their right to vote by authorizing any person or the independent director to be the Proxy in advance for attending, as the topic no.5 "Right to receive the information and to submit the subject in advance before the shareholders' meeting"

*The Company sent out the notice to call the shareholder meeting and relevant documents to its agendas such as the annual report, financial statements, (regulations and the evidences used for attending the meeting), to the shareholders in advance since April 1 2010. The shareholders then can have sufficient time to study the information in both Thai and English prior to the date of the meeting and can seeing the above mentioned through the Company's web site www.unionpioneer.co.th.

*The Company has the criteria on usage of Internal information. The board resolved that the board and the management members had to avoid to buy or sell the Company's stock during 14 days before disclosing the quarterly or any interim financial reports and also within 24 hours after already disclosed, with the schedule time informed by secretary of the board to the board members. The additional information can be found on the topic "Protection on Internal Information Usage"

The Annual General Meeting of the Shareholders (AGM) No.17 /2010 on April 21, 2010

The Company will convene the meeting on the official date of the commercial bank, at the time period 1.30 p.m. – 2.25 p.m., at the meeting room (in Bangkok) of Saha-Union Public Company Limited that located in the area that are convenient for the shareholders to journey for attending.

On the date of the annual general shareholders' meeting, The Company afforded the facilities for the shareholders by;

- assigning the staff for facilitate on the shareholders' registration and attendance in the meeting for at least 1 hour before the start of the meeting and after the meeting
- the venue of the meeting shall be easily accessed by shareholders and the meeting shall be convened at the time convenient for the shareholders to attend.
- Snacks and refreshments always available, and souvenirs are given to all participants in the annual meeting.
- preparing the stamp for affording facilities to the proxy attending on the meeting date.

The board members attending the annual general shareholders' meeting were 7 persons from totally 9 persons, together with the attendance by the accounting and costing division manager, and the representative of the external auditors, Mr. Supachai Phanyawattano, from Ernst & Young Office Limited.

Chairman opened the shareholders' meeting and informed the meeting that the voting count would be one share equal to one vote. In voting on each agenda, if a shareholder who is in the Meeting or who is proxy with the right casting vote on behalf agrees, disagrees or wants to abstain, please write in the poll from given on registration. For the proxy who voted in your proxy instrument, the company had already count your vote and would count together with the counting vote from this meeting. The Company will report on the counting result at the ending of the meeting. For rapidly counting, in case of disagreed or abstained vote, please write in the poll from given and waits the official to collect it, and the rest vote will be as the agreed vote. Moreover, for transparency in counting, we requested any shareholder volunteer to witness the counting for one person and found that Mr. Adileak Piphatpattama, the shareholder, acted as a witness for counting the votes in this meeting.

Before starting the meeting at each agenda, the Chairman gave an opportunity for the shareholders to submit any appropriate topics to be as the additional agendas in the Annual General Meeting of the Shareholders, but there are no any shareholders to submit any topics.

Chairman introduced the board of directors and the external auditor of the Company to the meeting.

When the number of attendants is complete, the Chairman opens the meeting before moving to each agendas.

At each agenda the Company give an opportunity for shareholders to ask questions and express opinions. The involved directors answer shareholders' questions. There is no limit the rights of any shareholders. Shareholders of the Company have rights under the shareholders' meeting to submit the comments and inquiries. Committee answers inquiries and acknowledge opinions for further consideration. The Company has never limited or violated the rights of shareholders in any way All shareholders are able to vote equally.

The significant agendas of the shareholders' meeting as following;

- Reporting on Operating Results: The Company has provided details about the performance of the Company concerning profit, revenue, expenses and summary operating results. The Meeting unanimously approved the Balance Sheet and Profit and Loss Accounts for the year ending December 31, 2009 For : 5,402,663 vote, Against : 0 vote, Abstain : 0 vote.

- Appointment of Director reviewed by the Company's Nominating Committee. The detailed information was attached to the invitation letter. *The Meeting unanimously approved the appointment of all directors with the following authority; "the mutual signatures of two directors with the Company's seal, except Mrs. Sangsawang Mallikamas, Mr. Yanyong Tungjitkul, and Mr. Nattapong Sukhavisidh and Mr. Sompop Amatayakul who are the Audit Committeemen and/or independent directors" . For : 5,420,663 vote, Against : 0 vote, Abstain : 0 vote.

- Appointment of Auditors reviewed by the Audit Committee of the Company. The details of the auditors's names, the auditor office, no relationship and / interest with the company / management / major shareholders or related persons to such persons and remuneration of the auditor of the company. * The meeting unanimously approved the appointment of Mr. Supachai Phanyawattano, a certified public accountant no. 3930, and/or Mr. Termphong Opanaphan, a certified public accountant no. 4501, or Miss Thipawan Nananuwar, a certified public accountant no.3459, to be Auditor of the Company for the year 2010 and the fixing of the remuneration at Baht 700,000 per annum For : 5,420,663 vote, Against : 0 vote, Abstain : 0 vote.

- Allocation of Profit: The company has provided details about the allocation of profits and dividends as dividend policies of the Company and the closing date for defined the right to receive dividends *The Meeting unanimously approved the appropriation of net profit for the year 2009 to be the dividend payment to shareholders at Baht 15 (Fifteen

Baht) per share, amounting to Baht 112,500,000 (One hundred twelve million and five hundred thousand Baht). The dividend will be paid to the shareholders whose names appeared in the registration book on April 1, 2010. For : 5,420,663 vote, Against : 0 vote, Abstain : 0 vote.

- Remuneration of Directors: The company has provided details about the amount of remuneration offered which was considered by the Nomination and Remuneration Committee for voting. * The meeting agreed unanimously to approve the directors' remuneration in the amount not exceeding Baht 1,200,000.00. The Board was assigned to allocate the suitable amount of remuneration payment For : 5,420,663 vote, Against : 0 vote, Abstain : 0 vote.

After the shareholders' meeting, the Secretary of the Board had recorded the annual minutes of the shareholders' meeting with the completely significant materials such as;

- * the questions of the shareholders and its answer of each agenda
- * the resolution of the meeting, and the number of the votes from the resolution in each agenda
- * the records of the meeting situation as the form of the video conference, kept at the Secretary of the Company.
- * informed the resolution of the meeting through the news system of the Stock Exchange of Thailand (SET)

on April 22, 2010, has the channels to inform the minutes of the meeting in both Thai and English through the Company's web site www.unionpioneer.co.th , and sent the minutes of the meeting the SET on May 30, 2010, within 14 working days after the date of the meeting. The Company has kept the mentioned minutes well, which can be checked and referred all the time.

Category No.3: Roles of Stakeholders

Rights of Stakeholders

The Company emphasizes on the rights of every groups of stakeholders especially for customers, employees and the management of the Company because the Company recognizes on the support from customers, employees and the management that promotes the competitive capabilities and makes profit to the Company in long term. The Company has the quality policy as following;

Satisfying Customers' need means the Company recognizes that the customer is the main factor of business. Subsequently, the Company realizes the customer satisfaction as the main point, and develops every activities of the Company to attain the customer satisfaction.

Developing Products' Quality mean the Company is the manufacturer of elastic production that emphasize on continuously quality development of the products by making the analysis, improving the production factors and promoting the research and development on many activities for getting the quality products which are in standard, have safety to the users and are acceptable to the markets.

Improving Staffs' Efficiency mean the Company recognizes that every personnel have the equal importance, then the Company recruits and improves the personnel by continuously training, for complying with modern innovation, to achieve the objective on quality development of the product.

Customers : the Company realizes the important of the customers to the success of the Company, the Company defines the policy on satisfying the customers' needs, by proceeding of every ways to create the most confidence and satisfaction at every levels of the customers, as defined in first topic of the policy of the Company.

Creditors : the Company practices according to the condition of the trading agreement, creates the mutual good relationship, including shares the knowledge, participates on developing product and service for adding the value to the product and service and for mutual benefits.

Shareholders : the Company aims at the development of the Company to prosper, steady, return the reasonable reward to shareholders, protect the gain, take care the assets of the Company, perpetually report the actual, correct and complete operating results, disclose the complete information, and perpetually pay dividends.

Employees : employees is the valued resources and core to succeed for the Company. The Company treat them by supporting, training, improving their knowledge and capabilities. The Company realized on the important of health and hygiene for working which is the important factor to the efficiency on working of the employees, therefore the Company emphasizes on protecting and controlling the loss on the safety and hygiene that may impact to the employees by setting the Five- S committee, giving the chance to the employees to join in developing the quality of life, working in their own areas by setting the committee on safety, hygiene and environment for working to control any activities that will effect to the

employees, including implementing the concerned laws and regulations for ensuring that the stakeholders' rights are treated with care.

The Company has joined project on business area monitoring to reduce workplace injury for the year 2010 during January 1 to June 30, 2010 with the Department of Labour Protection and Welfare, to reduce the threat of injury from working to not less than 2 percent from the year 2010. For achieving the goals, the Company requests for cooperation from all employees aware of the dangers of working.

Department of Labor Protection and Welfare presented the flag shown the reduction of workplace injury for the year 2010 to the Company on August 27, 2010

One of the company's quality policy is Improving Staffs' Efficiency. The company realizes that all staff are treated equally. Therefore, the Company has the recruitment and staff development by continuously training to comply with modern knowledge, on order to achieve the quality of products.

Policy on the Management of Human Resources.

Company realized employees are important resource and valuable, leading to the success progress and growth with stability and sustainability. Therefore, it is necessary for selection of qualified people to be appropriated with different career, human resource development in terms of management, academic and cultural work as well as creating good working conditions and safety. This is particularly important by the guidelines is as follows.

Human Resource Management must comply with and support the strategic and business goals of the Company.

1. The Company has focused on recruitment with basis to staffing plan for both the quantity and quality.
2. The Company realizes on an importance of development and advancement on employees with regarding to human resource development are activities done between the Company with employees, which is appropriately determined by various jobs.
3. The Company has been promoting and raising awareness of savings plan at retirement by setting the credit union and setting up a provident fund for such purposes.
4. The Company has various employee welfare as necessary to help their employees.
5. The Company will encourage employees to have the quality of working life and safety and good health.

Health Check Project: The Company recognizes the importance of maintaining the health of their employees by providing health check service for the employees on an annual basis.

Project on 2009 Flu Spread Prevention: The Company has a policy on measures to prevent and deal with the outbreak of 2009 flu. The Company has provided alcohol gel hand washing to employees to prevent such flu and instruct the patient to wear the mask every time to prevent infection as well.

Project on Education Development and Training: The Company promotes on the personnel development valuable to society and the environment, with the aim to let the employees for having knowledge, ability and integrity to create a sustainable business and to deal with future competition by providing training courses to improve the potential learning and performance for all employees. The Company has training courses both in-house and outside the Company continuously including fire escape training at least once a year

The Company defines the policy on the safety, hygiene and environment for working as following

1. The Company supports the committee on safety, hygiene and environment for working, for proceeding to the safety plan and project.
2. The safety is the duty of every employees at every levels to join for safety to themselves, others, and assets of the Company.
3. Management on the safety, hygiene and environment is the part of the management of the Company by taking the outputs of actions to continual develop and comply with the rules of official.
4. Resources on personnel, time, budget, training have been prepared appropriately.

5. Safety is the part of working, and every immediate superiors have to take care on the safety of subordinates' working according to the rules of the safety.

6. Every employees have to pool efforts in the safety and hygiene project of the Company, and to join to submit their opinions on improving their working areas and the safety working methods.

7. Reviewing, following up and assessment in the implementation according to a policy on safety, hygiene and environment for working with the appropriately specific period time, for knowing the progress and assuring that it can operate appropriately and efficiently.

Community and Society : the Company has the policy to do business that benefits to the economic, society and community, with respect to the responsibilities to the public, being the good organization, and being able to be the idol for ethic business aspect, public health aspect, safety aspect, environment aspect including the working process of the Company, and product & service life cycles. The detail of the Corporate Social Responsibility (CSR) is on page 65-66

Category No.4: Disclosure and Transparency

The board of directors prepared all important information relevant to the Company, both financial and non-financial, is disclosed correctly, accurately, on a timely basis and transparently through many channels whether the annual report, annual statement (Form 56-1), or Information Channels of the Stock Exchange of Thailand (SET) and the Security and Exchange Commission (SEC), including the Company's web site is also up-to-date. The Company's disclosing information are for example as below topics:

- Structure of Shareholding and Management, the detail on page 58
- Disclosure on Explanation and Analysis on Financial Situation and Operating Results, the detail on page 77
- Risk Factors, the detail on page 57
- Resumes of the Board of Directors and the Executives, the detail on page 80-81
- Remuneration for the Board of Directors and the Executives comparing for 2 years, the detail on page 59, 60,62,64
- The number of each director attending the meeting, the detail on page 59,60,62
- Inter-transaction, the detail on page 76
- Disclosure on information in both Thai and English through the Company's web site www.unionpioneer.co.th.
- The Company recognizes on the importance of the information and communication system since every determination on any subjects is based on the adequate and accurate information. There are disclosures on the significant information accurately, transparently and in time. For the investor relations, the investors, analysts and concerned persons can contact to Mrs. Yupa Roongphornchai at tel. no. (662) 517-0105 up to 8 ext. no. 117 and fax. no. (662) 517-0345, for knowing information and others activities. The Company is pleased to pay attention to the opinion and recommends, and to give the information to the analyst and to both minor investors and institutes, including they could find the information of the Company at <http://www.set.or.th>, the web-site of the Stock Exchange of Thailand, and at <http://www.unionpioneer.co.th>, the web-site of the Company.

Category No.5: Responsibility of the Board

Normally, the Company always sets the schedule for the monthly meetings at the beginning of the year so directors arrange their enrollment. The Company implemented the video conference system using during the meeting. The company's secretary is responsible for sending out invitations, agenda which is already considered by the chairman of the board, and relevant documents 7 days before each meeting. Each director is independent for giving the opinion and presenting the topic to the board meeting. Each monthly meeting includes as assessment of operational performance and normally around 1 hour is spent while executive members present the topic and the directors carefully consider any problems that have occurred. In 2010, the board of directors attended 12 meetings. The secretary to the board of directors has communicated the relevant information to directors who failed to attend the meeting.

Moreover, the Company has recorded the minutes of the meeting in writing, completely within a reasonable time and with complete essences and has kept the minutes of the meeting adopted by the board of directors, for inspection by the board of directors or the related parties at any time.

The secretary to the board of directors was able to give some advice on the relevant law and regulations

In 2010, the board of directors has already conducted a self-evaluation on its performance of work and has summarized the evaluation result for efficiency development.

Report of the Board of Directors

The Board realized on the significant of preparing the accurate and trustworthy of financial report for the shareholders to use for their decision making". Then the Company prepared the Report on Responsibilities of the Board of Directors to the Financial Report and the Information is shown together with the Report of the Independent Auditor, in this annual report, on page 79

Leadership and Vision

Board of directors controls on defining the clear and measurable objective of business operation and investment plan for being as the guideline of the personnel operation. Objective of business operation can be assessed from the real situation and possible expectation. The Company has been carefully considered about the analysis of the appropriate motivations or returns to staffs; the organization structure supporting the management to operate efficiently; defining the goal of each year in advance; the measurement in every month; reviewing the operating plan at least one time per year.

For the efficient and effective business operation, the Company has defined the goal of business operation. The board has compared whether the results of business operation of the management complying with the defined goal or not. In case the results of business operation uncomplying with the defined goal, the Company prepared the solution within the appropriate period by considering individual case. If any case can not be solved because of the environment or limitation, the board will be aware of the necessary changing on such case.

The Company has defined the Vision of the Company as "be the leading manufacturer on rubber thread, rubber tape, elastic braiding, and elastic webbing products, which have the quality and is accepted to the world market, for leading to the Mission as following;

- 5.1 Continuously making sales growth
- 5.2 Producing the product for quality and safety for consumers' health and delivering on time
- 5.3 Making strengths for product research & development
- 5.4 Developing the personnel for efficiency
- 5.5 Concentrating on internal management for highest efficiency
- 5.6 Continuously making impression and satisfaction to customers
- 5.7 Having responsibilities to shareholders, employees, suppliers, societies and environment.

Conflict of Interests

The board of directors is very careful about creating a situation of benefit contradiction, or a list of conflicts of interest between groups of companies and affiliates. The board strictly adheres to the policy of Integrity, Quality, and Service. Ordinarily, company-to-company lists of products and prices occur in normal circumstances, conditions and procedures are in accordance with normal business practices. When an out-of-the-ordinary list is made, it needs approval from the board of directors, shareholders, and/or state agencies according to regulations. Under the guidance of the principles of Integrity, Quality, and Service, the Company reveals all details of transactions between companies in the group under the guidelines of the SET.

Business Ethics

The Company established a policy, under its business ethic "integrity, quality and service" of the business operations and practices of directors and staff and their responsibilities to customers, business partners and society.

This policy has clearly placed around the Company. Moreover, defining from the top management meeting, this policy is strictly adhered to for all staff levels. The Company follows up the concerned operations and subjects to continuously comply with this policy.

The Company has the requirement concerning the ethic, the prohibition of the management and staffs to act causing the conflict on the benefit with business as written, including the sanction for violation as the rules of operation in section no. 6 i.e. the rules and the sanction.

Balance of Power for Non-Executive Directors

Board of Directors of the Company has totally 9 directors as follows;

Executive Directors	1 director
Non-executive Directors	4 directors
Independent Directors	4 directors

Aggregation or Segregation

The chairman of the Company and the Managing director are not the same person. The Chairman has no any relationship with the management to separate authorities for defining the governance policy and for managing the routine operation. The Company has defined as completely written on the scope of duty and the authority of the management at each level. The Company has absolutely segregated the duties and responsibilities among approving, recording the accounting transaction, and maintaining the assets, for checking one another.

Committees

The Company has the Nomination and Compensation Committee, the Audit Committee and the Independent Directors, detailing at Structure of Shareholding and Management on page 60-63

Controlling System and Internal Audit

The Company places great importance on its internal control system at both the management level and operation level for greater efficiency of the Company. The Company established suitable, clear and concise rules and procedures for the internal control system. It also as set up a range of operational authorities from the management level, down to the operational level.

Responsibility for the internal control is divided among staffs, inspectors and the evaluation team, enabling each group to inspect each other.

The Company also has a financial report system so the management can follow all operations. The board of directors' opinions on the internal control system are printed under the internal control section. The Company's internal control department is responsible for inspecting the Company's working systems, major operations and financial activities to ensure they comply with established precedents. The internal control department, operates under the board of the audit committee and follows the annual operational plans and missions. The department reports directly to the board of audit committee and, in some urgent cases, to the management for rapid assessment and necessary adjustments. The internal control department has the authority to make independent inspections.

Internal Control : The Adequacy and Appropriateness of the Internal Control System of the Company.

The Board of Directors assign the Audit Committee to be responsible for reviewing the appropriateness and effectiveness of the internal control system to ensure that this system is good enough to decrease the business risks, to protect the Company's assets from loss or from being used by the unauthorized persons, to ensure the Company's staff being in concerned law and regulations and the financial reports correct and confident and to protect the shareholders' benefits.

The Audit Committee reviewed the appropriateness and effectiveness of internal control system and internal audit, by considering with the internal auditors, and quarterly reported to the Board of Directors for consideration. In last year, the Audit Committee expressed their opinions and commented to the management for the significant topics. Moreover, from the meeting with the independent auditor of the year 2010, the Earnst & Young Office Limited, which expressed that the overview of the internal control system of the Company is rather good, not found any faults to have significant effects to the auditor's opinion in the financial statements.



In the Board's meeting on February 23, 2011 with the Audit Committee Attendance, the Board of Directors reviewed the effectiveness of the internal control system by considering according to the 5 elements of internal control system i.e. Organization and Environment, Risk management, Management Operation Control, Information and Communication Systems, and Monitoring System. The Board of Directors found that the Company already complied with the 5 elements of internal control system.

Protection on Internal Information Usage :

The Company's regulation is contained the discipline of the employees' conduct by forbidding the employees using any authorities for their own personal benefits as well as for the third parties, and working with integrity and honesty. If disobeying this regulation, the punishments are listed in the Company's internal systems.

Moreover the board resolved that the board and the management members had to avoid to buy or sell the Company's stock during 14 days before disclosing the quarterly or any interim financial reports and also 24 hours after already disclosed, with the schedule time informed by secretary of the board to the board members.

The Company has defined the regulation of working that covered the protection on internal information usage and the punishments, and also required the board and management members to disclose the report on their shareholding when they are appointed or whenever their shareholding are changed, as the requirement of the SET.

Inter – Transactions

Related Party Transactions

Related parties comprise enterprises and individuals that control, or are controlled by, 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 the authority in the planning and direction of the Company's operation.

(1) The previous nature of inter-transactions is normal business practice. There were no abnormal transactions or unsuitable pricing. Most of them were the purchasing and selling of the products, the debtors, the creditors

Policy on inter-transactions with the persons whom the Company may have a conflict with, the Company has the policy that was the essence and reasonableness for having that transactions which were normal trading transactions concerning the normal business whether the purchasing and selling of the products to group companies. The price and returns of the transactions were in accordance with the market price.

(2) Essence and Reasonableness of the Above Mentioned Transactions

Group's companies have the policy to establish a team to arrange raw materials for themselves in order to have more negotiating power on pricing and quantity for the best benefits to the Company.

(3) Procedures on approving the inter-transactions was in accordance with the normal business as that of outside individuals that having the normal trading approvals method in general. For following up the receipt and payment on settlement, the Company defined the due date for payment of each transaction, and controlled the business practices as defined.

(4) Policy and Trend of the Future Inter-Transaction

In case, having the inter-transaction, the Company has the fairly policy of the inter-transaction for all the concerned persons in order to the best benefit to the organization. Moreover, there is the policy for the corrective performance as the requirement of the Stock Exchange of Thailand and sufficient disclosure information in the significant materials.

During the years, the Company had significant business transactions with related parties, which have been concluded on commercial terms and based agreed upon in the ordinary course of the businesses between the Company and those companies, which is the normal business. The detail of the inter-transaction is at the note of the financial statement on page 93-94

The Company has leased the two buildings at Bangpakong, with Saha-Union Public Company Limited and has leased the land at Bangpakong, with Union Thread Industries Company Limited.

The significant summary of leasing contract on the building and land: the lessee can not sublease this building and land during the term. Upon termination, neither the Lessee nor Lessor ends these contracts; this means the term of these contracts shall be validly extent to a period of one year under the condition and agreement of the contracts.

	2010	2009	2008
Leasing amount on building *Saha-Union Public Co., Ltd.	3,300,000.00	3,300,000.00	3,300,000.00
Leasing amount on land *Union Thread Industries Co., Ltd.	300,000.00	300,000.00	300,000.00
Leasing amount on land *Thai Rubber Enterprise Co., Ltd.	30,000.00	-	-

In 2010, the Company has been leasing the land to create a warehouse for the goods from Thai Rubber Enterprise Co., Ltd. Summary of the lease contract are the lessee can not sublease this land. Rental period is 3 years. Rental rate is Baht 30,000.00 per year (Thirty thousand Baht). Upon termination, neither the Lessee nor Lessor ends these contracts; this means the term of these contracts shall be validly extent to a period of three years under the condition and agreement of the contracts.

Explanation and Analysis on Financial Situation and Operating Results

Global economy is in a period of recovery from severe recession in the past year. Recovery of the year 2010 is gradual, resulting to the operating results of the Company in 2010, had total revenues of Baht 910 million, with net profits of Baht 43.04 million, or Baht 5.74/ share, which was different with ones of 2009 which had total revenues of Baht 972 million with net profits of Baht 114.51

Profitability: The Company had the significant profitability in 2010 less than in 2009, Return on Assets (ROA) declined from 20.39% to 7.60%, Return on Equity (ROE) declined from 30.59% to 11.09%, Earning per Share declined from Baht 15.27 to Baht 5.74, Assets Turnover is similarly from 1.73 times to 1.61 times. In 2010, the Gross Profit Ratio was 9.84%, declined from 2009 which was 22.23%. The main reason was the price of natural rubber which was the main raw material of the Company, had increased continuously, leading to the average production cost of the year 2010 higher than one of the year 2009. The Company was also affected by the Thai Baht appreciation.

When considering why the turnover rate of total assets is nearly the same with the last year from 1.73 times to 1.61 times, we found that the Company had better efficiently managed the whole assets. Receivable Turnover in 2010 was from 6.13 times to 5.86 times, nearly with in 2009, resulting to Collection Period assets is nearly the same with the last year from 59 days to 61 days because the Company did not change the credit period for the customers and for the debtors may have some problems incurred in collection of receivables, the allowance for doubtful accounts is provided. Inventory Turnover was nearly the same from 3.42 times to 3.41 times and Fixed Assets Turnover decreased slightly from 7.31 times to 6.61 times. The Sale Period was nearly the same from 105 days to 106 days because the price of natural rubber in 2010 increased rapidly, the Company purchased the natural rubber as necessary and also depending on the price of natural rubber. The ROA and ROE would have the ratio changing according to the net profit amount of each year.

Risk Analysis: From analyzing on short-term risk or the liquidity of the Company for short-term loan payment, the Current Ratio and the Quick Ratio were lower slightly from the last year but it still be on the acceptable level. There was Current Ratio were 4.39 times and 3.09 times, and Quick Ratio were 2.30 times and 1.23 time, for the year 2009 and 2010 respectively. In 2009, cash flow from operating activities against current liability was good to 157%, and in 2010, the Company had cash flow from operating activities against current liability was satisfactory to 22% means that the business's cash flow from operations decreased. Because the Company had operation earnings decreased and outstanding accounts receivable and inventories increased.

Cash flows used in investing activities in 2010 risen from 2009, because this year the Company purchased some new machines for operation and constructed a storage building at Trat Province. Cash flows used in financing activities declined from 2009, because there were the amount of the paid dividends at Baht 113 million, and the bank overdrafts and short-term loan from commercial bank increased by Baht 22 million

Quality of Assets: Most debtors of the Company have not been on due yet, therefore it is no need to set the net unrealized values at Baht 4.3 million. The Company recorded the allowance for doubtful account for only debtors who were overdue. The Company would consider at each debtor whenever we believe that the said account expected to be uncollectible.

Inventory in 2010 was Baht 242 million risen from 2009 which was Baht 214 million because the natural rubber price in 2010 rose rapidly and continuously made the Company had to buy the natural rubber as necessary.

Policy on Provision for stock obsolescence defined the percentage of the provision for stock obsolescence for each product type, counting the age by commencing from the latest moving date that is over the defined product life standard. The Company believed that the stock provision was enough.

During the past year, there were no any special transactions or transactions came from the abnormal operations.

There was no significant change after the date specified in the latest financial statement that may affect the financial status and operating results of the Company.

There was no effect from the shareholding restructure of group companies to the operating results of the Company.

The Company had no guarantee for outsiders or any obligation in project investment or other similar obligations that may effect to its operation.

Trend or Changes that may effect to the financial status for the year 2010 situation

World economic situation of the year 2010 is a gradual recovery in the second half of this year, resulting to industrial production increased and the Thai economic recovery by the Thai government's economic stimulus package and low interest rates. The inflation rate is likely rising leading to the demand for consumer goods and services increase. Factors of the production cost such as raw materials and crude oil prices are likely higher. The Company remains committed to development on product and business for higher potential competition with other companies, including managing appropriate cost, increasing production efficiency and improving quality to satisfy customer needs.

The Audit Committee comprised of three independent directors namely Mrs. Sangsawang Mallikamas, Mr.Nattapong Sukhavisidh and Mr. Yanyong Tungjitkul. Under the scope duties and responsibilities assigned by the Board of Directors. It convened 4 meetings and reported the finding and recommendation to the Board of Directors on a quarterly basis. The summary of the contents are as follows:-

1. The Audit Committee reviewed the Company's quarterly and annual financial statements for the year 2010 and discussed with related management and external auditors on the accuracy and completeness of financial statements and the adequacy of information disclosures, to ensure it complied in accordance with the generally accepted accounting principles, in order to submit to the Board of Directors further.

2. The Audit Committee reviewed and concurred with annual internal audit plan of internal auditors for the year 2011, reviewed the quarterly audit findings of internal auditors and followed up the progress on rectification as recommended by the Audit Committee.

3. The Audit Committee reviewed the risk management and practice from the Company's management to ensure that these were appropriate and effective, and ensured the Company had good corporate governance and the compliance of the Company's operations in relation with applicable laws and regulations.

4. Self-assessment of the Audit Committee's performance. The Audit Committee conducted a self-assessment on the audit committee's performance according to the regulation of the audit committee. The Committee is of the opinion that most of the audit committee's performance complied with the regulation of the audit committee.

5. The Audit Committee reviewed the proposal of the Company's management related to the qualification and remuneration of external auditor for the year 2011. The Audit Committee concurred to the Board of Directors to propose the external auditors and their remuneration to the Annual Shareholders' General Meeting for approval.



(Mrs. Sangsawang Mallikamas)

Chairman of Audit Committee
Union Pioneer Public Company Limited

The Board of Directors is responsible to the Company's the financial statements and information as listed in the annual report of 2010. The aforementioned financial statements are generated in accordance with generally accepted accounting standards by implementing the appropriate accounting policies on consistency basis, with carefully consideration, including adequately disclosing the essential information in the Notes of financial statements.

The Board of Directors has maintained an appropriated and efficient internal control system to ensure that the account recordings are correct, complete, and sufficient to protect the Company's interests, to devise protection against fraud or other suspicious activities.

The Board of Directors appointed the Audit Committee who are the Independent Directors, are also Non-Executive Directors. They are responsible for the quality of the financial statements and internal control system. For the comments made by the Audit Committee on this subject are listed in the Reports of the Audit Committee in the Annual Report of 2010.

The Board of Directors agreed that the Company's financial statements of 2010 that are reviewed by the Audit Committee and the management and audited by the certified public accountant, are accordance with generally accepted accounting standards, implemented the appropriate accounting policies on consistency basis, and revealed the additional significant information as listed in the Notes of financial statements.

On behavior of the Board of the Directors
Union Pioneer Public Company Limited



(Miss Sriwarin Jirapakkana)
Chairman



(Mr. Preecha Wattanasaranont)
Managing director

The Details of the Board of Directors and the Authorized Controllers



Board of Directors

(1) Miss Sriwarin Jirapakkana

Age: 63 years

Position : Chairman

Education :

Master's degree, Management, SASIN Graduate Institute of Business Administration of Chulalongkorn University
Bachelor's degree, Commercial and Account, Chulalongkorn University
Management Information System by International Labour Organization
Dynamic Management for International Executives Program,
International Management Development Department of Syracuse University, U.S.A.

Proportion of shareholding : None

Years of Directorship : 16 years

Family Relations with Other Directors: None

Training on Director's Duty as IOD Course :

Director Accreditation Program (DAP) 18/2004

Experiences :

1999-2004 Chairman, Union Thai-Nichiban Company Limited
1999-2004 Chairman, Union-Zojirushi Company Limited
1999-2006 Chairman, Union Plastic Public Company Limited
1999-2007 President, Saha-Union Public Company Limited
2002-2006 President, Union Textiles Industries Public Company Limited

Current Positions :

Position on the Public Limited Companies:

Chairman, Union Textiles Industries Public Company Limited
Vice Chairman (Finance and Investments), Saha-Union Public Company Limited
Vice Chairman, Union Plastic Public Company Limited

Position on the Limited Companies :

Vice Chairman, Union Technology (2008) Public Company Limited
Chairman, Union Nifco Company Limited
Chairman, Thai Rubber Enterprise Co., Ltd.
Chairman, Union Rubber Products Corporation Limited
Director, Companies in Saha-Union Group

(2) Mr. Preecha Wattanasaranont

Age: 58 years

Position: Managing Director

Education:

Bachelor's degree, Science in Industrial Education (Mechanical Technology),
King Mongkut's Institute of Technology, North Bangkok Campus.

Proportion of shareholding : None

Years of Directorship : 16 years

Family Relations with Other Directors : None

Training on Director's Duty as IOD Course :

Director Accreditation Program (DAP) 7/2004

Experience:

Assistant to the Managing Director, Union Pioneer Public Company Limited

Current Positions:

Position on the Public Limited Companies:

Since 1994 Managing Director, Union Pioneer Public Company Limited

Position on the Limited Companies:

Since 2000 Director, Union Rubber Products Corporation Limited

(3) Dr. Thitivat Suebsaeng

Age: 57 years

Position : Director

Education : Ph.D (Chemistry), Marquette University, U.S.A

M.Sc. (Inorganic Chemistry), Chiangmai University

B.Sc. (Chemistry), Chiangmai University

Proportion of shareholding : None

Years of Directorship : 3 years

Family Relations with Other Directors : None

Training on Director's Duty as IOD Course :

Director Accreditation Program (DAP) 21/ 2004

Experience:

1990-1991 Head of the Chemistry Department,
Faculty of Science, Ramkhamhaeng University.
2003-2004 Director, Union Education Management Company Limited
2003-2007 Director and General Manager,
Saha-Union Investment (China) Company Limited
2004-2009 Director, 7 Power Plants in China
2008-Dec.2009 Chairman, Union Plastic Public Company Limited

Current Positions:

Position on the Public Limited Companies:

Since 2008 Executive President, Saha-Union Public Company Limited
Since Mar.2008 Director, Union Textiles Industries Public Company Limited
Since Apr.2008 Director, Union Pioneer Public Company Limited
Since Jan.2010 Managing Director, Union Plastic Public Company Limited

Position on the Limited Companies:

Since 2002 Director, Union Energy (China) Company Limited
Since 2007 Chairman, Union Zojirushi Company Limited
Since 2007 Chairman, Union Stainless Steel Products Company Limited
Since 2007 Chairman, Union Thai-Nichiban Company Limited
Since 2007 Director, Union Nifco Company Limited
Since Mar. 2008 Chairman, Union Garment Company Limited
Since Mar. 2008 Chairman, Union Micronclean Company Limited
Since Apr. 2008 Chairman, Union Universe Company Limited
Since Jun.2008 Director, Ten-Cate-Union Protective
Fabric Asia Company Limited
Since Aug.2008 Director, Union Technology (2008) Public Company Limited

(4) Mr. Sompop Amatayakul

Age: 70 years

Position: Independent Director

Education:

Honorary Doctorate's Degree, Commercial and Account, Thammasat University
Honorary Doctorate's Degree, B.A.,
the National Institute of Development Administration
Master of Business Administration (Management),
University of Thai Chamber of Commerce
Bachelor's degree, University of the Thai Chamber of Commerce
Faculty of Commercial and Account, Thammasat University, 3rd Year Student

Proportion of shareholding: None

Years of Directorship: 11 years

Family Relations with Other Directors: None

Training on Director's Duty as IOD Course:

Director Accreditation Program (DAP) 75/ 2008

Experiences:

1994-1996 President, Saha-Union Public Company Limited
1996-1997 Deputy Minister, Ministry of Industry
Chairman, Bangkok Metropolitan Bank Public Company Limited
Chairman, State Railway of Thailand
President, IBM (Thailand) Company Limited

Current Positions:

Position on the Public Limited Companies:

Vice President (Audit and Appraisal of Business Result),
Saha-Union Public Company Limited
Audit Chairman/, ESSO Thailand Public Company Limited
Independent Director, Union Plastic Public Company Limited
Independent Director, Union Textiles Industries Public Company Limited
Independent Director, Union Pioneer Public Company Limited

Position on the Limited Companies:

Executive Chairman, B.B. Business Management Company Limited
Audit Chairman /Independent, Union Technology (2008) Public Company Limited

(5) Mr.Nattapong Sukhavisidh

Age: 64 years

Position : Audit Committeeman and Independent Director

Education :

Master's degree, Commercial and Account, Thammasat University

Proportion of shareholding : None

Years of Directorship : 3 years

Family Relations with Other Directors : None

Training on Director's Duty as IOD Course :

Director Accreditation Program (DAP) 5/2003

Position on the Public Limited Companies :

Audit Committeeman and Independent Director,
Union Pioneer Public Company Limited

Position on the Limited Companies :

Chairman, Union Tex-East Company Limited

(6) Mrs. Sangsawang

Mallikamas

Age: 68 years

Position : Audit Chairman and Independent Director

Education :

Bachelor's degree, Commercial and Account, Chulalongkorn University

Proportion of shareholding : 12,000 shares

Years of Directorship : 5 years

Family Relations with Other Directors : None

Training on Director's Duty as IOD Course :

Director Accreditation Program (DAP) 2/2003

Experience :

Executive Vice President, Bangkok Bank Public Company Limited
Director, Thai Central Chemical Company Limited
Director, Bangkok Central Leasing Company Limited

Current Positions :

Position on the Limited Companies :

Audit Committeeman and Independent Director,
Union Technology (2008) Public Company Limited

(7) Mr. Yanyong Tungjitkul

Age: 58 years

Position : Audit Committeeman and Independent Director

Education :

Bachelor's degree, Finance, Thammasat University
Master's degree, B.A, the National Institute of Development Administration (Honor)
Management Development Program, Indiana University, U.S.A

Proportion of shareholding : 5,320 shares

Years of Directorship : 1.9 years

Family Relations with Other Directors : None

Training on Director's Duty as IOD Course:

Director Accreditation Program (DAP) 79/2009

Experience :

Managing Director, Niyom Service Company Limited

Current Positions :

Position on the Public Limited Companies :

Since Mar.18, 2009 Audit Committeeman and Independent Director,
Union Pioneer Public Company Limited
Since Sept.24, 2009 Independent Director, Saha-Union Public Company Limited

Position on the Limited Companies :

Managing Director, Niyom Service Company Limited

(8) Mr. Nantiya Darakananda

Age: 42 years

Position : Director

Education :

Master's degree, Management, SASIN Graduate Institute of Business Administration
of Chulalongkorn University

Bachelor's degree, Applied Physics, University of California, Davis, USA

Proportion of shareholding : None

Years of Directorship : 16 years

Family Relations with Other Directors: None

Training on Director's Duty as IOD Course :

Director Accreditation Program (DAP) 2/2003

Current Positions :**Position on the Public Limited Companies :**

Director, Saha-Union Public Company Limited
Director, Union Plastic Public Company Limited
Director, Union Pioneer Public Company Limited

Position on the Limited Companies :

Director, Union Button Corporation Limited
President, Venus Technology Company Limited
President, Venus Gas Technology Company Limited
Director, Star. Edu Company Limited
Present, V2 Logistics Company Limited

(9) Mr. Vacharaphong Darakananda

Age: 45 years

Position : Director

Education :

Bachelor's degree, Physics, Harvey Mudd College, California, USA

Proportion of shareholding : None

Years of Directorship : 3 years

Family Relations with Other Directors : None

Training on Director's Duty as IOD Course :

Director Accreditation Program (DAP) 2/2003
Director Certification Program (DCP) 69/2006
Diploma Examination

Experiences :

Assistant Manager, Venus Thread Company Limited
1999-2000 General Manager, Saha-Union Public Company Limited (Sriracha)
2001-Dec.2006 Director, Union Textile Industries Public Company Limited
2007-2008 Director, Union Thai-Nichiban Company Limited

Current Positions :**Position on the Public Limited Companies :**

Director, Saha-Union Public Company Limited
Director, Union Plastic Public Company Limited
Director, Union Pioneer Public Company Limited

Position on the Limited Companies :

Managing Director, Union Technology (2008) Public Company Limited
Managing Director, Union Technology Company Limited
Managing Director, Union Thai-Nichiban Company Limited
Director, Union Industries Corporation Limited
Director, Union Thread Industries Company Limited
Director, Union Spinning Mills Company Limited
Director, Venus Thread Company Limited
Director, Computer Union Company Limited
Director, Computer Union Systems Company Limited
Director, Union-Zojirushi Company Limited
Director, Thai Rubber Enterprise Co., Ltd.
Director, Union Nifco Company Limited
Director, Union Micronclean Company Limited
Director, Union Garment Company Limited

The Details of the Executive Management**(1) Mr. Sumate Sarerojana**

Age : 57 years

Position : Factory Manager

Education :

Bachelor's degree

Proportion of shareholding : None

Family Relations with Other Directors : None

Experience :

Rubber Section Manager, Union Pioneer Public Company Limited

Current Position :

Factory Manager, Union Pioneer Public Company Limited

(2) Mr. Pravitt Atikomchakorn

Age : 60 years

Position : Engineering Division Manager

Education :

Certificate of Vocational Education

Proportion of shareholding : None

Family Relations with Other Directors : None

Experience :

Maintenance Section Manager, Union Pioneer Public Company Limited

Current Position :

Engineering Division Manager, Union Pioneer Public Company Limited

(3) Mr. Komon Iamwatharin

Age : 54 years

Position : Sales and Marketing Division Manager

Education :

Bachelor's degree

Proportion of shareholding : None

Family Relations with Other Directors : None

Experience :

Sales Manager, Saha-Union Public Company Limited (Bangchan Branch)

Current Position :

Sales and Marketing Division Manager, Union Pioneer Public Company Limited

(4) Mrs. Yupa Roongphornchai

Age : 55 years

Position : Accounting & Cost Division Manager

Qualification :

Bachelor's degree

Proportion of shareholding : None

Family Relations with Other Directors : None

Experience :

Accounting & Cost Section Manager, Union Pioneer Public Company Limited

Current Position :

Accounting & Cost Division Manager, Union Pioneer Public Company Limited

(5) Miss Yuppares Pongsangiem

Age : 58 years

Position : Finance Division Manager

Qualification :

Bachelor's degree

Proportion of shareholding : None

Family Relations with Other Directors : None

Experience :

Finance Section Manager, Union Pioneer Public Company Limited

Current Position :

Finance Division Manager, Union Pioneer Public Company Limited

(6) Mr. Apirom Danpatanachai

Age : 57 years

Position : Human Resources Division Manager

Qualification :

Bachelor's degree

Proportion of shareholding : None

Family Relations with Other Directors : None

Experience :

Human Resources Section Manager, Union Pioneer Public Company Limited

Current Position :

Human Resources Division Manager, Union Pioneer Public Company Limited

(7) Mr. Yanyong Kunasitsiri

Age : 41 years

Position : Quality Assurance Division Manager

Qualification :

Bachelor's degree

Proportion of shareholding : None

Family Relations with Other Directors : None

Experience :

Quality Assurance Section Manager, Union Pioneer Public Company Limited

Current Position :

Quality Assurance Division Manager, Union Pioneer Public Company Limited

Report And Financial Statements

Union Pioneer Public Company Limited

31 December 2010 and 2009

Report of Independent Auditor

To the Shareholders of Union Pioneer Public Company Limited

I have audited the accompanying balance sheets, of Union Pioneer Public Company Limited as at 31 December 2010 and 2009, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Pioneer Public Company Limited, as at 31 December 2010 and 2009, the results of its operations and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to the sale of investment in associate company as discussed in Note 10.

I have previously audited the financial statements in which the equity method is applied of Union Pioneer Public Company Limited for the year ended 31 December 2009, as presented herein for comparative purposes, in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements under my report dated 17 February 2010, drawing attention to the sale of investment in associated company.



Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limite
Bangkok: 23 February 2011

Balance sheets

Union Pioneer Public Company Limited

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Financial statements in which the cost method is applied	
		2010	2009
Assets			
Current assets			
Cash and cash equivalents	7	51,430	111,727,911
Trade accounts receivable	8		
Related parties	6	16,862,212	12,822,358
Unrelated parties		149,172,877	124,647,341
Less: Allowance for doubtful accounts		(4,374,508)	(4,791,572)
Trade accounts receivable - net		161,660,581	132,678,127
Amounts due from related parties	6	135,672	129,313
Inventories - net	9	242,132,850	213,982,678
Other current assets			
Prepaid expenses		1,462,046	6,244,149
Input tax refundable		239,772	471,431
Others		509,049	449,692
		2,210,867	7,165,272
Total current assets		406,191,400	465,683,301
Non-current assets			
Property, plant and equipment - net	11	138,791,469	121,844,035
Intangible assets - computer software, net	12	236,723	195,307
Other non-current assets		94,825	94,665
Total non-current assets		139,123,017	122,134,007
Total assets		545,314,417	587,817,308

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

Balance sheets (continued)

Union Pioneer Public Company Limited

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Financial statements in which the cost method is applied	
		2010	2009
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans			
from financial institutions	13	22,402,723	54,392
Trade accounts payable			
Related parties	6	37,745,173	15,054,698
Unrelated parties		44,005,768	44,223,097
Total trade accounts payable		81,750,941	59,277,795
Amounts due to related parties	6	517,366	474,382
Other current liabilities			
Corporate income tax payable		1,862,132	23,087,081
Accrued expenses		20,874,767	19,800,977
Others		4,249,889	3,358,575
		26,986,788	46,246,633
Total current liabilities		131,657,818	106,053,202
Non-current liabilities			
Provision for employees' compensation and pension expenses		60,264,701	58,915,565
Total non-current liabilities		60,264,701	58,915,565
Total liabilities		191,922,519	164,968,767
Shareholders' equity			
Share capital			
Registered, issued and fully paid-up			
7,500,000 ordinary shares of Baht 10 each		75,000,000	75,000,000
Share premium		30,625,000	30,625,000
Retained earnings			
Appropriated - statutory reserve			
Unappropriated		228,932,532	298,389,175
Total shareholders' equity		353,391,898	422,848,541
Total liabilities and shareholders' equity		545,314,417	587,817,308

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

Income statements

Union Pioneer Public Company Limited

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Note	Financial statements in which the equity method is applied	Financial statements which the cost method is applied	
		2009	2010	2009
Revenues				
Sales		935,506,805	862,703,825	935,506,805
Other income		36,211,743	47,633,716	36,595,743
Total revenues		971,718,548	910,337,541	972,102,548
Expenses				
Cost of sales		724,428,137	777,771,223	724,428,137
Selling expenses		49,473,060	41,854,659	49,473,060
Administrative expenses		24,831,891	21,436,584	24,831,891
Management benefit expenses		12,218,251	12,629,248	12,218,251
Total expenses		810,951,339	853,691,714	810,951,339
Income before share of income (loss) from investment in associate, finance cost and corporate income tax		160,767,209	56,645,827	161,151,209
Share of income from associate	10	210,007	-	-
Income (loss) from sale of investment in associate	10	(1,166,535)	-	499,201
Income before finance cost and corporate income tax		159,810,681	56,645,827	161,650,410
Finance cost		(995,612)	(649,240)	(995,612)
Income before corporate income tax		158,815,069	55,996,587	160,654,798
Corporate income tax		(44,300,664)	(12,953,230)	(44,300,664)
Net income for the year		114,514,405	43,043,357	116,354,134
Basic earnings per share	16			
Net income		15.27	5.74	15.51

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

Statements of changes in shareholders' equity

Union Pioneer Public Company Limited

For the years ended 31 December 2010 and 2009

(Unit: Baht)

Financial statements in which the equity method is applied

	Issued and paid-up		in available-for-sale		Retained earnings		
	share capital	Share premium	securities	Appropriated	Unappropriated	Total	
Balance - as at 31 December 2008	75,000,000	30,625,000	(1,278,003)	18,834,366	202,624,770	325,806,133	
Income and expenses							
recognised directly in equity:							
Investments in available-for-sale							
securities of associate							
Loss recognised in shareholders' equity transferred							
to income statements	-	-	1,278,003	-	-	1,278,003	
Net income and expenses							
recognised directly in equity:	-	-	1,278,003	-	-	1,278,003	
Net income for the year	-	-	-	-	114,514,405	114,514,405	
Total income and expenses for the year	-	-	1,278,003	-	114,514,405	115,792,408	
Dividend paid (Note 19)	-	-	-	-	(18,750,000)	(18,750,000)	
Balance - as at 31 December 2009	75,000,000	30,625,000	-	18,834,366	298,389,175	422,848,541	

Separate financial statements in which the cost method is applied

	Issued and paid-up		Retained earnings		
	share capital	Share premium	Appropriated	Unappropriated	Total
Balance - as at 31 December 2008	75,000,000	30,625,000	18,834,366	200,785,041	325,244,407
Net income for the year	-	-	-	116,354,134	116,354,134
Total income for the year	-	-	-	116,354,134	116,354,134
Dividend paid (Note 19)	-	-	-	(18,750,000)	(18,750,000)
Balance - as at 31 December 2009	75,000,000	30,625,000	18,834,366	298,389,175	422,848,541
Balance - as at 31 December 2009	75,000,000	30,625,000	18,834,366	298,389,175	422,848,541
Net income for the year	-	-	-	43,043,357	43,043,357
Total income for the year	-	-	-	43,043,357	43,043,357
Dividend paid (Note 19)	-	-	-	(112,500,000)	(112,500,000)
Balance - as at 31 December 2010	75,000,000	30,625,000	18,834,366	228,932,532	353,391,898

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

Cash flow statements

Union Pioneer Public Company Limited

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Financial statements in which the equity method is applied		Financial statements in which the cost method is applied	
	2009	2010	2009	
Cash flows from operating activities				
Net income before tax	158,815,069	55,996,587	160,654,798	
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	32,757,960	36,171,914	32,757,960	
Doubtful accounts (reversal)	4,791,572	(417,064)	4,791,572	
Diminution in value of inventory (reversal)	8,695,414	(3,750,186)	8,695,414	
Gain on sale of property, plant and equipment	(696,274)	(540,231)	(696,274)	
Share of income from investment in associate	(210,007)	-	-	
Loss (gain) from sale of investment in associate	1,166,535	-	(499,201)	
Dividend income	-	-	(384,000)	
Employees' compensation and pension expenses	7,263,239	1,349,136	7,263,239	
Unrealised (gain) loss on exchange	(2,518,573)	1,297,788	(2,518,573)	
Interest income	350,993	(302,316)	(350,993)	
Interest expenses	327,067	16,109	327,067	
Income from operating activities before changes in operating assets and liabilities	210,041,009	89,821,737	210,041,009	
Operating assets (increase) decrease				
Trade accounts receivable	37,719,915	(29,863,178)	37,719,915	
Inventories	(10,901,915)	(24,399,986)	(10,901,915)	
Input tax refundable	5,120,297	231,659	5,120,297	
Other current assets	1,920,053	(147,633)	1,920,053	
Other non-current assets	(500)	(160)	(500)	
Operating liabilities increase (decrease)				
Trade accounts payable	(9,270,873)	22,473,146	(9,270,873)	
Accrued expenses	519,879	1,116,773	519,879	
Other current liabilities	355,369	891,314	355,369	
Cash flows from operating activities	235,503,234	60,123,672	235,503,234	
Cash paid for interest expenses	(367,111)	(16,109)	(367,111)	
Cash paid for corporate income tax	(27,699,490)	(34,178,178)	(27,699,490)	
Net cash flows from operating activities	207,436,633	25,929,385	207,436,633	

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

Cash flow statements (continued)

Union Pioneer Public Company Limited

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Financial statements in which the equity method is applied	Financial statements in which the cost method is applied	
	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	(20,857,934)	(53,242,598)	(20,857,934)
Interest receipt	350,993	302,316	350,993
Proceeds from sales of property, plant and equipment	741,207	622,065	741,207
Decrease (increase) in prepayment for purchase of machinery	(5,130,420)	4,864,020	(5,130,420)
Cash received from sale of investment in associate	7,699,200	-	7,699,200
Dividend receipt from associate	384,000	-	384,000
Net cash flows used in investing activities	<u>(16,812,954)</u>	<u>(47,454,197)</u>	<u>(16,812,954)</u>
Cash flows from financing activities			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(60,197,101)	22,348,331	(60,197,101)
Dividend paid	(18,750,000)	(112,500,000)	(18,750,000)
Net cash flows used in financing activities	<u>(78,947,101)</u>	<u>(90,151,669)</u>	<u>(78,947,101)</u>
Net increase (decrease) in cash and cash equivalents	111,676,578	(111,676,481)	111,676,578
Cash and cash equivalents at beginning of year	51,333	111,727,911	51,333
Cash and cash equivalents at end of year	<u>111,727,911</u>	<u>51,430</u>	<u>111,727,911</u>

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

Notes to financial statements

Union Pioneer Public Company Limited For the years ended 31 December 2010 and 2009

1. Corporate information

Union Pioneer Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its parent company is Saha-Union Public Company Limited, which is incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of finished elastic products and its registered address is No. Ng. 1 Moo. 13 Serithai Road, Kweang Minburi, Khet Minburi, Bangkok.

2. Basis of preparation

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2010, 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.

3. Adoption of new accounting standards

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements
(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures

TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 200)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:	
TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the TAS 12 Income Taxes which requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines. At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

4. Significant accounting policies

4.1 Revenue Recognition

Sales of goods

Sales of goods are recognised when products are delivered and title passes to customers. Sales are the value per the invoice or delivery order, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income

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

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash 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 accounts receivable

Trade accounts receivable 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 experiences and analysis of debt aging.

4.4 Inventories

Finished goods, semi-finished products and work in process are valued at the lower of standard cost (which approximates actual cost) and net realisable value. Standard cost includes all production costs and attributable factory overheads.

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of cost (first-in, first-out basis) and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investment in associate is accounted for in the financial statements in which the equity method is applied using the equity method.
- b) Investment in associate is accounted for in the financial statements in which the cost method is applied using the cost method less impairment losses (if any).

4.6 Property, plant and equipment/Depreciation

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

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

Land improvements	- 10 years and 20 years
Buildings	- 20 years
Building improvements	- 5 years
Machinery and equipment	- 5 years and 10 years
Furniture and fixtures	- 5 years
Motor vehicles	- 5 years

Depreciation is included in determining income.

No depreciation is provided for land and machinery under installation.

4.7 Intangible assets

Computer software is measured at cost. Following initial recognition, computer software is carried at cost less any accumulated amortisation and any impairment losses (if any).

Computer software with finite lives is amortised on a straight line basis over the economic useful life of 5 years and tested for impairment whenever there is an indication that the software may be impaired. The amortisation period and the amortisation method of such software are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

4.8 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.

4.9 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date, 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.

4.10 Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in the income statement.

4.11 Employee benefits

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

Employee compensation and pension expenses are provided for in the accounts by reference to the provisions of labour laws and the Company's personnel regulations, and are determined based upon the probability that employees in each age group will work until reaching their retirement age.

4.12 Provisions

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

4.13 Income Tax

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

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. The significant accounting judgments and estimates are as follow:

Property plant and equipment/Depreciation

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

Pension and post-retirement benefits

Pension and post-retirement benefit costs are based on the provisions of labour laws and the Company's personnel regulations. Inherent within these calculations are assumptions as to salary increases and discount rate, among others. Actual pension and post-retirement costs may ultimately differ.

6. Related party transactions

During the years, the Company 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: Million Baht)

	2010	2009	Transfer pricing policy
<u>Transactions with parent company</u>			
Purchases of raw materials	15	13	Cost plus margin of the parent company
Rental expense	3	3	Contract price
<u>Transactions with related companies</u>			
Sales of finished goods	42	31	Cost plus margin
Purchases of raw materials	277	217	Cost plus margin of related companies

The balances of the accounts as at 31 December 2010 and 2009 between the Company and those related parties are as follows:

(Unit: Baht)

	<u>2010</u>	<u>2009</u>
<u>Trade accounts receivable - related parties</u>		
Related companies		
Saha-Union International Ltd. (Hong Kong)	13,800,806	10,039,784
Union Garment Company Limited	13,554	16,610
Union Zip Company Limited	2,832,014	2,619,361
Union Micronclean Company Limited	87,510	57,067
Union Tex-East Company Limited	70,748	81,036
Venus Tread Company Limited	9,500	8,500
Union Spinning Mills Co., Ltd.	48,080	-
Total trade accounts receivable - related companies	16,862,212	12,822,358
Total trade accounts receivable - related parties	16,862,212	12,822,358

	(Unit: Baht)	
	2010	2009
Amount due from related parties		
Related companies		
Union Plastic Public Company Limited	37,594	29,163
Union Zojirushi Company Limited	58,376	60,951
Union Thai-Nichiban Company Limited	22,711	23,572
Union Stainless Steel Products Company Limited	16,991	15,627
Total amount due from related companies	135,672	129,313
Total amount due from related parties	135,672	129,313
Trade accounts payable - related parties		
Parent company		
Saha-Union Public Company Limited	1,862,448	2,420,395
Related companies		
Union Rubber Products Corporation Company Limited	31,531,500	9,309,300
Uni-Fibre Company Limited	3,205,051	2,774,056
Union Thai-Nichiban Company Limited	388,169	254,471
Union Textile Industries Public Company Limited	674,190	-
Union Zip Company Limited	-	214,662
Others	83,815	81,814
Total trade accounts payable - related companies	35,882,725	12,634,303
Total trade accounts payable - related parties	37,745,173	15,054,698
Amount due to related parties		
Parent company		
Saha-Union Public Company Limited	383,863	295,000
Related companies		
Union Plastic Public Company Limited	40,352	36,749
Venus Shoes Company Limited	53,044	138,674
Union Thread Industries Company Limited	25,000	-
Others	15,107	3,959
Total amount due to related companies	133,503	179,382
Total amount due to related parties	517,366	474,382

Directors and management's remuneration

In 2010 the Company paid salaries, bonuses and meeting allowances to their directors and management totaling Baht 12.6 million (2009: Baht 12.2 million).

7. Cash and cash equivalents

	(Unit: Baht)	
	2010	2009
Cash	50,000	50,000
Bank deposits	1,430	31,711,913
Government bond	-	79,965,998
Total	51,430	111,727,911

As at 31 December 2010, bank deposits in saving accounts and government bond carried interests at 0.25 percent per annum (2009: 0.25 to 0.97 percent per annum).

8. Trade accounts receivable

The outstanding balances of trade accounts receivable as at 31 December 2010 and 2009 are aged, based on due dates, as follows:

	(Unit: Baht)	
	2010	2009
<u>Related parties:</u>		
<u>Age of receivables</u>		
Not yet due	15,700,981	12,822,358
Past due less than 3 months	1,161,231	-
Total trade accounts receivable - related parties	16,862,212	12,822,358
<u>Unrelated parties:</u>		
<u>Age of receivables</u>		
Not yet due	124,004,409	106,181,543
Past due		
Up to 3 months	20,793,960	13,674,521
6 - 12 months	-	1,667,080
Over 12 months	4,374,508	3,124,197
Total trade accounts receivable - unrelated parties	149,172,877	124,647,341
Total	166,035,089	137,469,699
Less: Allowance for doubtful debts	(4,374,508)	(4,791,572)
Total trade accounts receivable - net	161,660,581	132,678,127

9. Inventories

(Unit: Baht)

	Cost		Allowance for diminution in value of inventories		Inventories-net	
	2010	2009	2010	2009	2010	2009
Finished goods	28,020,701	24,427,131	(913,562)	(1,872,203)	27,107,139	22,554,928
Semi finished products	21,487,680	16,428,989	(2,433,861)	(4,220,076)	19,053,819	12,208,913
Work in process	17,921,458	13,404,315	(203,043)	(392,353)	17,718,415	13,011,962
Raw materials and chemicals	170,681,205	161,077,394	(596,616)	(487,307)	170,084,589	160,590,087
Packing materials	4,544,690	3,554,904	(228,266)	(317,893)	4,316,424	3,237,011
Spare parts and factory supplies	6,034,467	5,397,482	(2,182,003)	(3,017,705)	3,852,464	2,379,777
Total	248,690,201	224,290,215	(6,557,351)	(10,307,537)	242,132,850	213,982,678

10. Investment in associate

On 23 September 2009, the meeting of the Company's board of directors approved the Company's sale of all of its investments in the ordinary shares of Union Rubberplas Company Limited to Union Button Corporation Limited a related company at its net book value of Baht 8.02 per share, or for a total of Baht 7.70 million.

(Unit: Baht)

Company's name	Financial statements in which the equity method is applied		Separate financial statements in which the cost method is applied	
	Share of income from investment in associate during the year		Dividend received during the year	
	2010	2009	2010	2009
Union Rubberplas Co., Ltd.	-	210,007	-	384,000
Total	-	210,007	-	384,000

11. Property, plant and equipment

(Unit: Baht)

	Land	Land improvements	Building and building improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Machinery under installation	Total
Cost:								
31 December 2009	6,172,574	5,599,522	66,826,141	551,761,880	18,199,303	15,651,057	2,433,296	666,643,773
Additions	-	170,500	-	3,576,509	1,166,612	900,000	47,322,927	53,136,548
Disposals	-	(7,600)	(439,276)	(16,692,730)	(1,259,543)	(1,104,230)	-	(19,503,379)
Transfers	-	-	2,626,360	37,298,961	-	-	(39,925,321)	-
31 December 2010	6,172,574	5,762,422	69,013,225	575,944,620	18,106,372	15,446,827	9,830,902	700,276,942
Accumulated depreciation:								
31 December 2009	-	4,055,425	58,785,938	452,925,948	15,736,873	13,295,554	-	544,799,738
Depreciation for the year	-	336,980	1,809,640	32,080,690	1,099,619	780,351	-	36,107,280
Depreciation on disposals	-	(7,600)	(366,935)	(16,683,491)	(1,259,290)	(1,104,229)	-	(19,421,545)
31 December 2010	-	4,384,805	60,228,643	468,323,147	15,577,202	12,971,676	-	561,485,473
Net book value:								
31 December 2009	6,172,574	1,544,097	8,040,203	98,835,932	2,462,430	2,355,503	2,433,296	121,844,035
31 December 2010	6,172,574	1,377,617	8,784,582	107,621,473	2,529,170	2,475,151	9,830,902	138,791,469
Depreciation for the year:								
2009 (Baht 31 million included in manufacturing cost, and the balance in selling and administrative expenses)								32,718,636
2010 (Baht 34 million included in manufacturing cost, and the balance in selling and administrative expenses)								36,107,280

As at 31 December 2010, certain plant and equipment items had been fully depreciated but were still in use. The original cost of those assets amounted to approximately Baht 382 million (2009: Baht 372 million).

12. Intangible assets - computer software, net

(Unit: Baht)

	2010	2009
Net book value as at 1 January 2010	195,307	167,132
Increase during year	106,050	67,500
Amortisation for year	(64,634)	(39,325)
Net book value as at 31 December 2010	236,723	195,307

13. Bank overdraft and short-term loans from financial institutions

(Unit: Baht)

	Interest rate (percent per annum)	2010	2009
Bank overdrafts	5.63 - 6.38	7,402,723	54,392
Short-term loans from financial institutions	3.28	15,000,000	-
Total		<u>23,402,723</u>	<u>54,392</u>

The above credit facilities are unsecured; however, the Company has undertaken not to dispose of or transfer or create any obligations to its assets, unless prior consent has been obtained in writing from the bank.

14. 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 income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

However, under the Company's Articles of Association, the Company is required to set aside to a statutory reserve at least 10 percent of net income after deducting accumulated deficit brought forward (if any) until the reserve reaches 25 percent of the registered share capital. The Company has already set aside a full statutory reserve.

15. Expenses by nature

Significant expenses by nature are as follow:

	2010	2009
Salary and wages and other employee benefits	131,664,463	131,246,223
Depreciation and amortisation	36,171,914	32,757,960
Loss on exchange	-	1,425,100
Rental expenses from operating lease agreements	3,684,780	3,609,477
Raw materials and consumables used	556,726,013	484,161,576
Changes in inventories of finished goods and work in progress	13,169,404	3,138,456

16. Earnings per share

Basic earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares in issue during the year.

17. Financial information by segment

The Company's operations principally involve the single business segment, i.e. the manufacture and distribution of finished elastic products, which is carried only in Thailand. As a result, all of the revenues, operating income and assets as reflected in these financial statements pertain to this business segment and geographic area. For the year ended 31 December 2010, the Company had export sales amounting to approximately Baht 525 million (2009: Baht 625 million).

18. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund which is managed by Bangkok Bank Public Company Limited, will be paid to the employees upon termination in accordance with the rules of the Company's staff provident fund. During the year 2010, the Company contributed approximately Baht 1.4 million (2009: Baht 1.4 million) to the fund.

19. Dividends

(Unit: Baht)			
<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
Final dividends for 2008	Annual General Meeting of the shareholders on 22 April 2009	18,750,000	2.50
Final dividends for 2009	Annual General Meeting of the shareholders on 21 April 2010	112,500,000	15.00

20. Commitments and contingent liabilities

20.1 Operating lease commitments

The Company has entered into lease agreements in to lease land and building with its related companies and parent company. The terms of the agreements are 1-3 years.

As at 31 December 2010 and 2009, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)		
	<u>2010</u>	<u>2009</u>
Payable within :		
1 year	3.6	3.6

20.2 Guarantees

As at 31 December 2010, there were outstanding bank guarantees of approximately Baht 6.3 million (2009: Baht 6.3 million) issued by the bank on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

21. Financial instruments

21.1 Financial risk management policies

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable and short-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit Risk

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

Interest rate risk

Interest rate risk is the risk that future fluctuations in market interest rates will affect the operating results and cash flows of the Company.

The Company considers exposure to interest rate risk to be low because most of the Company's financial assets and liabilities carry floating interest rates which will fluctuate in line with the market interest rates and are short-term.

Foreign currency risk

The Company has significant foreign currency risk in respect of its purchase/ sales transactions. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets denominated in foreign currencies as at 31 December 2010 are summarised below.

Foreign currency	Financial assets	Average exchange rate as at 31 December 2010
	(Million)	(Baht per 1 foreign currency unit)
US dollar	1.9	30.0063
Hong Kong dollar	3.6	3.8440
Japanese yen	29.3	0.3668

Foreign exchange contracts outstanding at 31 December 2010 are summarised below.

Foreign currency	Sold amount	Sold
	(Million)	(Baht per 1 foreign currency unit)
US dollar	4.7	29.6800 - 33.2999
Japanese yen	154.5	0.3459 - 0.3710

21.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

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 instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

22. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

23. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2011.