



40ปี

กับการพัฒนาอย่างยั่งยืน

UPF “S-T-A-R”

- **S** Sense of owner
- **T** Teamwork
- **A** Accountability
- **R** Role of Integrity



รายงานประจำปี 2556 Annual Report 2013



บริษัท ยูเนียนไพโอเนียร์ จำกัด (มหาชน)
UNION PIONEER PUBLIC COMPANY LIMITED

40 Years with Sustainable Development

Throughout the past 40 years, the company has continuously developed by creating products, service and processes in order to satisfying the need of every related person, including striving for progress and sustainable development.

Quality Policy

“Satisfying Customers’ Need Developing Products’ Quality Improving Staffs’ Efficiency”

The company is the manufacture of elastic production on rubber thread, rubber tape, elastic braid, and elastic webbing, under the trademark **“Venus”** that is well known and acceptable in quality both in local and international markets. The company has operated the business by adhere to the principle of **“Integrity Quality Service”** throughout the past 40 years

Vision:

**“To be the leading manufacturer
on rubber thread, rubber tape, elastic braiding,
and elastic webbing products, which have quality
and are acceptable to the world market”**

Mission:

1. Continuously making sales growth
2. Producing the product for quality and safety for consumers’ health and delivering on time
3. Making strengths for product research & development
4. Developing the personnel for efficiency
5. Concentrating on internal management for highest efficiency
6. Continuously making impression and satisfaction to customers
7. Having responsibilities to shareholders, employees, suppliers, societies and environment



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Financial Information	2013	2012 Revised	2011	2010 Revised	2009
Sales	663,783	703,654	785,929	862,704	935,507
Other Income	30,541	37,084	39,844	47,634	36,212
Total Revenues	694,324	740,738	825,773	910,338	971,719
Total Costs and Expenses	664,687	690,220	776,424	852,815	812,577
Interest Expenses	3	625	2,119	16	327
Corporate Income Tax	7,383	10,676	15,462	12,953	44,301
Net Earnings for the Year	22,251	39,217	31,768	44,554	114,514
Earnings per share (Baht)	2.97	5.23	4.24	5.94	15.27
Dividends per share (Baht)	2.80	5.00	4.00	5.70	15.00
Current Assets	364,582	375,606	431,485	409,873	465,683
Property, plant and equipment-net	110,857	119,628	130,827	138,791	121,844
Total Non-Current Assets	17,151	10,147	315	598	290
Total Assets	492,590	505,381	562,627	549,262	587,817
Total Liabilities	127,983	125,524	201,974	177,627	164,969
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	258,982	274,232	255,028	266,010	317,224
Total Shareholders' Equity	364,607	379,857	360,653	371,635	422,849
Total Liabilities and Shareholders' equity	492,590	505,381	562,627	549,262	587,817
Major Financial Ratio					
Dividends per Net Profit (%)	94.38	95.62	94.44	95.95	98.24
Book Value per share (Baht)	48.61	50.65	48.09	49.55	56.38
Earnings Ratio (%)	3.20	5.29	3.85	4.89	11.78
Returns on Equity (%)	5.98	10.75	8.68	11.22	30.59
Returns on Assets (%)	4.46	7.34	5.71	7.84	20.39

In 2013, most of Thai business could not depend on the export in driving the economy. The recovery of Thai economy was also affected by the slowed-down economy. However, the countries whose economy was the second largest in the world as China could still push the unstable world economy to gradually expand.

In the past year, the Company was affected from the instability in financial policy of USA resulting in the transfer of fund. The baht value fluctuated a lot in the second half of the year. The trading partners such as Japan changed the use of natural rubber to the spandex causing the total sale partly lost. The Company expanded the market in the group of medical appliances, for example, rubber pad for stopping bleeding and arm rubber band for bloodletting to USA. This caused the Company to export more products to USA than the previous year. There was the market expansion in the group of healthy and exercising rubber in foreign countries. And under the trademark of “Fit Band” for domestic market, the Company still maintained the existing customer’s base. Meanwhile, the new markets were found by presenting the advantages of the products which had quality and variety. The products do not cause harm to the consumers as they were made from natural rubber. The measure of environment conservation following the standard of ISO 14001 and the safety of products following the standard of Oeko-tex Standard 100 were considered. The Company applied the reliability on the products as the point of sale in offering the products and suitably managing the capital for increasing the efficiency in the production, improving the quality, and developing the new products which could respond to the customer’s demand including punctual delivery for the satisfaction of customers.

Regarding the turnover of the Company in 2013, the total revenue was 694 million baht reducing from the previous year for 6.34%. 359 million baht which was from the export reduced from the previous year for 10.25% from the previous year. The domestic sale was 305 million baht increasing from the previous year for 0.33%. The Company had the net profit of 22 million baht which was 17 million baht reducing from the previous year or calculated as 2.97 baht per share.

The tendency of export in 2014 will be better and begin to expand better than in 2013 as the economy of important trading partners as USA, EU, and Japan is likely to be better.

Throughout the past 40 years, the Company has adapted itself for serving the instable factors following the guideline for sustainable development by continually learning and developing the organization. The products and services were created and the work process was conducted along with the personnel improvement. The Company gave the assistance in monitoring the society and environment following the good corporate governance in order to make the Company sustainably grow.

In this occasion, the Board of Directors would like to thank the shareholders, trading partners, customers, employees, and related persons who always support the Company’s operation. Please be ensured that the Company will determine and dedicate itself in operating business with prudence, carefulness, transparency following the ethics, corporate governance, and sustainable development for the maximum benefits of all related persons.



(Miss Dalad Saphavichaiikul)

Chairman

Union Pioneer Public Company Limited

Union Pioneer Public Company Limited is the manufacturer of Rubber Thread & Rubber Tape, Elastic Braid and Elastic Webbing under, “VENUS,” trade mark, which is well known and accepted locally and internationally for the past 40 years. The business operation engrossed in “Integrity Quality Service”

Changing and Significant Improvement

For the past 3 years, the company didn't have any significant changing in business controlling. In 2013, the company expanded the sales territory into medical appliances, which is, Esmark and Tourniquet as well as healthy and exercising products. By improving some manufacturing processes in order to produce the mentioned products and also achieving the economy of scope and the economy of scale.

Structure of the Company's Stockholders

The company has no any subsidiary and affiliated companies

The Relationship with the Major Shareholders' Businesses

The major shareholder of the company is the Saha Union Public Company Limited. The major transaction of the company is normal trading such as buying-selling products (Combination on the buying of raw materials for a better bargaining power) leasing of factory and building.

Significant Policies are as following

Environmental Policy

Union Pioneer Public Company Limited located at Bangchan Industrial Estate, Ng.1, Moo 13, Serithai Road, T. Minburi, A.Minburi, Bangkok, 10510 and 99 Moo 5 Bangna-Trad Road (K.M. 38) T. Bangsamark, A. Bangpakong, Chachoengsao, 24180. We are the manufacturer of Rubber Tape, Rubber Thread, Elastic Webbing and Elastic Braid. The company engrossed in manufacturing quality and safety products by considering the impact on the environment from every operating process, so the company specified the following policies:

1. Strictly operated the business in accordance with laws, regulations and other related regulations of the environment field.
2. Specified framework and management to prevent the environmental problems related with noise, air, water and wastes in order to lower the impact on the environment as much as possible.
3. Continuously and regularly improved the framework of environmental managing system.
4. Announced this policy to every employee and those who involved, for them to understand and revealed it to public.

Corporate Social Responsibility (CSR) Policy

Union Pioneer Public Company Limited have an intention in operating the business under good management, good governance and morality, together with the responsibilities for social, community and environment; so that the company to live happily with society, community and environment forever. In order for the mentioned intention to be accomplished, the company had specified the following policies of social responsibility:

1. Operated the business with transparency, honest and be able to examined. Considered the benefits of stakeholders and adhered to the laws and human rights. By hoping that the company will sustainably developed, together with a happy life for all employees and a quality of living for the community and environment.
2. Opposed and prevented the operations of the company and the subsidiary companies from corruption and bribe from both direct and indirect ways.
3. Promoted projects or activities that benefited the society, community and environment in order to develop the quality of life of the people in the society and community. Controlled, prevented and decreased the impact from the internal activities that might affect the environment, so that it will be in accordance with the company's objectives and conform to the specified laws. Also, developing the processes and other

means to use the resources to its fullness.

4. Concentrated in innovation for the products that are harmless and environmental-friendly.
5. Educated and created subconscious to the employees to have virtue, morality and be responsible to the society. Be aware the importance in sustaining the environment in order for it to be long-lasting.
6. Publicize the projects and activities to the society, community and stakeholders. Also listened to the suggestions so that the projects and the activities will be effective.

Anti-Drug Policy

According to the policy concerning the suppress and solving drug problems that was enforced by the government, in order for the people in the society to have good health and a good quality in life, Union Pioneer Public Company Limited is engrossed in developing a project “White Factory”. With the policy of protecting and solving drug problems as follows:

1. The supervisors in all levels should be a role model, giving advices and suggestions as well as helping employees who are in need. Rehabilitate and help employees in order to guide them in a better way of living and better health.
2. Every employee in the company has a role and is a part of a campaign that help protect and solving drug problems. Helping each other to look both inside and outside the company whether there is anything that is against the laws or whether there is any suspicious person lurking around. Inform the supervisors, HR officers or the police officers immediately.
3. Every employee has to cooperate, in case that the company wants to do a random inspection on drug usage and if anyone has a positive result, the company will give a warning and send to treatment.
4. The company will continuously train the employees about the consequences of drug usage and how to protect oneself from drug.
5. The company voluntarily cooperates with the government sectors in order to inform about the person who involved with drug.

Energy Policy

Union Pioneer Public Company Limited uses the energy in manufacturing Rubber Thread and Rubber Tape, Elastic Braid and Elastic Webbing. We are aiming to efficiently reduced energy usage and energy expenses to the lowest level. In order to meet the aforementioned objectives, the company specified the following practices:

1. The company regards that the energy conservation is a part of the company.
2. The company intends to follow the rules and other regulations concerning about environment conservative.
3. The company supports the personnel to learn by training and creating environmental appreciation in all operation levels for efficient energy usage and reducing waste.
4. The company intends to continuously improving the efficiency on energy usage and used advance technology for energy saving.
5. The company having an intention for the energy conservation project to meet the aforementioned objectives in order to be responsible in environmental management, joining on energy conservation of society and publicize on energy conservation to public.

Company's Products and Service

The company's main products are still Rubber Thread & Rubber Tape, Elastic Braid, Elastic Webbing & Crochet and Covering Yarn, under the trademark "VENUS". Majority of the company's products are the raw materials for other products, such as, baby-adult diaper industry, garment industry or other usage depending on the nature of business of the customers.

In 2013, the company expanded the sales territory into medical appliances, which is, Esmark and Tourniquet as well as healthy and exercising products. By improving some manufacturing processes in order to produce the mentioned products and also achieving the economy of scope and the economy of scale.

The company's products can be classified as followed:

1. Rubber Thread is used in diaper industry, which is transformed from rubber block, having both natural rubber and synthetic rubber. The company can produce the rubber thread by customizing the varieties of size according to the customers' preference. Rubber Thread is elastic component in the rim of the legs and waist for both baby and adult's disposable diaper.
2. Rubber Tape is mostly used in the rim of men and women's underwear and swimsuit. It is also used in the rim of showering cap, swimming cap and other kind of apparels required elastic components.
3. Elastic Braid is used in children's clothes, rim of the legs and waist pajamas, children and adult's underwear (gentlemen and ladies) as well as other products that require elastic component such as car covers and hair band.
4. Elastic Webbing & Crochet are mostly used in gentlemen and ladies' underwear and sportswear and other products that require elastic components.
5. Covering Yarn is mostly used in ladies and children's apparel which required gentle elastic component. It is also used in underwear cleding and it is a component used to produce elastic webbing.
6. Elastic Bandage is used in preventing and protecting from sprain that might occurred in everyday activities as well as other recreations. It is widely used in medical and sports profession.
7. Back support is used in preventing and protecting from back pain that might occurred from work and everyday activities. It is available in both hard-working industry and for normal usage model.
8. Esmark Bandage & Tourniquet are used in medical field. Esmark Bandage is used in small operation for hands and feet. Whereas, Tourniquet is used in arms pinion in order to keep the blood that will be used in the operation room or blood donating.
9. Exercise Bands are used for exercise and have different resistance levels for all type of workout. It is also used as a tool for physical therapy and it also suitable for elders. Using exercise bands is very convenient because it can be used in confine space and portable. Users can use it everywhere and anytime under, "FIT BAND" trade mark.

The company has been certified with Oeko-Tex Standard 100, Quality Management System ISO 9001, Environmental Management System ISO 14001 and medical standards of Food and Drug Administration (FDA).

Marketing and Competition

In the past year, Synthetic rubber thread had continuously replaced natural rubber thread in diaper industry. Major diaper manufacturers changed to use synthetic rubber thread for raw materials. While the price competition in garment industry and textile industry was very fierce, many manufacturers changed to China and India for cheap raw materials. Therefore, expanding the sales territory into medical appliances, healthy products and exercising products in order to achieve the economy of scope and the economy of scale are very essential for the company to compete with the competitors from China and India.

Meanwhile, the declining in the world's economy and Thailand, especially in the second half of the year causing the customer's purchasing power to decrease, as a result, the demand in the overall market is decreasing. Furthermore, some market sectors are affected by flood disaster.

Importance competition strategies

The development and the improvement in the internal processes to reach highest efficiency in order to satisfy the needs of the changing market and to achieve economy of speed are the significance factors that will help the company to compete in the fierce market competition.

Controlling the product's quality, on time delivery, as well as serving the customers are the significance factors that will satisfy the customers and ensure that they will not change to use the competitors' products, especially in the market condition where price competition is fierce.

Customers' Characteristics

Majority of the customers are manufacturing factories and brands' owners. Some customers include: disposable diaper manufacturers, underwear and swimsuit manufacturers, which are faithful customers of the company and have a good long business relationship. The company is still putting emphasize in becoming a part of development in the customers' business for the products, delivery system, as well as other kinds of management in order to achieve the highest efficiency in the supply chain.

Target Market

- a. Manufacturing factories and brands' owners in both disposable diaper manufacturers and underwear and swimsuit manufacturers.
- b. Proprietor manufactures, in which the company (being as their outsourcing) will manufacture the products under the customer brands.
- c. Small factories and customers, the company will sell the products via retailers and wholesalers both in domestic and foreign countries.
- d. The companies that sell medical devices and appliances.

Distribution Channel

The company will manufacture and distribute directly to the factories which are sufficiently capable in ordering by themselves and selling via distributors for both retailers and wholesalers in order to deliver the products to the customers who want to buy in small quantity.

The company exported the products to the United State of America, Hong Kong, Taiwan, China, Myanmar, Vietnam, Malaysia, etc

Industry Trend and Future Competition

From the world economy that been slowing down, more manufacturer emphasized in lowering cost in every production processes. Finding the cheapest raw materials is one significant method that most manufacturers used. Even though, the manufacturers want the cheap raw materials, but quality is still a requirement that all manufacturers cannot overlooked. Fast and on time delivery as well as satisfying the customers are also the main factors that should be emphasized. Therefore, the manufacturers of raw materials are needed to adjust to the market trend by finding the ways in lowering cost and increased working efficiency. Furthermore, preparing to handle the changing needs in the fast-pace market should not be ignored. The main competitors are still China and India.

The company did not adjust the structure in business management, which resulting in receiving and selling properties.

Finding Raw Materials and Services

Importance manufacturing policy is manufacturing products in order to sell in accordance with the company's standard and manufacture according to the customers' order.

Finding Raw Materials: Major raw material used in manufacturing process is natural rubber be found locally.

Majority of them were bought from the company in the Saha Union Group, the source of materials are located at Chantaburi province and Trad province. In order to get the same quality of raw materials which will affect quality of the products having the standard, the company is very strict in the quality of the rubber tree which is the most important raw materials in the manufacturing processes. We often visited the sellers and cooperated with them to improve the quality of raw materials in order to satisfy the customers' needs continuously.

Problem from Raw Materials Shortage: Expected that it will not be a problem because the rubber trees are raw material that produced locally in many provinces. Currently, Thailand had expanded the boundaries in growing rubber tree in many regions in order to satisfy the greater need of rubber tree. Although the fluctuated rubber price, it will not cause the problem in rubber shortage because the company have rubber in stocks for risk management and will be sufficient for production plan.

Usage of Raw Materials Due to Change in Technology: Technology which used rubber product as raw material in manufacturing garments and textiles have no significant changing that can consider for a new innovation. In the near future, the company didn't expect any changes in technology that will have problem in raw materials usage.

Manufacturing processes/Eliminated Leftover Raw Materials that affected the environment, such as, eliminating two categories of unused waste: hazardous wastes and non-hazardous wastes, water pollution, misspend the energy and natural resources, dust generated in manufacturing process and vapor from toluene chemical.

Operation to lower the affected: The company had a measurement in solving and protecting from the mentioned affected by creating the environmental management system ISO 14001 in order to control the activities which will affected the environment:

Unused waste and unused material:

1. Hazardous wastes: Responsible by the company that have a license from Ministry of Industry
2. Non-hazardous wastes: Responsible by the company that have a license from Ministry of Industry using landfill method.

Wastewater Treatment: Using wastewater treatment "ACTIVATED SLUDGE" method and controlling the wastewater system before releasing it outside the factory by sending the water to be analyzed every month in order to control it not to exceed standard.

Waste of Natural Resources: By joining "Energy Conservative" project with Chulalongkorn University, which is a consultant and advice in factory data collecting in Bangkok and Perimeter area in order to analyze measurements of energy conservative in factory.

Energy Conservative Measurement: The company organized a group specialized in energy conservative. There is a management of factory light bulbs in pathways, toilets and the area where light is not much needed and light bulb can be removed. Old lamp that used coil ballast if damaged will be replaced with electronic ballast.

- A project of installing "CAPACITOR BANK" in electronic controlled room in order to improve the effectiveness of electric current and improve the power factor of electricity authority.
- Slowly changing big machinery using DC motor to AC motor in order to use inverter to control the fastness which will save electric power.
- Changing the roof from Roman Tile to Metal Sheet roof at Bang Pakong, blocking all of the UV light during the day and at night will using row alternation lightning or only turn on the light at the machine that being operated.

Vapor from toluene chemical by installing toluene deodorize machine from the blade washing and parts process in order to eliminate the vapor and toluene smell in the working area not exceeding the standard that have been specified by law.

Measure the quality of the air and environment in the company regularly, such as: measure the state of the dust, the sound of water and light.

The projects with an objective to lower the effect on the environment and develop the environment are:

- A project of lowering dust of the Rubber section. Eliminating dust that has been spread in the workplace.
- A project of lowering water usage in the dyeing processes of the Webbing section.
- A project of energy management in the Braid weaving section in order to lower the electricity usage, conserve the energy and building the subconscious mind for all employee, for them to cooperate in energy saving and electricity conservative.

The results of the mentioned projects for the last 3 years are in accordance with specified laws and there are no disputes and suing regarding the environment issues.

The jobs that not yet delivered

The company did not have any projects or works with high value and take time to deliver.

Risk Factors

The company emphasized in analyzing and managing risk, therefore the risk management committee has been appointed in order to determine the measurement of risk factors and control those risks to be in an acceptable level. The committee continually monitored the effectiveness and evaluated the risk management and reported the progress to the Board of Directors every quarter. The risk management policies are listed below:

1. Risk from economic situation

The global economic recession affected of decreasing in demand and purchasing power. The severely price competition among many entrepreneurs is becoming fiercer in order to maintain sales. This caused many entrepreneurs to focus on lowering cost in order to be able to continue with their business operation. Finding raw materials at low price or finding alternative raw materials in order for lowering cost is another choice.

The company had to be much cautioned and closely monitored the situation because synthetic rubber thread had replacing natural rubber thread in diaper industry. Losing the sale volumes in the diaper market affected the company's total sale volumes approximately about 40%.

Expanding sales territories, increasing the effectiveness in production and finding the source with the reasonable price of raw materials are the important factors that the company put an emphasize on in order to operate the business smoothly. In addition, protecting and decreasing the risk affected from the fact that the customers are changing to the raw materials that are lower cost.

2. Risk from fluctuation of exchange rates

From the global economic recession and the Quantitative easing (QE) of United States, EU debt crisis and the problem in politic stability in Thailand still causing the fluctuation in exchange rates which in turn affected revenue and profit. The company closely monitored those factors in order to find protection methods and decreased the affect that might occur.

Making forward contract and taking revenue of the same currency from one of the trading partner in order to match with the expense that need to be paid is matching that is the option the company used in managing risk from the fluctuation in exchange rates. It helps the company to anticipate revenue and cost in order to plan and promote the business growth.

3. Risk from fluctuation of rubber price

The fluctuation of natural rubber price is the main factor that affected the cost and the company's products price. Most entrepreneurs preferred the raw materials that their prices are not frequently changed in order to manage cost and the products' price more efficiently. The frequent changed in the price of raw materials causing the troubled in making decision on managing cost and managing sale.

The important factor that causes the fluctuation in natural rubber price is unbalanced of supply and demand in the world market, which continuously occurred in the past years.

The company managed risk from the fluctuation of rubber price by reserving the quantity of raw materials to suffice in production for at least 6 months in order to specify the cost and products' price that is not extremely affected by the fluctuation of rubber price in the world market. The company will order the natural rubber in the harvest season in order to get the best price.

1 Union Pioneer Public Company Limited

Category of Business: Elastic Thread, Elastic Tape, Elastic Braid and Elastic Webbing products

Taxpayer Identification Number 0-10-7-537-00101-3

Telephone No.: (662) 517-0105-8

Fax No.: (662) 517-1016, (662) 517-0345

Location of Headquarters and Factory: Ng. 1, Moo 13, Serithai Road, T. Minburi, A. Minburi Bangkok 10510

Location of Bangpakong Branch: 99 Moo 5 Bangna – Trad Road (K.M. 38), T. Bangsamark, A. Bangpakong, Chachoengsao 24180

Location of Warehouse Trad Branch: 70/2 Moo 1 T. Sandtung A. Khao Saming, Trad 23150

Paid-up Capital: 7,500,000 Ordinary Shares @ 10.00 Baht per share

Home Page: www.unionpioneer.co.th Email: elastic@unionpioneer.co.th

2 The company has no subsidiaries and affiliated companies and does not hold shares in other juristic person.

3 Information on others reference person

Security Registrar: Security Depository Center (Thailand) Company Limited

Address: 62 Stock Exchange of Thailand Building, Ratchadapisek Road, Khet Klongtoey, Bangkok 10110

Telephone No.: (662) 229-2888

Fax No.: (662) 654-5427

Website: www.tsd.co.th

Auditor: Mr. Termpong Opanaphunt, with CPA (Thailand)-Licence No. 4501

Address: Ernst & young Office Ltd. 33rd Floor Lake Rajada Building, 193/136-137 Ratchadapisek Road, Klongtoey, Bangkok 10110

Telephone no.: (662) 264-0777, (662) 661-9190

Fax: (662) 264-0789-90, (662) 661-9192

Other significant information

The company doesn't have any other information that may affect significantly to the investors' decision

Structure Of Shareholding

Securities Data

- (1) Securities of the Company: The company had registered as the Listed Company at the Stock Exchange of Thailand with a paid-up capital of Baht 75 million, which is an ordinary share of 7,500,000 shares @ Baht 10.00 per share.
- (2) The company does not have other types of stock and does not have other securities which are not ordinary shares.

Shareholders

(1) The names of the major shareholders with highest shares at the date of closed registered book on April 4, 2013 are listed below:

Thai nationality shareholders have a total of 7,417,560 shares, accounted for 98.90%

Foreign nationality shareholders have a total of 82,440 shares, accounted for 1.10%

The names of the top 10 of major shareholders with highest shares at the date of closed registered book are listed below:

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	-	738,440	9.846
3	Kasikorn Bank Public Company Limited	-	673,500	8.980
4	Bangkok Insurance Public Company Limited	-	558,600	7.448
5	Mr. Nithipan Darakananda	-	115,000	1.533
6	Marue Nissan Co., Ltd.	-	78,000	1.040
7	Mr. Peera Arunothai	-	65,500	0.873
8	Mrs. Sumporn Krairerg	-	64,450	0.859
9	Mr. Sophol Viraseranee	-	60,000	0.800
10	Ms. Nukunthorn Darakananda	-	53,100	0.708

- (2) The company does not hold shares in other companies.

Other securities issuing

- (1) The company does not have any convertible securities
- (2) The company does not have any debt securities

Dividend Policy:

The dividend policy is depending on “the performance of the company, at a rate not less than 1/3 of the annual net profit, after deducted accumulated loss (if any), from the separate financial statement of the company.” The company has no subsidiaries and affiliated companies.

Unit: Baht

Dividend	Approved by	Ultimate Shareholders	Dividend Paid per share
For the Year 2012	Annual Ordinary Meeting of Shareholders on April 24, 2013	37,500,000	5.00
For the Year 2011	Annual Ordinary Meeting of Shareholders on April 25, 2012	30,000,000	4.00
For the Year 2010	Annual Ordinary Meeting of Shareholders on April 20, 2011	42,750,000	5.70

Investors can see the additional information of the company at the annual registration statement (Form 56-1) www.sec.co.th or the company's website www.unionpioneer.co.th

Board of Directors

- (1) The company's Board of Directors operates their duties for the benefits of company and shareholders by using clear management structure.
- (2) There is a verification and sufficient balance in the structure of the Board of Directors and management. The Board of Directors has a total number of 9 persons, consisted of one Executive, eight Non-Executives, four Independent Directors (more than one third of the board) and three Audit Committeemen (one third of the board).
 - a) There is Audit Committee comprised of three Independent Directors. They have the qualifications according to the notification of the Capital Market Supervisory Board; Securities and Exchange Commission, are transparent, independent in the working operation and have duties and responsibilities that have been specified by the Audit Committee. The Manager of the Internal Audit Office of the company is the secretary of the Audit Committee, the details about the Manager of the Internal Audit Office is stated on page 97
 - b) The company clearly defines the duties of the Board of Directors and the management. The Chairman of the Board is not the same person as the Managing Director and has no relationship with the management party in order to divide the responsibilities in specifying the policies of controlling and routine management works.
 - c) The company clearly defines the scope of duties of the management at each level and in writing by separating their responsibilities away from each other for approval, accounting transaction record and stewardship of properties in order for verifying and balancing.

The details of directors and their duties and responsibilities are stated in "Good Corporate Governance" section at the topic "Subcommittee".

The Name Lists of the Board of Directors, Position and Number Attendances

Name-Surname	Position	Director/ Independent Director	Audit Committeeman	Nomination and Remuneration Committeeman
1. Miss Dalad Sapthavichaikul	Chairman of the Board	12/12		
2. Mr. Chivin Chaiphanich	Independent Director/ Chairman of the Audit Committee/ Chairman of Nomination and Remuneration Committee	12/12	4/4	2/2
3. Mrs. Supung Tangsujaritpant	Independent Director / Audit Committeeman	8/11	4/4	
4. Mr. Pradee Charoenwipasjet	Independent Director / Audit Committeeman	12/12	4/4	
5. Mrs. Rapeephan Sanguansis	Independent Director / Nomination and Remuneration Committeeman	12/12		2/2
6. Mr. Vacharaphong Darakananda	Director / Nomination and Remuneration Committeeman	12/12		2/2
7. Mr. Pongsak Thiengviboonvong	Managing Director	11/11		
8. Mr. Preecha Wattanasaranont	Director	12/12		
9. Mr. Nanthiya Darakananda	Director	11/12		

On December 18th, 2013 at the Board of Directors Meeting 12/2013, the resolutions are as follow:

- Appointed Mrs. Rapeephan Sanguansis, the company's director and independent director to be the Chairman of the Audit Committee and the Chairman of the Nomination and Remuneration Committee in the place of committeeman that has been resigned, which will be effective on January 1st, 2013 onwards.

- Appointed Mr. Kollatat Tangchikul to be the company's director, taking a position of Independent Director in the place of Mr. Chivin Chaiphanich, which has been resigned and will be effective from January 1st, 2013 onwards.

Executives

The Executives of the company did not have any prohibited acts according to the requirement of SEC no. Kor. Jor. 5/2548, under the topic "Regulation on the Company's Executives". They have knowledge, abilities and experiences suitable to manage and protect the benefits of the company. Also, follow the policies that have been given by the Board of Directors and operated the business by taking shareholders and stakeholders into consideration.

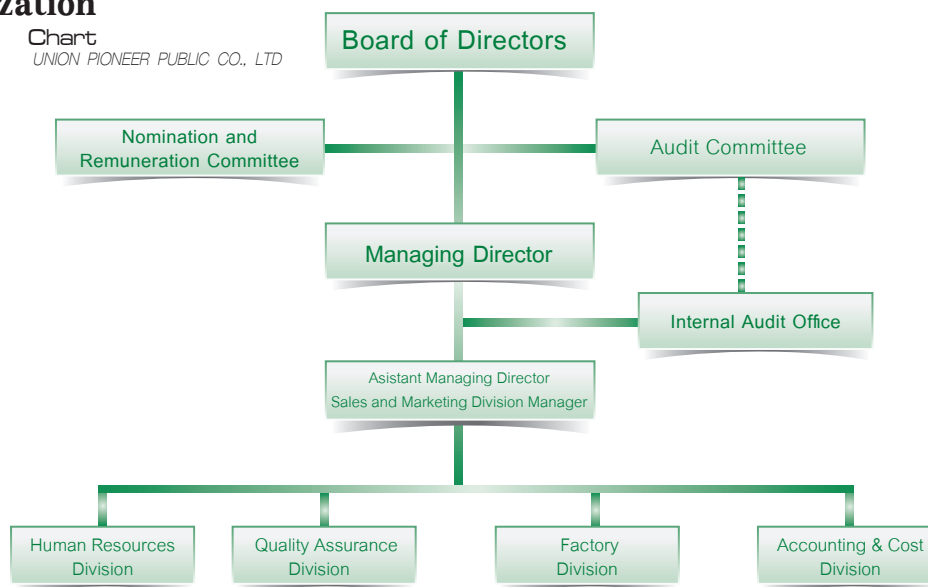
Name Lists and Position of Executives Committee are listed below:

Name-Surname	Position
1. Mr. Pongsak Thiengviboonvong	Managing Director
2. Mr. Komon lamwatcharin	Assistant Managing Director and Sales-Marketing Division Manager
3. Mr. Sumate Sarerojana	Factory Division Manger
4. Mrs. Yupa Roongphornchai	Account & Cost Division Manger
5. Mr. Apirom Danpatanachaikul	Human Resources Division Manager
(already retired on December 31st, 2013)	
6. Mr. Yanyong Kunasitsiri	Quality Assurance Division Manager

The details of the executives of the company, is stated on page 104

Organization

Chart
UNION PIONEER PUBLIC CO., LTD



Company's Secretary:

The Board of Directors has a resolution of appointing Mr. Amarin Pataranavig, to take a position of the company's secretary from March 17th, 2004. The qualification of the company's secretary is on Page 104

Remuneration of the Directors and Executives

- (1) Remuneration in monetary value
- (a) Remuneration for the attendance fee of the Year 2013 for the Board of Directors and subcommittee detailed as follow:

Name-Surname	Position	Remuneration in monetary value (Baht)			
		Director/ Independent	Audit Committeeman	Nomination and Remuneration	
		director	Committeeman		Total
1. Miss. Dalad Sapthaivichaikul	Chariman of the Board	96,000	-	-	96,000
2. Mr. Chivin Chaiphanich	Independent Director/ Chairman of the Audit Committee/ Chairman of Nomination and Remuneration Committee	96,000	132,000	12,000	240,000
3. Mrs. Supung Tangsujaritpunt	Independent Director / Audit Committeeman	96,000	120,000	-	216,000
4. Mr. Pradee Charoenwipasjet	Independent Director / Audit Committeeman	96,000	120,000	-	216,000
5. Mrs. Rapeephan Sanguansis	Independent Director / Nomination and Remuneration Committeeman	96,000	-	12,000	108,000
6. Mr. Vacharaphong Darakananda	Director / Nomination and Remuneration Committeeman	96,000	-	12,000	108,000
7. Mr. Pongsak Thiengviboonvong	Managing Director	96,000	-	-	96,000
8. Mr. Preecha Wattanasaranont	Director	96,000	-	-	96,000
9. Mr. Nanthiya Darakananda	Director	96,000	-	-	96,000
Total		864,000	372,000	36,000	1,272,000

Remarks: In the 20th Annual Ordinary Meeting there had been an approval of directors' remuneration of the year 2013, which had been considered by the Nomination and Remuneration Committee in the financial amount not exceeding 1,500,000 per year (equal to the year 2012) and had been assigned to the Board of Directors to allocate in the amount deem as appropriate.

(b) The remuneration of the Managing Director and Executives of the Company are in accordance with the principles and policies that have been determined by the Board of Directors, which will be considered from the performance of the company and the performance of each executive. The remuneration for the Executives of the company in 2013 comprised of salary, grant-in-aid and social securities in the total amount of Baht 9.7 million.

(2) Others remuneration of the Executives

Provident Fund: The Company had established a provident fund for the executives and employees, in which the company joined donating three percent of the salary. In 2013 the company had joined donating for the Executives (6 persons) in the total amount of Baht 0.25 million.

Personnel

At the end of year 2013, total employees = 525 persons, that can be divided into manufacturing section for 385 persons, office section for 140 persons.

The company did not have any significance issue in changing the number of employees and did not have any

dispute regarding labor for the last 3 years.

Types of Compensation: Salary and Wages, Bonus, Resignation aid, Provident Fund, Social Security Contributions, Compensation Fund and Pension, totally at Baht 138 million.

Development and Treatment toward employees

The company emphasizes on employees, which can be regarded as valuable resources and the essential part that can strive the company to success. Therefore, the company is having a policy that will take care of the employees to have a good quality of life by having a fair employment, suitable welfare, a chance in job advancement as well as taking care of the working environment to be safe and sanitation by following below methods:

- Treat the employees by using the standard of Human Right and also strictly followed the rules and regulations related to the employees.
- Giving fair and suitable payment according to the knowledge, competences, experiences, responsibilities and the accomplishments of each employee as well as arranging a suitable welfare for every employee.
- Encourage and support the employees to develop their skills, competencies and capabilities by using both internal and external seminar procedure and development regularly as well as giving opportunity for job advancement depending on the potential of each employee.
- Taking care of the working environment, health and the assets of employees as well as supporting the working processes for every employee.
- Appointed, relocated, evaluated as well as giving rewards and punishments to the employees should be fair, honest and based on the knowledge, capabilities and suitability as well as the course of action done by the employees.
- Manage the business by avoiding any dishonest actions which can affect the job stability of the employees.
- Encourage the employees to cooperate in specifying the working directions and the problem solving processes of the company by listening to the opinions and recommendations from the employees in all level.
- The employees have the right to complains in case they did not get fair treatment according to the system and the specified procedures. The information of the complainers will be kept confidential.

1. Policy on Corporate Governance

Union Pioneer Company Limited managed the business with responsibility and fairly under corporate governance and ethical framework, which has been developed in accordance with the changing economy and society. The Board of Directors has a resolution to approve a manual about good corporate governance and business ethics in accordance with the method that has been specified by The Stock of Exchange of Thailand and the information has been disclosed on the company website: www.unionpiooneer.co.th

The compilation of the company's manual about good corporate governance and business ethics emphasized on:

- Reinforce transparent, clear and good management system in order to have high potential as well as capability in competing with others and protect and eliminate the conflict of interest that may arise.
- Assured the shareholders, investors, employees, control division, society, environment and stakeholders.
- Also, linked the ideas, responsibilities and good relationship between directors, management division, shareholders, employees and stakeholders.
- A tool that promote the operation and management in accomplishing the objectives.

2. Subcommittee

Structure of Directors, the company has three committees:

- 2.1 The Board of Directors
- 2.2 Audit Committee
- 2.3 Nomination and Remuneration Committee

2.1 The Board of Directors has a total number of 9 people, consisted of:

- 8 Non-Executive Directors, which have occupational skill and a specialist in various fields, 4 of whom are Independent Directors.
- 1 Executive Director

Names, positions, meeting detail and the remuneration detail of the directors are stated in the structure of management at the topic of Board of Directors and Remuneration of Directors.

Duties and responsibilities of the committee:

- The Board of Directors had made "Good Corporate Governance" handbook and giving a right understanding of the company's good corporate governance in writing in order for the directors, executives and all employees to hold on as a method in work operation according to one's roles and responsibilities.
- The Board of Directors had made the company's business ethics in order for the directors, executives and all employees to use in the business operation.
- The company had made an internal controlling system satisfaction survey, in which every committeeman as well as the Audit Committee has evaluated the sufficient of the internal controlling system. The Audit Committeeman had concluded on page 105
- The company has a clear method in giving clues, complaints and a mean in business operation detailing in category 3, roles of stakeholders
- Operate the duties according to the company's regulations and controlling and managing the company in accordance with laws, the objectives of the company's regulations as well as the resolutions that have been made in the Board of Directors meeting and stockholders meeting.
- Specified the policies, frameworks and the company's strategies. Considered and consented about the importance in operating the business such as financial objectives, budgets as well as controlled the management division to operate efficiently and effectively in accordance with policies, frameworks and the strategies that have been specified.
- Controlled the operation to be in accordance with good corporate governance under morality that is "Virtue, Quality and Benefits." As well as being a part in specifying the standard regulations of good conduct in the workplace and the penalty in case of violation, in order to inform the related parties and will be the operation principal.

- Specified the measurement and policies about the conflict of interest, in case the company (if any) doing any kind of transactions with major shareholders, directors, executives and any individual related to the mentioned parties. The Board of Directors will have the measurement and policies that followed the general conditions of trading and will be same as common people. By considering the maximum benefits of the company as well as considered the approval of transactions and ensure that those transactions weren't performed by an interested person.
- Specified the policies in case the company approved the transactions that dealt with related person in a long-term commitment (if any) such as selling and buying products and etc. It will be performed according to the conditions that have been agreed on for all of the time that have been committed with the company.
- Arranged an internal controlling system and internal audit in work operation, financial reports and operating in accordance with regulations and policies.
- Arranged an Internal Audit Committee, which having independent in being the responsible party of inspecting the mentioned controlling system. By reporting the result directly to the Audit Committee and Managing Director. In addition, the internal controlling system of the company should be review continuously once a year, aside from the internal system checkup for each system of the company.
- Appointed the Risk Management Committee, which have a responsibility in analyzing and managing risk in order to specify the measurement in risk management to be in an acceptable level. By continuously monitored the effectiveness and efficiently of risk management and report the progress to the Board of Directors every quarter.

2.2 Audit Committee

- There are 3 people in the Audit Committee; all of them are Independent Directors that had been appointed by the Board of Directors. All Audit Committeeman have the qualifications that match with the notification by the Capital Market Supervisory Board and the Securities and Exchange Commission.
- Positioning for two years per term office, the committeeman that had expired from terms of office may be reappointed again.
- The audit committeeman who has knowledge and experiences to review the company's financial state - ments is Mrs. Supung Tangsujaritpunt, as the details of Board of Directors on Page 102

The name of the Audit Committeeman and Positions are listed below:

- | | |
|--------------------------------|--|
| 1. Mr. Chivin Chaiphanich | Independent Director and Chairman of the Audit Committee |
| 2. Mrs. Supung Tangsujaritpunt | Independent Director and Audit Committeeman |
| 3. Mr. Pradee Charoenwipasjet | Independent Director and Audit Committeeman |

Meeting detail and the remuneration detail of Audit Committee are stated in the structure of management at the topic of Board of Directors and Remuneration of Directors.

Duties and Responsibilities of Audit Committeeman

1. Examine the company's financial statement to ensure its accuracy and adequacy to be in accordance with accounting standard.
2. Ensure that the company has an appropriate and efficient internal control system and internal audit. Also, consider the independence of the internal audit, as well as appoint, rotate or dismiss an Internal Audit Manager of the company.
3. Ensure that the company complied with the Securities and Exchange Act, regulations of SET and other related regulations.
4. Nominate and select appropriate independent authorized auditor who is certified by Securities and Exchange Commission to be the company's auditor and propose remuneration for that individual. In addition, attending the meeting with the auditor without management party of the company at least once a year.
5. Examine that all connected transactions and other transactions with a conflict of interest have been complied with laws and regulations of SET to ensure that all transactions are reasonable and will generate the best outcome for the company.
6. Provide the Audit Committee report in the annual report of the company. The mentioned report shall be signed

- by the Chairman of the Board and should at least comprise with the information listed below:
- (a) Opinion on the accuracy, completeness and credibility of the company's financial report.
 - (b) Opinion on the adequacy of the company's internal control system.
 - (c) Opinion on the compliance with the Securities and Exchange Act, requirements of the Stock Exchange of Thailand or other laws which related to company's business.
 - (d) Opinion on the suitability of the company's external auditor.
 - (e) Opinion on the transaction that might have a conflict of interests.
 - (f) Frequency of the audit committee meetings and the attendances of each committeeman.
 - (g) Opinion or overall observation that the Audit Committee received from the operation as the charter or the regulation of the Audit Committee.
 - (h) Other transactions that the shareholders and investors should be aware of within the scope of authority which has been assigned by the Board of Directors.
7. Let the management party resolve the errors that have been defected and also hustle the management to fix those errors quickly.
 8. Follow and evaluate the performance in which the Audit Committee deems as importance.
 9. Other operations that have been assigned by the company's Board of Directors.

2.3 Nomination and Remuneration Committee

- There are 3 persons in the Nomination and Remuneration Committee, which have been appointed by the Board of Directors, in order to have transparency and independent in operating their duties. Majority of the committeemen are Independent Director and the Chairman of the Nomination and Remuneration Committee is an Independent Director.
- The Chairman of the company is not the chairman or a member of the Audit Committee and Nomination and Remuneration Committee, in order for the subcommittee to be able to operate their duties independently.

The name of the Nomination and Remuneration and Positions are listed below:

- | | |
|---------------------------------|--|
| 1. Mr. Chivin Chaiphanich | Independent Director and Chairman of the Nomination and Remuneration Committee |
| 2. Mrs. Rapeephan Sanguansis | Independent Director and Nomination and Remuneration Committeeman |
| 3. Mr. Vacharaphong Darakananda | Nomination and Remuneration Committeeman |

Meeting detail and the remuneration detail of the Nomination and Remuneration Committee are stated in the structure of management at the topic of Board of Directors and Remuneration of Directors.

Scope of Authorities and Duties of the Nomination and Remuneration Committee:

1. Determine criteria and method for nominating the Board of Directors.
2. Recruit and select the qualify individuals appropriate to appoint as the director.
3. Determine the method for remunerating the Board of Directors.
4. Determine the remuneration and form of remuneration for the director and propose to the board meeting for consideration.

3. Recruiting and Appointing Directors and Executives

3.1 Independent Directors

- The company has criteria in selecting Independent Director by recruiting individuals who have talent, experiences, understand the nature of the company business and not currently the full-time director of the company. Also, the individuals who have vision and sufficient time to devote themselves to perform the assigned duties. Those who have the qualifications according to the notification, regulation and the regimen of the Committee are welcome to be the Independent Director of the company. The company believes that the above mentioned Independent Director will use the knowledge and talent to provide suggestions that are suitable company's operation.

The company has specified the definition of Independent Director according to the lowest criteria of The Securities and Exchange Commission. It specified that at least one third of the total number of directors and Independent Director should have qualifications that meet the lowest criteria of The Securities and Exchange Commission in order for the Independent Director to operate independently. The criterias are:

- a. Have not more than 1 percent from the overall stock of the company, holding company, subsidiaries companies or a legal person that might have conflict.
- b. Not an employee, officers, consultant with monthly salary or have an authority to control the company, holding company, subsidiaries company or a legal person that might have conflict.
- c. Not an individual that is a blood relative or register a marriage certificate in the form of parents, spouse, siblings and a child as well as a spouse of the child of directors, major shareholders, person with authority or an individual who will be promoted as a director of the company or subsidiaries company.
- d. Have no business relationship with company, holding company, subsidiaries companies or legal person that might have conflict in the form of obstructing one's judgment.

A total number of 4 Independent Directors are listed below:

1. Mr. Chivin	Chaiphanich	Independent Director
2. Mrs. Supung	Tangsujaritpunt	Independent Director
3. Mr. Pradee	Charoenwipasjet	Independent Director
4. Mrs. Rapeephan	Sanguansis	Independent Director

3.2 Recruiting Directors and Executives

In selecting Directors: The Remuneration and Nomination Committee will nominate and select the person according to specific criteria and method. Individual with specified qualifications and not have any prohibited acts according to specific law, will be proposed to the Board of Directors for approval prior proposing to the shareholders for further selected.

A person who has been nominated as a Director must be qualified as following:

- (1) The candidate must be qualified with no incompatibility regarding to the public company act and securities and exchange act, as well as, the good corporate governance of the listed company.
- (2) The candidate must be knowledgeable, capable, and independent and should be able to perform the duty with caution and loyalty. The candidate should be able to devote their time to the company, with competence, seniority health and sanity. Others important qualifications include creativity, straightforward, have courage to share their point of views in the meeting and/or a renowned businessman, with the ethical behavior and working experiences, as well as having a high level of acceptance from the society.
- (3) The candidate must have at least one specialty such as the knowledge about the nature of business operation, accounting and finance, strategic management, corporate governance and other regulations.

In electing the members of the Board, the following regulations of the company should be followed:

1. One shareholder has one vote per one share
2. In the directors' election, the method in electing is either done by elected one individual director or to elect one group of director, until the number of directors are completed the requirement, with the respect to the resolution of the shareholders' meeting. For each resolution, the shareholders have the right to vote according to rule no. 1 and will not be able to divide the right to other shareholders or group.
3. The voting in the directors' election will use majority vote, if the number of votes are equal, the chairman of the meeting will be the arbiter.

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

The director who has to resign in the first year and second year after the company's registration will need to draw lots. In the following year, the director with the longest position has to resign. The director who expires from the term of office can be nominated for the position in the board again.

Other than expire from the term of office, the director terminated from the following reasons:

1. He/she died
2. He/she resigned from the board
3. Lack qualifications and posed a prohibit characteristics which defined by law.
4. The shareholders vote of not less than three-quarters of the overall votes in the shareholders' meeting and have the overall stocks not less than half of the total shares of the overall voting at the shareholders' meeting.
5. He/she was dismissed by the court order.

The director who resigned from the Board, need to submit the resignation letter to the company. The resignation will be effective from the day the letter has been submitted.

Recruiting the chief executive: In recruiting the company's managing director positioning, the Chairman of the Board will do the tentative consideration. The Chairman of the Board will do the screening and choose the candidate with the perfect qualifications, with knowledge, skills and abilities and experience which will benefit the overall operation of the company. The candidate needs to understand the nature of the company's business and be able to achieve the objectives and goals that have been specified by the company's Board of Directors. The candidate has to present the findings to the Nomination and Remuneration Committee, which will later present to the Board of Directors for further approval.

4. Corporate Governance in operating the business of subsidiary company and affiliated company

The company has no subsidiary company and affiliated company.

5. Controlling internal information usage

The company has a protection of an internal information usage according to the principle of good corporate governance that has been specified by writing in the business ethics of the company. It had been approved by the board of directors; the detail was summarized as follow:

1. Appointed the directors and executives to be aware of the notification that related with The Securities and Exchange Commission, which have been appointed the directors and executives to report the alteration of stock possession to The Securities and Exchange Commission according to section 59 of the Securities and Exchange Act, B.E. 1992, within 3 days after the assets possession have been altered. Also, informed the company's secretary in order to record the alteration and summarize the total amount of stocks of each director and executive, in order to present to the Board of Directors in the next meeting.
2. Directors, executives and employees cannot disclose the financial information or any information that may affect the stock price of the company to third parties or unrelated person. In addition, the asset cannot be sold in one month period before the financial information or other information that can affect the stock price of the company have been publicize. The stock cannot be bought or sold until 24 hours after the information have been publicize had passed. Those who violated will be disciplinary penalize according to the company's regulations.

Furthermore, in each year the company has appointed the directors and executives to sign the certificate in order to guarantee that no action which will cause the conflict of interest to the company will occurred or using the confidential information of the company that will damage the company as well as forbidden to disclose the mentioned information to sellers, service providers, competitors or third parties, unless the information is using in day-to-day operation or the information that can be disclosed to public.

6. The Remuneration of Auditors:

The auditor of the company, Mr. Termpong Opanaphunt with CPA (Thailand)-License No. 4501 of Ernst & Young Corporate Services Limited has no relationship or/and any gain or loss with the company/executives/major shareholders or any person related with the mentioned parties. He has been the company's auditor since the first quarter of 2011, totally 3 years.

The company's auditor is not the auditor of the subsidiary company and affiliated company (the company has no subsidiary company and affiliated company).

(1) The company paid the remuneration for the audit to Ernst & Young Corporate Services Limited:

The total amount of Baht 755,000 (Seventh hundred fifty-five thousand) in 2013

The total amount of Baht 735,000 (Seventh hundred thirty-five thousand) in 2012

The company did not paid the audit fee directly to the auditor or any individual/business related to the auditor

(2) Other remuneration None

7. Operate in accordance with good corporate governance principle in other categories:

- | | |
|------------|--|
| Category 1 | Fundamental rights of shareholders |
| Category 2 | Equitable treatment for each shareholder |
| Category 3 | Roles of the stakeholders |
| Category 4 | Disclosed information and transparency |
| Category 5 | Responsibilities of the Board of Directors |

Category 1 Fundamental rights of shareholders

The Board of Directors aware that the shareholders are very important, therefore encourage each shareholder to use their right and also aware that they have a responsibility to ensure that every shareholder have equal right of fundamental authorities as well as making sure that no action that will violate the right of each shareholder shall be taken place.

- Fundamental rights of share holders
- Right in buying, selling or transferring stocks
- Right in receiving the yield upon investment in the form of dividend equally
- Right in receiving information about the business sufficiently, regularly and in time.
- Right in attending shareholders' meeting and a right to vote in order to approve important issues.
- Right in electing directors and the remuneration for the directors
- Right in appointing auditors and the remuneration for the auditors
- Right in giving proxy to third party to attend the meeting and voting in their place

1.1 Shareholders' meeting

The company had made an announcement about the invitation of the 20th Annual Ordinary Meeting on April 24th, 2013 in the newspaper for 3 days period (March 25th -27th, 2013). The detail of each term and the opinion of the Board of Directors for each term were included. Furthermore, the company had disclosed the invitation of the 20th Annual Ordinary Meeting with all detailing both in Thai and English language on the company's website, www.unionpioneer.co.th on March 22nd, 2013. The shareholders have been giving 30 days' notice before the meeting taken place.

Other than the fundamental rights, the Board of Directors have encouraged and facilitated the right of shareholders as follow:

1. Shareholders have an equal right to know the information. The company had disclosed the information both in Thai and English language on the company's website, www.unionpioneer.co.th, in order to increase the news channel for the shareholders.
2. The company had arranged the Annual Ordinary Meeting every year within 4 months starting from the end of the fiscal year of the company by appointing the date, time and place of the meeting that is convenient for all shareholders.

3. The company facilitated and giving the opportunity for the shareholders to propose the agenda of the meeting before the shareholders' meeting taken place by announcing via The Stock Exchange of Thailand news system both in Thai and English language. The shareholders can propose the agenda of the meeting via the company's website, www.unionpioneer.co.th or sending the letter to the company's secretary from October 1th, 2012 to December 31st, 2012. According to the rule of getting an approval of the agenda hat being proposed, the information of the agenda are present both in Thai and English language as follow:

1. Qualifications of the Shareholders
2. Proposing the agenda in order to be a term in the shareholders' meeting
3. Documents submission
4. Consideration process

1.2 The operation in the day of the shareholders' meeting

- The Board of Directors including subcommittee, executives and the company's secretary emphasized on the shareholders' meeting. They considered it as a duty, therefore should attended every meeting in order to answer questions related with the meeting issues and listening to the shareholders' point of view.
- In the shareholders' meeting, the Chairman informed the shareholders about the right to vote and how to vote. One share equal to one vote, the ballot will be used and the voting result will be informed after the meeting is over. The announcement results will be shown as agreed, disagreed and abstention. The additional detail from the shareholders' meeting will be shown on the company's website.
- The Board of Directors promoted that there should be a witness whom didn't have any gain or loss in the company to be present when the shareholders' vote are being counted; the shareholder volunteered to be the witness in counting votes.
- In the meeting, the Chairman proceeded with the agendas that have been specified in the meeting notification accordingly. There was no additional agenda or changes in any of the important information that has not been informed the shareholders in advance.
- Giving an equal opportunity to the shareholders to ask questions as well as allocated proper time in order to encourage the shareholders to giving their point of views in the meeting about the company.

Facilitated the shareholders by:

- Arranged the meeting in Bangkok area at Saha Union Public Company Limited, which have a convenient mode of transportation.
- Arranged an officer to help in the registration area, which open before the meeting started, not less than 2 hours, and after the meeting.
- Facilitated the shareholders that cannot attend the meeting by enclosed the proxy letter. The shareholders can give a proxy to the Audit Committeeman / Independent Director or give proxy to only one person in order to attend the meeting and voting in his or her place. The detail on how to give proxy is in the note of the proxy letter.

1.3 The meeting report and the resolutions announcement of the shareholders' meeting

- The report of the shareholders' meeting will clarify the steps of voting and the method of showing the voting result in the meeting prior the meeting progress as well as giving an opportunity for the shareholders to make an issue or ask questions. Furthermore, the questions, answers, and the voting results of each term (agreed, disagreed and abstention) will be recorded as well as the name of the directors that attended and did not attend the meeting.
- The company has disclosed the voting results of each term in the Ordinary Meeting of Shareholders in the next operating day via the website of The Stock Exchange of Thailand and the company's website.

Category 2 Equitable treatment for each shareholder

2.1 The giving of information before the shareholders' meeting

Shareholders have the right to know the information about the meeting and agenda of the meeting which have the opinion of directors in advance. The company will send the invitation letter and the documents about the agendas in both Thai and English language to the shareholders not less than 14 days in advance and also disclosed the information on the company's website, www.unionpioneer.co.th 30 days before the meeting day (from March 22nd, 2013). The shareholders can see at the information and considered it before the meeting day.

The documents will be arranged in both Thai and English language in order for the shareholders to consider it before the shareholders' meeting, the documents included:

- Invitation letter, which indicated the detail of each agenda as well as the opinion of the Board of Directors in every agenda.
- Compact disk of the annual report, balance sheet, income statement or financial statement.
- Draft of the Minutes of the Annual General Meeting of last year
- Proxy letter (Form B) declared the names and the information of the Independent Directors that the shareholders could authorize these persons to be the proxy to attend and vote or the shareholders can authorize to the third parties. It depended on the suitability seen by the shareholders.
- The information of the people who have been nominated as a director and the names list of the Board of Directors.
- The definition of "Independent Director" from the people who have been nominated as an Independent Director.
- Criteria and method in recruiting directors.
- Identification detail and evidence needed to show in order to attend the meeting.
- Company's regulations that related to the shareholders' meeting
- The map showing the place for the shareholders' meeting.

2.2 Protection of the right for the minor shareholders

- The company had given an opportunity to every shareholder to propose the agenda in order to be a term in the shareholders' meeting via www.unionpioneer.co.th
- The company considered an equal treatment of each shareholder by not adding more agenda other than the agendas that have been appointed in the invitation letter which have been send to every shareholder.

2.3 The protection of internal information usage

- The Committee has specified the method in keeping and protecting the internal information usage in writing and informed that method to everyone in the organization to follow. The company also specified that all directors and executives have a responsibility in reporting the owning of their assets to the board of directors through the secretary annually. Also, that information should be disclosed in the annual report.
- The company had been specified the course of action of disclosing confidential information of the company to third parties in the company's moral principle. The additional detail is in topic of "the internal information usage" on page 86

2.4 Taking Gain and Lose by directors

- The Committee has specified that the directors should report the gaining and losing at least before considering the term and the report should be made annually.
- The Committee look after the Directors that have a significant in gaining and losing in the form that can make those Directors cannot share opinion independently and being refrain from participating in that term of the meeting.

Category 3 Roles of the stakeholders

3.1 The appointed treatment policy for stakeholders

The company emphasized on the right for every group of the stakeholders and it had been specified in the company's good corporate governance manual in order to encourage the capability in competing and build long-term growth for the company as follow:

Stockholders

- Equitable treatment for each shareholder in accordance with law.
- Respect the right of the shareholders under good governance.
- Manage the business to prosper, stable and fairly compensate to all shareholders.
- Report the status and the company's management result to each shareholder regularly and completely.

Customers

- Engross and manage the business with honesty, transparency and treat every customer equally.
- Manufacture, deliver and giving service with quality products according to the standard specified by the customers with reasonable price.
- Disclose the information correctly in order to know the detail of the products and service.
- Have marketing division to listen to the recommendations, opinion or the complaints about the products or other services. The company will consider, improve and solve those issues in time.
- Keep the confidential information of the customers by not disclosed or used it in a favor of the company or third parties.

Creditors and Trading Partners

- Specified the method and practice in not violate the right of the creditors and trading partners with equitable treatment and based on the standard that both parties getting equal compensation.
- Not getting any benefits or paying benefits of any kind other than the benefits that have been agreed in the trading term. If any dishonesty of the mentioned issues were found, both company and the creditors and trading partners will find the truth and solve it immediately.
- Operating in accordance with the conditions, contract and the agreement that being made with creditors and trading partners strictly. In the case that the agreement has been broke down, the company and the creditors and trading partners will find the solution in solving the problem immediately.

Employees

- Treat every employee equally, no double standard, no sexism, no nationalities, no races, no religions, no beliefs and no social status divided.
- Strictly practice the human right and not support any actions that violate the human right.
- Followed the rules and the regulations related to the employees strictly.
- Put an emphasize on developing – training employees in order to improve and develop for efficient operation.
- Prepare and specified the safety procedure in case of fire by having fire drill at least once a year in order for the employees and officers to know the way to protect themselves from fire.
- Arranged a bus service welfare, healthcare service, seminar, entertainment-tradition welfare and conserve Thailand's tradition, such as, making New Year merit, Songkran Festival, Loy Kratong Festival and etc.
- Annual health check-up because the company emphasized in taking care the health of the employee, therefore the annual health check-up was being arranged.
- The company set up the Five – S committee, giving an opportunity to the employees to join in developing the quality of working life for themselves and the company also set up "Safety, Occupational health and Working environment committee" in order to control business that might affect the employees.
- The company arranged the Provident fund for the employees of Saha Union group and the company collected 3% of the salary to the fund.

Society and Community

- The company realized that even though the revenue was the most important thing in business operation, but the making the revenue on the standard of not taking advantage on others, not causing any trouble to others as well as taking responsibility on community and society were also important.
- The company supported and encouraged every executive and every employee to take responsibility on community, society and environment.

The methods in giving clues and complaints

The company engrossed in operating the business with honesty, not taking advantage on others and not causing any trouble to others by arranging the channel for stakeholders and related parties in giving clue via www.unionpioneer.co.th through Independent Directors or Audit Committeeman. The company has a procedure in checking, following and solving the complaints by presenting the results of solving the complaints in the Operation meeting monthly.

The Action against Corruption and Giving/Taking Bribe

The company has a policy and business operation to protect the company and/or associated companies and subsidiary companies (if any) from corruption issues and taking/giving bribe, are listed below:

- Directors, executives and employees in all level should not involve in corruption or taking/giving bribe neither direct nor indirect.
- The company followed related rules against corruption and taking/giving bribe in every country that the company operated its business and cooperate with the government officers.
- The employees will not neglect or ignore if seeing any course of action involving corruption or taking/giving bribe that related to the company by informing the chiefs or responsibility person and cooperate in the investigation process. If there are any queries the employees can consult with chiefs or the person that been appointed by the company to take responsibility.
- The company is being fair and will protect the employee who informed about corruption and taking/giving bribe that related to the company.
- An individual who involved in corruption and taking/giving bribe which is against an ethical principle of the company will be disciplinary penalize according to the specified rules of the company and also might be penalize by law if that action is against the law.
- The company encouraged in disclosing knowledge and educated the employees in all level and related parties that involved with the business operation in the course of action against corruption and taking/giving bribe.
- The company will consider in donating to various charities with caution and transparent in order to ensure that the donation will not be used as an excuse in corruption.

3.2 The disclosed of operation in accordance with policy and arranging the report of Corporate Social Responsibility

- The company disclosed the Corporate Social Responsibility (CSR) activities, which promoting the involvement of employees in following the CSR policy, preserving the environment, taking care of the community and society, the safety of the company's customers as well as related activities detailing in the CSR section at CSR policy
- The company set the significant policy and disclosed it in the annual report and at the company's website, as following
 - Corporate Social Responsibility Policy
 - Environmental Policy
 - Anti-Drug Policy
 - Energy Policy

Category 4 The Disclosed information and transparency

4.1 Disclosed information

- The Board of Directors arranged to disclose important information of the company both in financial and non-financial which are: good corporate governance manual, business morality, annual report, balance sheet and the annual registration statement (Form 56-1). The information is correct, complete, transparent, in time and thoroughly in order for the investors and related parties to know. The information will be disclosed via the company's website as well as the news channel of The Securities and Exchange Commission and The Office of The Securities and Exchange Commission.
- Disclosed the report about the responsibility of the Board of Directors about the financial statements along with the annual report of the auditor.
- Disclosed the audit fee and other fees related to the service performed by the auditor in the Remuneration of Auditors section.
- Disclosed the roles and duties of the Board of Directors and all subcommittee, number of the meetings being arranged and the times in which each director attended the meeting in the previous year in the structure of management section.
- Disclosed the remuneration of each directors and executives in the " Structure of Management " section. According to the company's regulation, the directors have the right to get the remuneration from the company, such as: gratuity, attendance fee, allowance, pension, bonus and other types of remuneration according to the regulation or according to the consideration in the shareholders meeting. The remuneration of the executives is in accordance with the principal and the policies that have been specified by the Board of Directors by considering on the company's operation and the performance of each executive.

4.2 The information being disclosed on the company's website

Besides disclosed the information according to the specify criteria via The Stock of Exchange channel in the form of the annual registration statement (Form 56-1) and the annual report, the Board of Directors also disclosed other information via the company's website, such as:

- The company's vision and mission
- Nature of the business operation
- Financial statements and the report on the financial status and the result of business operation in both current year and previous year.
- Form 56-1 and annual report which can be downloaded.
- An invitation letter of the Annual General Meeting, the resolutions at the shareholders' meeting and the report of the shareholders' meeting.
- The policies as well as the company's good corporate governance manual and the business morality.
- Roles, responsibilities, qualifications and terms of office of the Board of Directors.
- Responsibilities, qualification and terms of office of Audit Committee and the Nomination and Remuneration Committee.
- A person responsible for the Investor Relations is Mrs. Yupa Roongphornchai, the manager of the Accounting and Cost Division, contact number: 02-517-0105-8 ext. 117 and fax number: 02-517-0345. The company is pleased to hear the comments, recommendations and information related with analyzer and investors as well as browsing the information via The Stock of Exchange of Thailand's website, www.set.co.th and the company's website, www.unionpioneer.co.th.

Category 5 Responsibilities of the Board of Directors

5.1 The structure of the Board of Directors

- The company's Board of Directors has a structure composing of directors who have a diverse qualification, both skills and experiences as well as specific talents that are very useful for the

company. The Board of Directors have members not less than 5 people, half of the directors from the overall number of directors should be in the realm area and not less than 3 in 4 from the overall number of directors should be Thai citizenship,

- The company's directors that had been nominated and recruited by the Nomination and Remuneration Committee, in which should have the qualifications, competence, knowledge as well as experiences from various occupations.
- The Chairman of the Board is a different person from the Managing Director and has no relationship with management party in order to divide the responsibilities in specifying the management policies and routine management functions.
- The company clearly specified the authorities for the management party in each level in writing by decisively dividing the responsibilities among the approvals, accounting records and assets management in order to balance each other.
- The term of office of the directors, specified that the directors will be out of the position when the term expire one in third of every year in accordance with the company's regulations.
- The Board of Directors considered the qualification of the individuals that are "Independent Directors," in order for the Independent Director to operate independently. Suitable with the company's characteristics in which those independent should at least be in accordance with the criteria of The Securities and Exchange Commission and The Stock Exchange of Thailand. Furthermore, the company's Independent Director can share their opinion independently about the performance of management division.
- There are 4 Independent Directors from a total number of 9 Committeemen, in order for their operating independently and suitable with the specific characteristic of the company.

Names, positions, meeting detail and the remuneration detail of the Board of Directors are stated in the "Structure of management" section, at the topic of "Board of Directors" and "Remuneration of the Directors".

The company's secretary: Have a duties in giving an advice regarding laws and other regulations that the Board of Directors should be aware of and having a duty in taking care the activities for the Board of Directors as well as coordinated in order to make sure that the Board of Directors' resolutions have been implemented.

5.2 The company's subcommittee

Other than the Audit Committee that had been organized by the company in accordance with The Stock Exchange of Thailand, the Committee also organized a subcommittee in order to be good corporate governance, details as followed:

- Chairman of the Board is not a member of Remuneration and Nomination Committee in order for the Remuneration and Nomination Committee to operate independently.
- In order for The Remuneration and Nomination Committee to work effectively and achieve the objectives, there will be at least a meeting 2 times per year.
- The Remuneration and Nomination Committee have name lists, duties and responsibilities and detailing in "Good Corporate Governance" section, at the topic of "Subcommittee".

5.3 Roles, duties and responsibilities of the subcommittee

Details are stated in the "Good Corporate Governance" section, at the topic of "Roles, duties and Responsibilities of the Committee".

5.4 The Board of Directors' Meeting

- Determining date and time, the Board of Directors' meeting will be held one year in advance and each director has been informed about this matter in order for them to arrange their time and attend the meeting.
- The Board of Directors' meeting will be held one time per month in order to inform about the reports and the business operation results by considering the financial statements every quarter including considering on other important issues.

- Appointed the company's secretary to make a meeting report in order to enclose it together with the invitation letter, which included the meeting agenda. In addition, the meeting handouts should be made in order to give it to the Board of Directors 7 days in advance before the meeting, as specific laws so that they will have sufficient time to study the information before attending the meeting.
- Both Chairman of the Board and Managing Director considered the issue which will be discuss in the term of the Board of Directors' Meeting.
- The Chairman of the Board allocated enough and sufficient time for the directors to discuss important issues cautiously as well as encouraged every directors to give their point of views in each issue freely.
- The Chairman of the Board, Managing Director and all directors will always attend the meeting, unless travel overseas or have other duties to attend to.
- Chief Executive had always attended the Board of Directors' meeting in order to inform more details about the accounting field, financial field and other related issues.
- Encouraged the Board of Directors to further study the relevant information from the Chairman of the Board, company's secretary or other appointed directors in the scope of authorities that has been assigned.

5.5 Self-evaluation of the Board of Directors and executives

- There was a self-evaluation of the Board of Directors and executives at least once a year in order for the directors to consider the results and problems together and eventually solve those problems.
- The evaluation of the Board of Directors was evaluated in both group and individual. The score of the evaluation result of the year 2013 was 93.75.

5.6 The Remuneration of the Directors

- The company had a process in specifying the Remuneration of the Directors which is transparent by considered it from The Nomination and Remuneration Committee and proposed it to the Board of Directors which will then later proposed to the stockholders for approval.
- The Remuneration of the directors can be compared to the operating level in the same industry and the business profit as well as considered from the experiences, duties, roles and responsibilities of each director.
- The Remuneration of the Managing Director and Chief Executive Officers followed principles and polices that have been appointed by the Board of Directors and considered from the accomplishment of the company and the operating results from each executive and the company's operation results.

5.7 Knowledge development for Directors and Executives

- The company encouraged and facilitated as well as supported the directors in joining the seminar related to such as DCP, DAP and IOC courses.
- When there is a new committeeman, the Committee informs the management to submit the document or to present briefing in order for the new director to understand the business and his/her duties.
- The Committee has set a succession plan to carry on with the works in order for the top executive to work continuously and the business operation will not be disrupted.

Union Pioneer Public Company Limited adheres and is aware on the significant obligations of the company in social responsibility and environment.

The company engrosses in researching and developing products to have highest quality, develops each individual to have greatest efficiency by embedded in helping the society and nurture the environment to be long-lasting.

Social Responsibility in Mind toward Sustainability

Union Pioneer Public Company Limited adheres and is aware on the organization's vision, "Be a leader in producing rubber thread, rubber tape, elastic webbing and elastic braid with quality that will be acceptable worldwide" and operate the business with conscious of responsibility by holding on to morality and good management, together with social responsibility and preserving the environment. In order to develop a sustainable business by building a pleasant society and community, on the fundamental belief that business and society can be united by helping each other and giving support to one another. This is a reflection, showing that the company has development and adaptation to existing world and always ready for changes. By developing products and service to meet the customers' satisfaction and preserving the standard in manufacturing with highest quality. Furthermore, the company is continuously helping and developing both community and society, including operating with environment in mind.

Kind-Hearted toward Quality of Manufacturing Processes

For the past 40 years, the company has emphasized in maintaining the standard and the quality of manufacturing processes. By starting from the research and development on the products suitable with current era and attending to every working process, together with managing operations complying with the requirement of laws. The company had been certified with Environmental Management System ISO 14001, ISO 9001 by Bureau Varitas, and with Oeko-tex Standard 100.

In 2013, the company expanded international market to the health care and medical markets. For local markets, the company developed the appliance for exercise under the brand "FIT Brand" which can be used for exercise in everywhere, is convenient for taking, and can be efficiently used with every part of body.

The company continues to develop the quality of "Back Support," to be more efficiency. By consulting with a doctor specialized in occupational health and ergonomics, in order to design and develop the product suitable in curing a back pain from heavy lifting and a back pain from sitting in one position for too long. The company is always aware on the safety for all customers and engrosses in continuously developing safety products that will be acceptable by all customers. The company always engrossed in continuously developing products.

Being certified with Oeko-tex Standard 100 Class I (a certificate which guarantee that products have no chemical residue that may harm infants and babies, age not exceeding 3 years old), including all products; rubber thread & rubber tape, elastic braid and elastic webbing. It means that all of the company's products had been passing the toughest benchmark in product safety.

Kind-hearted toward community and society

Happy Children's Day

Every year, the second Saturday of January, is appointed to be National Children's Day. In 2013, it was on January 12nd, the company participated in gift giving and giving stationery to the community representative, include; Bangchan Housing, Bangchan Industrial Estate, Minburi Youth Centers and Wat Bumpennua School on January 9th, 2013, in order for all representatives to distribute all of the gifts to the children.

Inherit Thailand Tradition

On January 9th, 2013, the company had organized Songkran Festival in order to inherit Thailand tradition and culture. Leading by the executives, the company's employees are making merit, giving food offerings to a Buddhist's monks and pouring water on the hands of revered elders and ask for blessing. This is a reflection, showing that the company is attentive and educate the employees to be kind-hearted, grateful, as well as building a vivid family atmosphere.

Donating money and be kind-hearted to temple and school

On July 4th, 2013, the company co-joined an activity with the Welfare Center, Banchan District, Saha Union, in donating the money to Surao Bangchan School. Furthermore, on July 19th, 2013, the company had donated necessities to Wat Bumpennua and Wat Bangphengtai, on the occasion of Asalha Puja Day and Buddhist Lent Day.

More than giving

Mr. Pongsak Thiengviboonvong, Managing Director of Union Pioneer Public Company Limited, had appointed the policy for all divisions to accompany each other in social responsibility and benefaction. By starting from a pinhead, the Human Resources Division has proposed a project "Third Page Paper," which is a project in donating unused books and unused table calendars to the Foundation for the Blind in Thailand under the Royal Patronage of Her Majesty the Queen.

Carry on the dream and being thoughtful to the children

On October 21st, 2013, leading by the Managing Director and the executives, the company's employees joined in the project "Carry on the dream and being thoughtful to the children," by giving stationery, sports equipment and necessities, such as, computers, soccer ball, volley ball, shoes, socks and etc. to the students of Huay Katatong School in Kanchanaburi province. In addition, the company arranged a lunch catering and ice-cream for the children as well.

One Drop for One Life

The company's employees also joined in blood donating activity which been taken place every year by Thai Red Cross of Her Majesty the Queen in case of blood shortage and in order to help the patients. Thai Red Cross will collect the donated blood every three months.

Kind-hearted toward environment

For the past 40 years, the company has continuously emphasized on preserving the environment, by arranging various projects, such as, sorting of waste materials, energy saving and pollution reduction. In 2013, the company has still strived in preserving the environment with a widespread vision of the Managing Director, who arranged a project, "Conserving the energy with natural light energy" that emphasized in using environment to its fullness, without destroying the environment. Furthermore, the company proceeded with fixing the roof of plant building of Braid Section in Bang-Pakong District by changing to be Metal Sheet roof and also installing translucent roof which protecting UV light. The light can still pass through, but will not affect the employees. This is an effective way in reducing energy usage. Before changing to the Metal Sheet roof, we had to turn on the light all time. But at present, it is no need to turn on the lights for all 980 tubes at the period on 8.00a.m. – 5.00p.m. This can save the electricity expenses at approximately 30,000 Baht/month.

Before : The plant had to turn on the light all time.

After : Changing to Metal Sheet roof and translucent roof, the plant is no need to turn on the light during the day.

Our company is aware and emphasizes on using energy worthwhile and it is becoming a habit embedded in every employee. Always thinking about environment and this project is being coordinated by every division.

Environmental responsibility is the heart of UPF because the UPF is attentive in environmental responsibility both direct and indirect ways. In every working process, the company emphasizes and educates every employee to preserve and conserve the environment, so that the environment will be long-lasting.

Control System and Internal Audit

The Company gave priority to the adequacy and suitability of the risk management and the internal control system in order for the company to efficiently manage its business and protect its properties from the risk and the damage. Internal control system had been evaluated by the board of the company for approving, considering and recommending about the adequacy evaluation of the risk management and internal control system on an annual basis.

Both for the management level and operation level for greater efficiency of the company, the company has established suitable, clear and concise rules and procedures for the internal control system. It also 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 has a financial report system so the management can follow all operations and an asset management system. The company has the internal audit office for inspecting the Company's working systems, major operations and financial activities to ensure the efficiently comply with established precedents. The internal audit office operates under the audit committee and follows the annual operational plans and other missions as necessary. The internal audit office reports directly to audit committee and, in some urgent cases to the management for rapid assessment and necessary adjustments. The internal audit office has the authority to make independent inspections.

Adequacy and suitability of the company's Internal Control System

The Board of Directors assigned the Audit Committee with a duty and responsibility in checking the suitability and effectiveness of the company's internal control system created by the management level to ensure that the internal control system of the company is adequate in lowering the risk of managing the business, be able to protect the company's assets from disappearing or whether it is being used by an unauthorized person, helping personnel to operate in accordance with laws and related regulations and helping to correct the financial statement and make it be credible.

Risk Management Committee considered in specifying the frameworks, policies and reviewing the methods of the company's risk management to ensure that it is on the right track as well as controlled the operation in order to make sure that the policies will be followed regularly.

The Audit Committee checked the suitability and the effectiveness of the company's internal control system and internal audit by considering together with internal auditor. The Audit Committee concluded that the company followed the five aspects of internal control system: the organization and its environment, risk management, the operational control of management, information technology and tracking system, as being stated in the Audit Committee Report on Page 100

Moreover, from the meeting with Ernst and Young Limited Company, the external audit who was the auditor of the financial report in 2013. The external audit commented that the overall perspective of the company's internal control system was in satisfied level. There was no significance detected that will affect the financial statement and there was no further comments.

Comments from the Audit Committee on the Internal Control

There were no comments from the Audit Committee that are significantly different from the comments from the Board of Directors.

Information about the Internal Audit Supervisor -in case of being the company's employee

- (1) Ms. Raveevarn Suktreesoon Manager of the Internal Audit Section
- (2) Educational Background Bachelor Degree in Banking and Finance
- (3) Working Experiences and Related Trainings
 - Accountant for 9 years
 - Internal Audit Manager for 8 years
 - Training in work operation and internal audit management (Internal Audit Association)
- (4) Responsibilities
 - Report and follow up the result of the internal audit to the Audit Committee
 - Secretary of the Audit Committee

Comments from the Audit Committee on the qualifications of the internal audit supervisor (in case of being the company's employee)

The Audit Committee concluded that the performance of the Internal Audit Supervisor is excellent and in accordance with the specified laws as well as having knowledge and capability in performing the assigned duties with efficiency.

From the Securities and Exchange Act (Issue 4) B.E. 2551 section 89/12 that was effective on August 31st, 2008, specified that the directors, executives or related person can do any transactions with the company or subsidiary companies until those transactions have been approved from the shareholders' meeting.

Transaction with person or related business

A person or related business implied to a person or business that has a power to control the company or being controlled by the company both direct and indirect ways or being under the same command as the company.

Furthermore, a person or related business can also be implied as joint-company and a person who has an authority that will make a significant impact to the company, executives, directors or employees and have an authority in planning and controlling the company's operation.

1. Characteristics of the preceding inter-transactions

They are the transactions that usually happen in business with general conditions and have no unusual transactions or pricing. The majority of the transactions are selling and buying products, debtor and creditor.

The company's policy in doing inter-transactions with a person that might have a conflict of interest is the necessity and reasonability of those transactions. It is usually a normal transaction related with day-to-day business operation which involves selling and buying products.

The company has no unusual trading transactions or a special inter-transaction therefore the opinions of the third party committee or the independent specialist about the inter-transactions is not needed. In the past year, the company had no any forms of stock selling or any drafts of the prospectus, so there were no opinions about this matter from the third party committee. In case the company has any related-transactions, the company already discloses via electronic media of The Stock Exchange of Thailand.

2. The necessity and reasonability of the Inter-Transactions

The associated companies have a policy of establishing a team to find the raw materials for inside usage in order to have high negotiating power on pricing and quantity which will surely generate the highest benefit for the company.

3. Approval procedures of Inter-Transactions

As normal business operation likely to the third party, the company has an approval procedure of inter-transactions according to normal trading system. The Board of Directors used to approve the principle that allowed the inter-transaction of normal trade. In the section of follow-up the payment, the due date of each transaction have been specified and the governance of following up with the transaction has been specified. The approval of transaction in each category had conformed to the regulations of The Stock Exchange of Thailand and Office of the Securities and Exchange Commission.

4. Policy and Trend of the Future Inter-transactions

In case of having inter-transactions, the company has a fair policy in doing transaction for all related parties, in order to achieve the objective of generate the highest benefit to the company. The company conforms to The Stock Exchange of Thailand and Office of the Securities and Exchange and the information has been sufficiently disclosed.

During the year, the company had the significant transactions with related persons or parties. Those business transactions are in accordance with trading conditions and criteria between companies and persons or related parties. It is a normal business operation which can be summarized as followed:

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

The significant summary of leasing contract of buildings and land is the lessee cannot sublease the buildings and land during the term period. In case of termination and neither the lessee nor lessor ends the contracts, it can be regarded as the term of contract shall be extended for one year under the conditions and agreement of the contract.

	2013	2012	2011
Building Rental Fee *Saha-Union Public Co., Ltd.	3,300,000.00	3,300,000.00	3,300,000.00
Land Rental Fee *Union Thread Industries Co., Ltd.	300,000.00	300,000.00	300,000.00
Land Rental Fee *Thai Rubber Enterprise Co., Ltd.	30,000.00	30,000.00	30,000.00

- The company has leased the land from Thai Rubber Enterprise Co., Ltd. to construct a warehouse.

The significant summary of land leasing contract is the lessee cannot sublease the land. The rental period is 3 years with the rental fee of 30,000.00 per year (Thirty Thousand Baht). In case of termination and neither the lessee nor lessor ends the contracts, it can be regarded as the term contract shall be extended for three years under the conditions and agreement of the contract.

The detail of inter-transactions have been disclosed in the financial statement, topic no.6

Management Discussion and Analysis (MD&A)

Global and domestic economic slowdown as well as domestic political conflict caused a decreasing in customers' purchasing power and affecting the company's total revenue in previous year. In 2013, the company had total revenues of Baht 694 million with a net profit of Baht 22.25 million, which can be calculated as Baht 2.97 earning per share. In 2012, the company had total revenues of Baht 741 million with a net profit of Baht 39.22 million, which can be calculated as Baht 5.23 earning per share.

Profitability: Union Pioneer Public Company Limited had the significant profitability in 2013 less than in 2012; Return on Assets (ROA) declined from 7.34% to 4.46%, Return on Equity (ROE) declined from 10.75% to 5.98%, Earning per Share declined from Baht 5.23 to Baht 2.97, Assets Turnover is equal with in 2012 at 1.39 times. In 2013, the Gross Profit Ratio was 11.72%, nearly with in 2012 at 11.85%. Because the average selling price was lower than the previous year as the trend of lower rubber price and higher Thai Baht appreciation, but the company had developed new products in order to expand the market.

When considering why the turnover rate of total assets was equal as 1.39 times, we found that the company could manage the total assets effectively. Receivable Turnover in 2013, nearly with in 2012, which was from 5.02 times to 4.78 times, resulting to Collection Period assets was not much difference with last year, which was from 72 days to 75 days because the company didn't make any adjustment on the customers' credit term. For the debtors who may have some problems incurred in collection of receivables, the allowance for doubtful accounts is provided. Inventory Turnover was increased to 2.93 times in 2013 from 2.41 times in 2012. Fixed Assets Turnover was nearly with in 2012, which was from 5.61 times to 5.75 times. The Sale Period declined from 149 days to 123 days. In the year 2012, the company had stocked a large amount of rubber and buying less rubber in the year 2013 because the company predicted that the trend of the rubber price will decrease. For the ROA and ROE, the proportion will be varying according to the net profit 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 is still on the acceptable level which the Current Ratio was 4.79 times and 4.75 times while Quick Ratio were 2.4 times and 1.84 time for the year 2013 and 2012 respectively. When considering the cash flow from operating activities against current liability in 2012 and 2013, they were on satisfying rate which are 101% and 148% respectively. Because the company bought less rubber and lower rubber price resulted in lower debt to be paid.

Cash flows used in investing activities in 2013 increased from previous year, because this year the Company invested in buying new machinery and equipment used in manufacturing. The company also bought government bond to guarantee the company electricity usage instead of letter of guarantee. Cash flows used in financing activities decreased from the previous year, even though the company paid greater amount of dividend, but in the year 2013 the company didn't have to pay for short-term loan.

Quality of Assets: Most debtors of the company have not been on due yet, but some debtors were overdue with their term payment, the company set the net unrealized values at Baht 0.63 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.

The inventory in 2013 declined to Baht 175 million from Baht 225 million in 2012. The company purchased a large amount of rubber to keep it in stock, causing the company to buy less rubber in 2012 because there was little opportunity that the rubber price will increase.

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.

Trend and any changes that can affect the company's financial status from the circumstances in the year 2013

Factors affecting Thailand economy in the year 2013 were the uncertainty from the world economic as well as the public debt in Europe, the economy of the United States that has not been recovered and the fluctuation of the exchange rate. Furthermore, the local factors, such as the political conflict, the prolonged protest and the adjustment of the minimum wage Baht 300 also affect the overall economy of Thailand.

However, the company has well-managed the capital and increased the effectiveness of the company's overall operation to maintain existing customers as well as launching new products to expand the market both internationally and domestically, in order to satisfy customers and for those customers to believe in the quality of the company's products.

Report of the Audit Committee

For the year 2013

The Audit Committee of Union Pioneer Public Company Limited comprised three independent directors, namely as follows:

- | | | |
|----------------|-----------------|---------------------------------|
| 1. Mr. Chivin | Chaiphanich | Chairman of the Audit Committee |
| 2. Mr. Pradee | Charoenwipasjet | Audit Committeeman |
| 3. Mrs. Supung | Tangsujaritpunt | Audit Committeeman |

In the year 2013, the Committee convened 4 meetings which the external auditors, management executives and accounting manager also joined these meetings in order to consider the matters as follows:

1. Reviewing the Company's quarterly and annual financial statements for the year 2013: members of the Audit Committee questioned and discussed with the Company's executives and external auditors on the correctness and completeness of the financial statements and the adequacy of disclosed information. The Audit Committee agreed with the external auditors and concluded that the Company's financial statements were prepared in accordance with generally accepted accounting standards.
2. Reviewing the Company's compliance with laws and internal control system, assessing the annual audit result of the internal auditors by considering the scope of duties and responsibility, and also approving the annual audit plan. The Audit Committee acknowledged quarterly internal audit results, gave recommendations to the management for corrective action consideration and reported to the Managing Director. As the audit resulting, no significant flaw was detected and some non-compliance had been completely changed for corrective actions and improvements.

The Audit Committee concluded that the Company had the sufficiency, suitability and efficiency of the internal control system in accordance with international standards. The Company had stewardship of properties properly, complied with the SET regulations as well as had an effective way to deal with the changing circumstances. The Audit Committee approved on appointing the manager of internal audit office, and the secretary of Audit Committee.

3. Reviewing the risk management and the procedures from the executives to ensure that the Company complied with the relevant rules and regulations, and had criteria to evaluate the risk and the action plan to follow up the results of risk evaluation. The Audit Committee concluded that the Company had an effective system in managing risk by stating the objective, identifying, assessing, managing and tracking down the risk in quarterly as well as the risk evaluation for catching up with the current situation.
4. Considering the remuneration and nominating the authorized external auditors of the Company to the Board of Directors for proposing to the Annual Shareholders' General Meeting for approval, by realizing on the creditability of the authorized external auditors for service, consulting on accounting standards, auditing and approving the financial statements in time.

The Audit Committee concluded that in the year 2013, the Company had corporate governance system and appropriate internal control system. The Company's financial reports were prepared under generally accepted accounting standards and were disclosed information in accordance with the relevant laws and regulations.



(Mr. Chivin Chaiphanich)
Chairman of Audit Committee
Union Pioneer Public Company Limited

Board of Directors' responsibility for Financial Reporting

The Board of Directors is responsible for the Company's the financial statements and information as listed in the annual report. 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 has 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 views of the Audit Committee are reported in the Audit Committee's report in the Company Annual Report of 2013.

The Board of Directors confident that the Company's financial statements of 2013 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 behalf of the Board of Directors
Union Pioneer Public Company Limited.



(Miss Dalad Saphavichaikul)
Chairman



(Mr. Pongsak Thiengviboonvong)
Managing director

The Details of the Board of Directors

1. Miss Dalad Saphvichaikul

Chairman

Age 57 years

Classification of Director: Authorized director to bind the company sign followed by the Certificate of Company Registration.

Education

- Master's Degree in Computer Science, University of Illinois at Urbana – Champaign, U.S.A.
- Bachelor's Degree (First Class Honor) in Economics, Chulalongkorn University

Proportion of shareholding: None

Family Relations with Other Directors: None

IOD's Training

- Awarded Diploma by passing the Examination of Australian IOD Year 2001
- Director Certification Program (DCP) Class 9/2001
- Finance for Non-Finance Director (FND) Class 1/2003
- Audit Committee Program (ACP) Class 10/2005

Experiences

- 1999 – 2007 Executive Director and Vice President, Saha-Union Public Company Limited
- 1999 – 2012 Director, Saha-Union Public Company Limited

Current Positions

Listed Companies

- 1995 – Present Director, Union Textile Industries Public Company Limited
- 2011 – Present Director, Union Plastic Public Company Limited
- 2012 – Present President, Saha-Union Public Company Limited
- 2012 – Present Chairman of the Risk Management Committee, Saha-Union Public Company Limited.

Other Positions

Saha-Union Group Companies

- 2004 – Present Managing Director, Computer Union Co., Ltd.
- 2004 – Present Managing Director, Computer Union System Co., Ltd.
- 2007 – Present Managing Director, Saha Union Holding Co., Ltd.
- 2011 – Present Director, Union Thai-Nichiban Co., Ltd.
- 2012 – Present Chairman, Union Nifco Co., Ltd.
- 2013 – Present Chairman, Union Zojirushi Co., Ltd.
- Present Chairman and Director, Other Companies in Saha-Union Group

Group

Other Companies

- 1989 – Present Director, Processing Center Co., Ltd.

Years of Directorship

2 years

2. Mr.Chivin Chaiphanich

Audit Chairman and Independent Director

Nomination and Remuneration Chairman

Age: 67 years

Classification of Director: Not authorized director to bind the company sign followed by the Certificate of Company Registration.

Education:

- Bachelor's degree, Engineering Department (Chemical Engineering), Chulalongkorn University

Proportion of shareholding: None

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) 5/2003
- Audit Committee Program (ACP) 38/2012

Experiences

- 1995 - 2009 Managing Director, Union Thai-Nichiban Company Limited
- 1995 - 2012 Director, Bangkok Union Company Limited

For more than 5 years

Director, Union Plastic Company Limited
Director, Thai Rubber Enterprise Company Limited
Director, Union-Zojirushi Company Limited

Current Positions

Listed Companies

- Jan. 2012 – Jan. 2013 Audit Committee and Independent Director, Union Pioneer Public Company Limited

Years of Directorship:

3 years

3. Mrs. Supung Tangsujaritpant

Audit Committee and Independent Director

Age: 64 years

Classification of Director: Not authorized director to bind the company sign followed by the Certificate of Company Registration.

Education:

- Vocational Education (Account)

Proportion of shareholding: None

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) 2/2003

Experiences

- 1994 - 2008 Assistant Director, Saha-Union Public Company Limited
- 2004 - 2010 Director, Union Textiles Industries Public Company Limited

Current Positions

Listed Companies

- 2013 - Present Audit Committee and Independent Director, Union Pioneer Public Company Limited

Other Positions

Saha-Union Group Companies

- 2000 - Present Director, Yunnan Energy Luliang-Union Cogeneration Company Limited

Years of Directorship:

1 year

4. Mr. Pradee Charoenwipaset

Audit Committeeman and Independent Director

Age: 68 years

Classification of Director: Not authorized director to bind the company sign followed by the Certificate of Company Registration.

Education:

- Secondary education at 5th Grade at School of Phatthalung Province

Proportion of shareholding: None

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) 107/2014

Experiences

- Finance and Account Manager, Union Universe Company Limited
- Director, Union Universe Company Limited
- Finance and Account Manager, Computer Union Company Limited
- Personnel Manager, Computer Union Company Limited

Current Positions

Listed Companies

- Present Audit Committeeman and Independent Director, Union Pioneer Public Company Limited

Other Companies

- Present Managing Director, Blue Sky Technologies Service Company Limited

Years of Directorship:

3 years

5. Mrs. Rapeephan Sanguansis

Independent Director

Age: 63 years

Classification of Director: Not authorized director to bind the company sign followed by the Certificate of Company Registration.

Education:

- Bachelor's degree, Faculty of Economics, Thammasat University

Proportion of shareholding: None

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) 2003

Experiences

- Director, Union Footwear Public Company Limited
- 2011-2013 Director, Union Pioneer Public Company Limited

Current Positions

Listed Companies

- 2014 – Present Independent Director, Union Pioneer Public Company Limited

Years of Directorship:

3 years

6. Mr. Pongsak Thiengviboonvong

Managing Director

Age: 57 years

Classification of Director: Authorized director to bind the company sign followed by the Certificate of Company Registration.

Education:

- Diploma of Vocational Education

Proportion of shareholding: None

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) 5/2003

Experiences

- 1999 - 2012 Director, Venus Shoes Company Limited
- 2008-2011 Vice Managing Director, Union Plastic Company Limited
- 2011-2012 Vice Managing Director, Union Pioneer Public Company Limited

Current Positions**Listed Companies**

- 2013 - Present Managing Director, Union Pioneer Public Company Limited

Other Positions**Saha-Union Group Companies**

- 2011 - Present Director, Union Stainless Steel Products Company Limited
- 2013 - Present Managing Director, Venus Shoes Company Limited
- 2013 - Present Director, Union Rubber Products Corporation Limited
- Present Director, Union Shoes Company Limited

Years of Directorship: 1 year

7. Mr. Preecha Wattanasaranont

Director

Age: 61 years

Classification of Director: Authorized director to bind the company sign followed by the Certificate of Company Registration.

Education:

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

Proportion of shareholding: None

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) 2004

Experiences

- Assistant Managing Director Union Pioneer Public Company Limited
- 1994 - 2012 Managing Director, Union Pioneer Public Company Limited
- 2000- Apr. 2013 Director, Union Rubber Products Corporation Limited

Current Positions**Listed Companies**

- 2012 - Present Director, Union Pioneer Public Company Limited

Years of Directorship: 17 years

8. Mr. Vacharaphong Darakananda

Director and

Nomination and Remuneration Committeeman

Age: 48 years

Classification of Director: Authorized director to bind the company sign followed by the Certificate of Company Registration.

Education

- Bachelor's Degree in Physics, Harvey Mudd College, California, U.S.A.

Proportion of shareholding: None

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) Class 2/2003
- Director Certification Program (DCP) Class 69/2006
- Awarded Diploma by passing the Examination of Australian IOD Year 2006
- Role of the Compensation Committee (RCC) Class 15/2012

Experiences

- Assistant Manager, Venus Thread Company Limited
- 1990 - May 2013 Director, Computer Union Co., Ltd.
- 1999 - 2000 General Manager, Saha-Union Public Company Limited (Sriracha Operation)
- 2001 - December 2006 Director, Union Textile Industries Public Company Limited
- 2007 - 2008 Director, Union Thai-Nichiban Co., Ltd.
- 2007 - January 2012 Director, Union Zojirushi Co., Ltd.

Current Positions**Listed Companies**

- 1994 - Present Director, Saha-Union Public Company Limited
- 2007 - Present Director, Union Plastic Public Company Limited
- 2007 - Present Director, Union Pioneer Public Company Limited
- 2007 - Present Managing Director, Union Technology (2008) Public Company Limited

Other Positions**Saha-Union Group Companies**

- 1988 - Present Director, Union Industries Corp. Ltd.
- 1990 - Present Director, Union Thread Industries Co., Ltd.
- 1992 - Present Managing Director, Union Technology Co., Ltd.
- 1994 - Present Director, Union Spinning Mills Co., Ltd.
- 1994 - Present Director, Venus Thread Co., Ltd.
- 2000 - Present Director, Computer Union System Co., Ltd.
- 2007 - Present Director, Thai Rubber Enterprise Co., Ltd.
- 2007 - Present Director, Union Rubber Products Corp. Ltd.
- 2008 - Present Director, Union Nifco Co., Ltd.
- 2009 - Present Managing Director, Union Thai-Nichiban Co., Ltd.
- April 2011 - Present Director, Union Micronclean Co., Ltd.
- April 2011 - Present Director, Union Construction Co., Ltd.
- January 2012 - Present Managing Director, Union Zojirushi Co., Ltd.
- Director, Other Companies in Saha-Union Group

Years of Directorship 6 years

9. Mr. Nanthiya Darakananda

Director

Age 45 years

Classification of Director: Authorized director to bind the company sign followed by the Certificate of Company Registration.

Education

- Master's Degree in Business Administration, SASIN Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor's Degree in Applied Physics, University of California, Davis, U.S.A.

Proportion of shareholding: None

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) Class 2/2003

Current Positions**Listed Companies**

- 1993 - Present Director, Union Pioneer Public Company Limited
- 1996 - Present Director, Saha-Union Public Company Limited
- 1998 - Present Director, Union Plastic Public Company Limited

Years of Directorship 19 years

The Details of Executive Management

1. Mr. Komon Iamwatharin

Assistant Managing Director
Sales and Marketing Division Manager
Age: 56 years

Education:

- Bachelor's degree, Faculty of Economics, Thammasat University

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
- Assistant Managing Director, Union Pioneer Public Company Limited

2. Mr. Sumate Sarerojana

Factory Division Manager
Age: 60 years

Education:

- Bachelor's degree, Faculty of Science, Chulalongkorn University

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

3. Mrs. Yupa Roongphornchai

Accounting & Cost Division Manager
Age: 58 years

Education:

- Bachelor's degree, Faculty of Account, University of the Thai Chamber of Commerce

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

4. Mr. Apirom Danpatanachai

Human Resources Division Manager
Age: 60 years

Education:

- Bachelor's degree, Personnel Management, Dhurakij Pundit University

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

5. Mr. Yanyong Kunasitsiri

Quality Assurance Division Manager
Age: 44 years

Education:

- Bachelor's degree, Textile Chemical Engineering, Rajamangala University of Technology

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

Secretary of the Company

Mr. Amarin Pataranavig

Age 59 years

Education:

- Bachelor's Degree of Laws, Ramkhamhaeng University

Proportion of shareholding: None

Family Relations with Other Directors: None

Experiences

- | | |
|------------------|--|
| • 1980 – 2008 | Legal Officer, Saha-Union Public Company Limited |
| • 1986 – Present | Attorney |
| • 1987 – Present | Secretary and Assistant Secretary, Other Companies in Saha-Union Group |
| • 1990 – Present | Legal Advisor, Saha-Union Saving and Credit Cooperative Limited |

Current Positions

- | | |
|---------------------|---|
| • Assistant Manager | Secretary Office, Saha-Union Public Company Limited |
| • Secretary | Union Pioneer Public Company Limited |
| • Secretary | Union Plastic Public Company Limited |
| • Secretary | Union Garment Company Limited |
| • Secretary | Union Micronclean Company Limited |
| • Secretary | Union Rubber Products Corporation Limited |
| • Secretary | Thai Rubber Enterprise Company Limited |

As at 31 December 2013

To the Shareholders of Union Pioneer Public Company Limited

I have audited the accompanying financial statements of Union Pioneer Public Company Limited, which comprise the statement of financial position as at 31 December 2013, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Pioneer Public Company Limited as at 31 December 2013, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 Income Taxes. The Company has restated the financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the statement of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes. My opinion is not qualified in respect of this matter.



Termphong Opanaphan
Certified Public Accountant (Thailand) No.4501

Ernst & Young Office Limited
Bangkok: 19 February 2014

Statements of financial position

Unit: Baht

As at 31 December 2013

Note

As at
31 December 2013

As at
31 December 2012

As at
1 January 2012

			(restated)	
Assets				
Current assets				
Cash and cash equivalents	8	46,452,718	3,941,202	665,735
Trade and other receivables	9	138,951,312	142,436,026	139,145,651
Inventories	10	174,982,472	225,193,577	289,821,993
Other current assets		4,195,248	4,034,707	1,851,289
Total current assets		364,581,750	375,605,512	431,484,668
Non-current assets				
Restricted investments	11	5,981,235	-	-
Property, plant and equipment	12	110,857,309	119,627,717	130,826,944
Intangible assets		133,907	236,603	211,134
Deferred tax assets	18	10,090,029	9,807,798	9,987,347
Other non-current assets		946,267	102,907	104,067
Total non-current assets		128,008,747	129,775,025	141,129,492
Total assets		492,590,497	505,380,537	572,614,160
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans from financial institution	13	-	-	58,000,000
Trade and other payables	14	68,404,641	71,182,349	92,195,870
Income tax payable		2,925,031	6,290,099	5,213,024
Other current liabilities		4,835,128	1,588,446	54,547
Total current liabilities		76,164,800	79,060,894	155,463,441
Non-current liability				
Provision for long-term employee benefits	15	51,817,973	46,462,843	46,510,747
Total non-current liability		51,817,973	46,462,843	46,510,747
Total liabilities		127,982,773	125,523,737	201,974,188
Shareholders' equity				
Share capital				
Registered				
7,500,000 ordinary shares of Baht 10 each		75,000,000	75,000,000	75,000,000
Issued and fully paid				
7,500,000 ordinary shares of Baht 10 each		75,000,000	75,000,000	75,000,000
Share premium		30,625,000	30,625,000	30,625,000
Retained earnings				
Appropriated - statutory reserve	16	18,834,366	18,834,366	18,834,366
Unappropriated		240,148,358	255,397,434	246,180,606
Total shareholders' equity		364,607,724	379,856,800	370,639,972
Total liabilities and shareholders' equity		492,590,497	505,380,537	572,614,160

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

Statements of comprehensive Income

Unit : Baht

For the year ended 31 December 2013

Note

2013

2012

			(restated)
Profit or loss:			
Revenues			
Sales		663,783,580	703,653,664
Other income		30,540,882	37,084,407
Total revenues		<u>694,324,462</u>	<u>740,738,071</u>
Expenses			
Cost of sales		585,992,800	620,280,490
Selling expenses		33,553,542	29,829,264
Administrative expenses		44,450,869	39,492,089
Total expenses		<u>663,997,211</u>	<u>689,601,843</u>
Profit before finance cost and income tax expenses		30,327,251	51,136,228
Finance cost		<u>(693,411)</u>	<u>(1,242,825)</u>
Profit before income tax expenses		29,633,840	49,893,403
Income tax expenses	18	<u>(7,382,916)</u>	<u>(10,676,575)</u>
Profit for the year		<u>22,250,924</u>	<u>39,216,828</u>
Other comprehensive income:		-	-
Total comprehensive income for the year		<u>22,250,924</u>	<u>39,216,828</u>
Basic earnings per shares	19		
Profit for the year		<u>2.97</u>	<u>5.23</u>

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

Statements of changes in shareholders' equity

Unit : Baht

For the year ended 31 December 2013

Retained earnings

	Issued and paid-up share capital	Share premium	Appropriated - statutory reserve	Unappropriated	Total shareholders' equity
Balance as at 31 December 2011 - as previously reported	75,000,000	30,625,000	18,834,366	236,193,259	360,652,625
Cumulative effect of change in accounting policy for income taxes (Note 4)	-	-	-	9,987,347	9,987,347
Balance as at 31 December 2011 - as restated	75,000,000	30,625,000	18,834,366	246,180,606	370,639,972
Dividend paid (Note 22)	-	-	-	(30,000,000)	(30,000,000)
Total comprehensive income for the year	-	-	-	39,216,828	39,216,828
Balance as at 31 December 2012 - as restated	75,000,000	30,625,000	18,834,366	255,397,434	379,856,800
Balance as at 31 December 2012 - as previously reported	75,000,000	30,625,000	18,834,366	245,589,636	370,049,002
Cumulative effect of change in accounting policy for income taxes (Note 4)	-	-	-	9,807,798	9,807,798
Balance as at 31 December 2012 - as restated	75,000,000	30,625,000	18,834,366	255,397,434	379,856,800
Dividend paid (Note 22)	-	-	-	(37,500,000)	(37,500,000)
Total comprehensive income for the year	-	-	-	22,250,924	22,250,924
Balance as at 31 December 2013	75,000,000	30,625,000	18,834,366	240,148,358	364,607,724

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

Cash flow statements

Unit : Baht

For the year ended 31 December 2013

2013

2012

Cash flows from operating activities		
Profit before tax	29,633,840	49,893,403
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	37,645,075	39,289,933
Reversal of allowance for doubtful accounts	(375,647)	(528,945)
Decrease of inventories to net realisable value (reversal)	(4,183,527)	184,503
Gains on sales of equipment	(365,463)	(920,303)
Provision for long-term employee benefits	11,202,752	4,906,054
Unrealised (gains) losses on exchange	3,791,604	(2,745,104)
Interest income	(528,138)	(214,740)
Interest expenses	3,304	625,289
Profit from operating activities before changes in operating assets and liabilities	76,823,800	90,490,090
Operating assets (increase) decrease		
Trade and other receivables	160,641	59,505
Inventories	54,394,632	64,443,913
Other current assets	(160,541)	(2,378,051)
Other non-current assets	(15,361)	1,160
Operating liabilities increase (decrease)		
Trade and other payables	(2,840,354)	(20,805,976)
Other current liabilities	3,246,682	1,533,899
Other non-current liabilities	(5,847,622)	(4,953,958)
Cash flows from operating activities	125,761,877	128,390,582
Cash paid for interest expenses	(3,304)	(714,032)
Cash paid for corporate income tax	(11,030,215)	(9,419,951)
Net cash flows from operating activities	114,728,358	118,256,599

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

Cash flow statements_(continued)

Unit : Baht

For the year ended 31 December 2013

2013

2012

Cash flows from investing activities		
Interest income	498,900	214,740
Increase in restricted investments	(5,981,235)	-
Acquisition of equipment	(28,791,862)	(28,025,980)
Acquisition of intangible assets	-	(120,000)
Proceeds from sales of equipment	385,355	950,108
Increase in prepayment for purchase of machinery	(828,000)	-
Net cash flows used in investing activities	<u>(34,716,842)</u>	<u>(26,981,132)</u>
Cash flows from financing activities		
Decrease in bank overdrafts and short-term loans from financial institution	-	(58,000,000)
Dividend paid	<u>(37,500,000)</u>	<u>(30,000,000)</u>
Net cash flows used in financing activities	<u>(37,500,000)</u>	<u>(88,000,000)</u>
Net increase in cash and cash equivalents	42,511,516	3,275,467
Cash and cash equivalents at beginning of year	<u>3,941,202</u>	<u>665,735</u>
Cash and cash equivalents at end of year	<u><u>46,452,718</u></u>	<u><u>3,941,202</u></u>

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

For the year ended 31 December 2013

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. The registered address of the Company 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 Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

3. New accounting standards

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

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

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

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

Accounting Treatment Guidance for Transfers of Financial Assets

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

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company has changed this accounting policy in this current

period and restated the prior year's financial statements, presented as comparative information, as though the Company had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

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

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2017)	Employee Benefits	1 January 2014
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

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

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

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

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

	As at 31 December 2013	As at 31 December 2012	(Unit: Thousand Baht) As at 1 January 2012
Statements of financial position			
Increase in deferred tax assets	10,090	9,808	9,987
Increase in unappropriated retained earnings	10,090	9,808	9,987

	For the year ended 31 December 2013	(Unit: Thousand Baht) For the year ended 31 December 2012
Statements of comprehensive income		
Profit or loss:		
Increase (decrease) in income tax expenses	(282)	179
Increase (decrease) in basic earnings per share (Baht)	0.038	(0.024)

5. Significant accounting policies

5.1 Revenue Recognition

Sales of goods

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

Interest income

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

5.2 Cash and cash equivalents

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

5.3 Trade 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.

5.4 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.

5.5 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 the 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	-	3 years and 5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and machinery under installation.

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

5.6 Intangible assets - computer software

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

Computer software with finite lives is amortised on a straight line basis over the economic useful lives of 3 years and 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 is reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

5.7 Related party transactions

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

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

5.8 Foreign currencies

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

Gains and losses on exchange are included in determining income.

5.9 Impairment of assets

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

An impairment loss is recognised in profit or loss.

5.10 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

Defined benefit liability (asset) is the present value of the defined benefit obligation less the fair value of plan assets which are available to pay the employee benefits obligation directly.

Plan assets are assets held by a long-term employee benefit fund. They are not available to the Company's creditors and cannot be returned to the Company. The Company measures the fair value of plan assets by using market price and; in case that plan assets are debt instruments in active market, the Company measures them by using quoted price.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to retrospectively recognise the transitional liability, which is lower than the liability previously recognised at the same date under the previous accounting policy, retrospectively as though the Company initially recorded these employee benefit expenses.

5.11 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.

5.12 Income Tax

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

Current tax

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

Deferred tax

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

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

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

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards 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 from these estimates. Significant judgments and estimates are as follows:

Allowance for doubtful accounts

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

Property, plant and equipment/Depreciation

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

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

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

7. Related party transactions

During the 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)

	<u>2013</u>	<u>2012</u>	<u>Pricing policy</u>
<u>Transactions with parent company</u>			
Purchases of raw materials	8	13	Cost plus margin of parent company
Rental expenses	3	3	Contract price
<u>Transactions with related companies</u> (related by common shareholders)			
Sales of finished goods	14	28	Cost plus margin
Purchases of raw materials	107	137	Cost plus margin of related companies

As at 31 December 2013 and 2012, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	<u>2013</u>	<u>2012</u>
<u>Trade and other receivables - related parties (Note 9)</u>		
Related companies (related by common shareholders)	3,782	10,035
Total trade and other receivables - related parties	3,782	10,035
<u>Trade and other payables - related parties (Note 14)</u>		
Parent company	1,425	1,451
Related companies (related by common shareholders)	10,214	14,794
Total trade and other payables - related parties	11,639	16,245

Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	2013	2012
Short-term employee benefits	11.0	14.5
Post-employment benefits	(0.1)	(0.2)
Total	10.9	14.3

8. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2013	2012
Cash	50	50
Bank deposits	21,450	3,891
Short-term bonds	24,953	-
Total	46,453	3,941

As at 31 December 2013, bank deposits in saving accounts and short-term bonds carried interests between 0.5 and 2.2 percent per annum (2012: 0.63 percent per annum).

9. Trade and other receivables

	(Unit: Thousand Baht)	
	2013	2012
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	3,465	9,860
Past due up to 3 months	137	9
Total trade receivables - related parties	3,602	9,869
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	102,271	98,427
Past due		
Up to 3 months	29,514	33,079
3 - 6 months	807	-
Over 12 months	634	4,061
Total	133,226	135,567
Less: Allowance for doubtful accounts	(634)	(4,061)
Total trade receivable - unrelated parties, net	132,592	131,506
Total trade receivable - net	136,194	141,375
<u>Other receivables</u>		
Other receivables - related parties	180	166
Other receivables - unrelated parties	2,577	895
Total other receivables	2,757	1,061
Total trade and other receivables - net	138,951	142,436

10. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	2013	2012	2013	2012	2013	2012
Finished goods	38,612	33,960	(1,253)	2,341	37,359	31,619
Semi finished products	18,587	20,178	(578)	(953)	18,009	19,225
Work in process	10,314	10,719	(3)	(144)	10,311	10,575
Raw materials and chemicals	101,619	156,742	(402)	(1,364)	101,217	155,378
Packing materials	5,203	4,889	(21)	(534)	5,182	4,355
Spare parts and factory supplies	2,941	5,183	(37)	(1,141)	2,904	4,042
Total	177,276	231,671	(2,294)	(6,477)	174,982	225,194

11. Restricted investments

This represents investments in government bonds which are pledged as collateral to secure electricity use.

12. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Land improvements	Building and building improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Assets under installation and under construction	Total
Cost:								
1 January 2012	6,173	5,763	81,420	583,523	13,087	16,421	10,623	717,010
Additions	-	-	-	915	432	2,827	23,852	28,026
Disposals	-	-	-	(5,521)	(81)	(2,688)	-	(8,290)
Transfers	-	-	564	27,861	-	-	(28,425)	-
31 December 2012	6,173	5,763	81,984	606,778	13,438	16,560	6,050	736,746
Additions	-	307	-	989	982	245	26,269	28,792
Disposals	-	-	-	(14,929)	(194)	(146)	-	(15,269)
Transfers	-	4,387	5,103	22,319	396	-	(32,205)	-
31 December 2013	6,173	10,457	87,087	615,157	14,622	16,659	114	750,269
Accumulated depreciation:								
1 January 2012	-	4,726	62,046	494,401	11,608	13,402	-	586,183
Depreciation for the year	-	321	1,944	34,985	708	1,237	-	39,195
Depreciation on disposals	-	-	-	(5,521)	(81)	(2,658)	-	(8,260)
31 December 2012	-	5,047	63,990	523,865	12,235	11,981	-	617,118
Depreciation for the year	-	502	2,224	32,833	695	1,289	-	37,543
Depreciation on disposals	-	-	-	(14,909)	(194)	(146)	-	(15,249)
31 December 2013	-	5,549	66,214	541,789	12,736	13,124	-	639,412
Net book value:								
31 December 2012	6,173	716	17,994	82,913	1,203	4,579	6,050	119,628
31 December 2013	6,173	4,908	20,873	73,368	1,886	3,535	114	110,857
Depreciation for the year:								
2012 (Baht 37 million included in manufacturing cost, and the balance in selling and administrative expenses)								39,195
2013 (Baht 35 million included in manufacturing cost, and the balance in selling and administrative expenses)								37,543

As at 31 December 2013, certain plant and equipment items had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 521 million (2012: Baht 458 million).

13. Short-term loans from financial institution

The Company's 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. Trade and other payables

(Unit: Thousand Baht)

	<u>2013</u>	<u>2012</u>
Trade payables - related parties	10,924	15,653
Trade payables - unrelated parties	33,315	33,266
Other payables - related parties	715	592
Other payables - unrelated parties	23,451	21,671
Total trade and other payables	<u>68,405</u>	<u>71,182</u>

15. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2013 and 2012, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	<u>2013</u>	<u>2012</u>
Present value of defined benefit obligation	66,460	61,437
Fair value of plan assets	(14,642)	(14,974)
Net defined benefit liability	<u>51,818</u>	<u>46,463</u>

Changes in present value of defined benefit obligation and fair value of plan assets are as follows:

(Unit: Thousand Baht)

	<u>2013</u>	<u>2012</u>
Defined benefit obligation at beginning of year	61,437	57,273
Current service cost	3,129	2,825
Interest cost	2,197	2,081
Transferred from related company	-	2,816
Actuarial loss	5,877	-
Benefits paid during the year	(6,180)	(3,558)
Defined benefit obligation at end of year	<u>66,460</u>	<u>61,437</u>
 Fair value of plan assets at beginning of year	 14,974	 10,762
Change in fair value	298	1,248
Transferred from related company	-	1,582
Contribution by the Company	1,772	1,772
Paid during the year	(2,402)	(390)
Fair value of plan assets at end of year	<u>14,642</u>	<u>14,974</u>

Plan assets comprise bank deposits, government bonds, and equity and debt instruments in active market.

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

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
Current service cost	3,129	2,825
Interest cost	2,197	2,081
Actuarial loss recognised during the year	5,877	-
Total expense recognised in profit or loss	<u>11,203</u>	<u>4,906</u>
Line items under which such expenses are included in profit or loss		
Cost of sales	6,869	2,276
Selling and administrative expenses	4,334	2,630

Principal actuarial assumptions at the valuation date were as follows:

	<u>2013</u>	<u>2012</u>
	(% per annum)	(% per annum)
Discount rate	3.7	4.0
Future salary increase rate (depending on age)	3.5 - 6.5	3.5 - 6.5
Staff turnover rate (depending on age)	0 - 30	0 - 30

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

	(Unit: Thousand Baht)
	<u>Defined benefit obligation</u>
Year 2013	51,818
Year 2012	46,463
Year 2011	46,511
Year 2010	45,969
Year 2009	45,202

16. Statutory reserve

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

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 profit 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.

17. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
Salary and wages and other employee benefits	137,703	120,898
Depreciation and amortisation	37,645	39,290
Rental expenses from operating lease agreements	3,685	3,641
Raw materials and consumables used	355,972	393,872
Changes in inventories of finished goods, semi finished products and work in progress	(2,656)	3,634
Purchases of finished goods and raw materials	14,038	13,714

18. Income tax

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

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
		(Restated)
Current income tax:		
Current income tax charge	7,665	10,497
Deferred tax:		
Relating to origination and reversal of temporary differences	(282)	174
Effects of changes in the applicable tax rates	-	5
Income tax expense reported in the statement of comprehensive income	<u>7,383</u>	<u>10,676</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
		(Restated)
Accounting profit before tax	29,634	49,893
Applicable tax rate	20%	23%
Accounting profit before tax multiplied by applicable tax rate	5,927	11,475
Effects of changes in the applicable tax rates	-	5
Effects of:		
Non-deductible expenses	88	135
Additional expense deductions allowed	(63)	(18)
Others	1,431	(921)
Total	<u>1,456</u>	<u>(804)</u>
Income tax expenses reported in the statement of comprehensive income	<u>7,383</u>	<u>10,676</u>

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position		
	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 January 2012
Deferred tax assets			
Allowance for diminution in value of inventories	459	1,295	1,258
Provision for long-term employee benefits	9,631	8,513	8,729
Total	10,090	9,808	9,987

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

19. Earnings per share

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

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

	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2013 (Thousand Baht)	2012 (Thousand Baht)	2013 (Thousand shares)	2012 (Thousand shares)	2013 (Baht)	2012 (Baht)
Basic earnings per share	22,251	39,217	7,500	7,500	2.97	5.23

20. Financial information by segment

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

The Company is principally engaged in the manufacture and distribution of finished elastic products. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	2013	2012
Revenue from external customers		
Thailand	304,986	303,029
Japan	49,406	121,558
United States	127,725	104,829
Others	181,667	174,238
Total	<u>663,784</u>	<u>703,654</u>

Major customers

For the year 2012, the Company had revenue from a major customer in amount of Baht 121 million (2013: None).

21. 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 fund rules. During the year 2013, the Company contributed approximately Baht 2 million (2012: Baht 2 million) to the fund.

22. Dividends

		(Unit: Baht)	
Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2011	Annual General Meeting of the shareholders on 25 April 2012	30,000,000	4.00
Total for 2012		30,000,000	4.00
Final dividends for 2012	Annual General Meeting of the shareholders on 24 April 2013	37,500,000	5.00
Total for 2013		37,500,000	5.00

23. Commitments and contingent liabilities

23.1 Operating lease commitments

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

As at 31 December 2013, the Company has future minimum lease payments which are payable within 1 year of Baht 4 million, required under these non-cancellable operating leases contracts (2012: Baht 4 million).

23.2 Guarantees

As at 31 December 2013, there was no outstanding bank guarantee issued by the bank on behalf of the Company (2012: Baht 6 million).

24. Financial instruments

24.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, trade and other payables 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 and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, as stated in the statements of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and short-term borrowings. However, since most of the Company's financial assets and liabilities bear floating interest rates and are classified as short-term, the interest rate risk is expected to be minimal.

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. 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 are summarised below.

Foreign currency	Financial assets as at 31 December		Average exchange rate as at 31 December	
	2013 (Million)	2012 (Million)	2013 (Baht per 1 foreign currency unit)	2012
US dollar	2	2	32.6778	30.4857
HK dollar	2	2	4.2044	3.9207
Japanese yen	4	23	0.3102	0.3511

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2013			
Foreign currency	Sold amount (Million)	Contractual	Contractual maturity date
		exchange rate - sold (Baht per 1 foreign currency unit)	
US dollar	4	29.248 - 31.33298	January 2014 - June 2014
Japanese yen	8	0.3145 - 0.3317	February 2014 - May 2014

As at 31 December 2012

Foreign currency	Sold amount (Million)	Contractual exchange rate - sold (Baht per 1 foreign currency unit)	Contractual maturity date
US dollar	3	30.57 - 31.77735	January 2013 - July 2013
Japanese yen	121	0.3612 - 0.4068	January 2013 - June 2013

24.2 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 statements of financial position.

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

25. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximize shareholder value. As at 31 December 2013, the Company's debt-to-equity ratio was 0.35:1 (2012: 0.33:1).

26. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 19 February 2014.



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