

รายงานประจำปี 2557 Annual Report 2014

บริษัท ยูเนียนไฟโพนีส์ จำกัด (มหาชน)
UNION PIONEER PUBLIC COMPANY LIMITED



UPF “S-T-A-R”

S Sense of owner

T Teamwork

A Accountability

R Role of Integrity



Anti-Corruption Policy

Union Pioneer Public Company Limited has an intention to do the business with good moral principle, corporate governance, and proper management practice and follows business ethical regarding the company's stakeholder. The Company also prevents the corruption practice by communicating to directors, executives and staffs to ensure that everyone follow the appropriate practice and deny the corruption practice in every process.

Company has established this policy by regulating the right practice, channel for complain or informing about corruption practice and penalty for person who did corrupting. These policies, is shown on the company website; www.unionpioneer.co.th, has been approved from board of directors.



Corporate social responsibility Policy

Beside the maximum profit target, the Company realizes that the good operating results must come from fair practice toward stakeholder and do not cause any trouble to community and society. The company sets this policy by channeling the clue, complaint including analyzing, reviewing and following up the process. The follow up and correction of complain need to be presented on the Operation meeting monthly. These policies is shown on the company website; www.unionpioneer.co.th



■ สรุปข้อมูลทางการเงินและอัตราส่วนทางการเงินที่สำคัญ 5 ปี.....1
■ รายงานของคณะกรรมการบริษัท.....2
■ นโยบายที่สำคัญ และภาพรวมการประกอบธุรกิจ.....3 - 4
■ ลักษณะการประกอบธุรกิจ.....5 - 7
■ ปัจจัยความเสี่ยง.....8
■ ข้อมูลทั่วไปของบริษัท9
■ โครงสร้างการถือหุ้น ผู้ถือหุ้น นโยบายการจ่ายปันผล.....12
■ โครงสร้างการจัดการ
คณะกรรมการบริษัท รายละเอียดการดำรงตำแหน่ง จำนวนครั้งที่เข้าประชุม.....13 - 14
ผู้บริหาร บุคลากร.....14 - 16
คำตอบแทนกรรมการและผู้บริหาร.....15
■ การกำกับดูแลกิจการที่ดี
นโยบายเกี่ยวกับการกำกับดูแลกิจการ.....17
คณะกรรมการชุดย่อย17
บทบาทหน้าที่ และความรับผิดชอบของคณะกรรมการชุดย่อย.....17 - 20
การสรรหาและแต่งตั้งกรรมการ20
การดูแลเรื่องการใช้ข้อมูลภายใน21
คำตอบแทนของผู้สอบบัญชี.....21
การปฏิบัติตามหลักการกำกับดูแลกิจการที่ดีในเรื่องอื่นๆ 5 หมวด
1. สิทธิของผู้ถือหุ้น..... 22 - 23
2. การปฏิบัติต่อผู้ถือหุ้นอย่างเท่าเทียมกัน..... 23 - 24
3. บทบาทของผู้มีส่วนได้เสีย.....24 - 25
4. การเปิดเผยข้อมูลและความโปร่งใส.....25 - 26
5. ความรับผิดชอบต่อของคณะกรรมการ.....26 - 27
■ ความรับผิดชอบต่อสังคม *CSR *29 - 36
■ การควบคุมภายในและการบริหารจัดการความเสี่ยง37
■ รายการระหว่างกัน.....38 - 39
■ การวิเคราะห์และคำอธิบายของฝ่ายจัดการ MD&A.....40 - 41
■ รายงานคณะกรรมการตรวจสอบ..... 42
■ รายงานความรับผิดชอบต่อของคณะกรรมการ.....43
■ คณะกรรมการ ผู้บริหาร และเลขานุการบริษัท..... 44 - 47
■ รายงานผู้สอบบัญชีรับอนุญาต.....48 - 69

สารบัญ

■ Major Financial Ratio and Summary Information for 5 Years.....70	Contents
■ Report of Board of Directors.....71	
■ Significant Policies and Business Overview.....72 -73	
■ Nature of Business Operation.....74 - 77	
■ Risk Factors.....78	
■ General Information of the Company79	
■ Structure of Shareholding: Shareholders, Dividend Policy.....80	
■ Structure of Management:	
Board of Directors, Detail of Positioning, Number of Attendances.....81 - 82	
Executives, Personnel.....82,84	
Remuneration of Directors and Executives.....83	
■ Good Corporate Governance:	
Policy on Corporate Governance.....85	
Subcommittee.....85	
Duties and responsibilities of the subcommittee.....85 - 87	
Nominating and Selecting Directors, Controlling internal information usage.....88 - 89	
Remuneration of Auditors.....89	
Operate in accordance with good corporate governance principle in other categories, five categories:	
1.Fundamental rights of shareholders.....90 - 91	
2.Equitable treatment for each shareholder.....91 - 92	
3.Roles of the stakeholders.....92 - 93	
4.Disclosed information and transparency.....93 - 94	
5.Responsibilities of the Board of Directors94 - 96	
■ Corporate Social Responsibility (CSR).....97 - 100	
■ Internal Control System and Risk Management.....101	
■ Inter-Transactions.....102 - 103	
■ Explanation and Analysis' Management (MD&A)104 - 105	
■ Report of the Audit Committee.....106	
■ Board of Directors' responsibility for Financial Reporting.....107	
■ Board of Directors, Executives and Secretary of the Company.....44,108 - 110	
■ Report of the Independent Auditor.....111 - 131	



Major Financial Ratio and Summary Information for 5 Years

Unit: Thousand Baht

Financial Information	2014	2013	2012 Revised	2011	2010 Revised
Sales	604,075	663,783	703,654	785,929	862,704
Other Income	21,637	30,541	37,084	39,844	47,634
Total Revenues	625,712	694,324	740,738	825,773	910,338
Total Costs and Expenses	596,647	664,687	690,220	776,424	852,815
Interest Expenses	-	3	625	2,119	16
Corporate Income Tax	3,922	7,383	10,676	15,462	12,953
Net Earnings for the Year	25,143	22,251	39,217	31,768	44,554
Earnings per share (Baht)	3.35	2.97	5.23	4.24	5.94
Dividends per share (Baht)	3.35	2.80	5.00	4.00	5.70
Current Assets	376,437	364,582	375,606	431,485	409,873
Property, plant and equipment-net	96,627	110,857	119,628	130,827	138,791
Total Non-Current Assets	16,955	17,151	10,147	315	598
Total Assets	490,019	492,590	505,381	562,627	549,262
Total Liabilities	121,268	127,983	125,524	201,974	177,627
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	263,126	258,982	274,232	255,028	266,010
Total Shareholders' Equity	368,751	364,607	379,857	360,653	371,635
Total Liabilities and Shareholders' equity	490,019	492,590	505,381	562,627	549,262
Major Financial Ratio					
Dividends per Net Profit (%)	99.93	94.38	95.62	94.44	95.95
Book Value per share (Baht)	49.17	48.61	50.65	48.09	49.55
Earnings Ratio (%)	4.02	3.20	5.29	3.85	4.89
Returns on Equity (%)	6.86	5.98	10.75	8.68	11.22
Returns on Assets (%)	5.12	4.46	7.34	5.71	7.84

The business operation of the Company in the first half of last year was continually affected by the political factors causing the purchasing power of consumers to reduce. In the second half of the year, it started to recover but not much. This was because of the problem of household debt. The consumers still concerned about the cost of living and the prices of products. Therefore, they needed to save more and be careful in spending.

The export was also negatively affected by the fragility of the world economy which had just recovered in some countries. As a result, Thailand's economy started to recover.

The Company had adapted continuously by generating the strong foundation for sustainable development. This was done by creating the added value to products, improving the efficiency of production, and adding more channels in selling products. This included the management on the rising costs in the labor costs, electricity costs, energy charges, including transportation costs, etc. Although the price of the raw material like rubbers declined, the price competitiveness was still the obstacle compared to the competitors such as China and Indonesia. However, the Company still focused on quality and service mind. We did not exploit the customers and considered reasonable prices to create the competitiveness for our products. Meanwhile, we also increased the opportunities to expand the markets for exporting to AEC countries more.

The Company had expanded the markets in the group of medical device products such as rubber band for blood prevention and tourniquets to the United States continually. The new markets were expanded in the group of rubber for health and exercising in foreign country. The marketing was done under the brand name of "FIT BAND". For domestical trade, the Company still retained the existing customer base whereas finding new markets by presenting the strong points of the products with quality and diversity. Our products did not harm the consumers as they were made from natural rubber. We considered the measures to protect the environment according to the standard of ISO14001 and the product safety in accordance with Oeko-tex Standard100. The Company presents the product reliability as the selling point. We also have the appropriate cost management, increase the productivity, improve the quality and develop new styles of products that can quickly respond the customer demands including the punctual delivery for ensuring customer satisfaction.

The Company's performance in 2014, the total revenue was 626 million baht reducing from the previous year by 9.8 percent. It was the export for 311 million baht reducing from the previous year by 13.37 percent. The domestic sale was 293 million baht decreasing from the previous year by 3.93 percent. The net profit of the Company was 25.14 million baht increasing from the previous year for 2.89 million baht calculated as the profits of 3.35 baht per share.

For the likeliness of 2015, the Company expects that the export will be slightly better following the global economic tendency. The domestic purchasing power will be stimulated by the government's spending coming from the measures to stimulating the economy as well as the government's policy which is clear and ensure the confidence of investors and consumers. The factor to be observed is the recovery of trading partners especially for the European economy which is so fragile and the tendency of prices of agricultural commodities which still declines.

In this occasion, the Board of Directors would like to thank all shareholders, partners, customers, employees and other relevant persons in supporting the operations of the Company throughout the year. We would like to ensure that the Company will continue our commitment and dedication to the business operation carefully, prudently, and transparently. We will adhere to the Code of ethics, Code of Corporate Governance and operate the business with nothing relevant to the corruption to achieve sustainable development and create maximum benefits to all relevant parties.



(Miss Dalad Saphavichai)

Chairman

Union Pioneer Public Company Limited

Union Pioneer Public Company Limited is located at No.1, Serithai 62, Khwaeng Minburi, Khet Minburi, Bangkok. The company was registered as a limited company with registered capital of 5 million baht on October 8th, 1973. The company was registered in the Stock Exchange of Thailand on April 21st, 1978 and was registered as a legal entity according to the Public Company Act. Por Sor. 2537, on March 30th, 1994.

There were many times that the company has increased in capital since the company was listed. Until now, the Company has registered capital that are sold and paid for 75 million baht, all of which are ordinary shares for 7.5 million shares at value 10 baht per share. Our Company's products, which are made of natural rubber, such as Rubber Thread & Rubber Tape, Elastic Braid and Elastic Webbing, Elastic Bandage, Back Support Belt, Esmark Bandage & Tourniquet, and Exercise Band for exercise and physical therapy.

Objective

The company runs the business on morality with the good corporate governance and good conducting. We are pursuit to be "the leader in Rubber Thread & Rubber Tape, Elastic Braid and Elastic Webbing" for targeting on world class quality, and be accepted among worldwide market. We also emphasized on the benefit of the Company's stakeholders for well growth.

Strategies

The company has been improving internal system to achieve efficiency so as to respond to the changing market environment and economy of speed.

About the quality of product, we emphasized on time delivery and great service for the customer.

Policies

Board of director has determined significant policies which are disclosed on company's website on section number 4, in manual of the corporate good governance and business morality as details below:

Quality Policy, Environment Policy, Anti-corruption Policy, CSR Policy, Energy saving Policy, Policy in Safety and Health, Policy in Project of Hearing Conservation, Security Policy, and Anti-Drug Policy, Enterprise Risk Management Policy.

Vision, Objective, Goal or strategy in company operation

Vision

"To be the leader in Rubber Thread & Rubber Tape, Elastic Braid and Elastic Webbing in which very well accepted in world market about quality"

Mission

1. Make business growth of continued circulation
2. Manufacture in quality product; safe for consumer, and on time delivery.
3. Make strength point on research and developing in product.
4. Develop in human resource
5. Strive in internal management for efficiency
6. Make continuous customer impression and customer satisfaction
7. Responsible for shareholders, employees, partners society and environment

Core Value: UPF “S-T-A-R”

S (Sense of Owner)

It means working carefully, looking for the company benefit by taking care of the company asset, maximizing the benefit from the resource, and preventing from any damages or asset being usages which are unrelated to company business.

T (Team Work)

It means appreciating in mission and serving it by all ability with good efficiently. Workers should have respect to each other as well as great cooperate, helping, giving opinion and solving problem together.

A (Accountability)

It means awareness of responsibility, having responsibility on their decision and action and being able to explain about it. The decision is made according to law and concerned rules with morality. It also means having mission to use the company's belonging for best proficiency.

R (Role of Integrity)

It means business running and working with honestly, legal, and another rule that concerned, and working under morality, be equality and undoable standard.

Significant Changing and Developing

In past three years, there is nothing significant changing about managing in the company. In 2014, medical equipment market which we have sold Esmark bandage and tourniquet and Exercise Band for health and exercise have been increasing in the overall sell proportion.

Stockholder Structure of Company Subsidiary The company has no associate and subsidiary company.

Relationship with Business Group of Majority Shareholder

The largest shareholder is Saha-Union Company Limited. Most transactions between us are on the normal market, such as selling and purchasing (which is collection a quantity of material purchasing for bargaining power), factory renting that is without competition and conflict of interest for highest benefit.

The Details of Inter-Transaction of year 2014 are shown at the topic of Inter-Transaction on page 102-103

1. Company's Products and Service

The company's main products are 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 2014, the elastic rubber market for exercise, physical therapy and medical elastic rubber have more market share and become the main products of the company at present.

The company's products able to classify as followed:

- 1.1 Elastic Group for Diaper; elastic product of this group is Rubber Thread which is used in diaper industry and made from rubber block 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.
- 1.2 Elastic Group for Garment and Textile; elastic products of this group are Rubber Tape, Elastic braid, Elastic Webbing, Crochet and Covering yarn. The rubber in this group mostly use in garment industrial such as the rim of legs and waist of pants and swimming suits.
- 1.3 Elastic Group for Medical Equipment; elastic products of this group are following; Elastic Bandage is used in preventing and protecting from sprain that might occurred in routine activities as well as other recreations. It is widely used in medical and sports profession.

Back Support Belt is used in preventing and protecting from back pain that might occurred from work and routine activities. It is available in both hard-working industry and for normal usage model.

Esmark Bandage is used in hemostasis in small operation for hands and feet.

Tourniquet is used in arms pinion in order for bleeding checking or blood donating.

- 1.4 Elastic products for exercise and physical therapy; elastic product of this group is Elastic Bands which have many levels of resistance for using exercise of many levels, including physical therapy for the patients and old people. Exercise with exercise bands is comfortable because of no need to use the exercise space and with portability. Therefore the user can exercise in everywhere and every time as their needs.

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).

2. Marketing and Competition

In 2014, Garment industry has moved manufacturing sites from western countries to Asian countries more. Especially in countries group of South East Asia such as Vietnam, Cambodia, Myanmar and Indonesia having cheap labor, the labor is important factor for Industrial Garment. The company has policies to expand marketing to those manufacturing factories through main clients of the company. The company's name is listed in vendor list of those factories brands. This makes easier to expand business to another garment industry that these factory have been serving for. Although, there is still severely price competition with China and India, the company has a competitive advantage in term of location.

In part of diaper industry, manufacturer has continuously used new material i.e. spandex rubber instead of elastic rubber. Small producers, which used elastic products, gradually turned to use the spandex likely as major manufacturers which had change before; this is the reason why elastic product market group is going to regress in the future.

About medical equipment, the trend of sale circulation has been increasing in local market and also oversea market. Although the company has to develop and follow the process and the operating system according to the requirement of this product group, this can be done at the same time while selling for mostly customer. Just only few clients that required the company must do completely as requirement before starting selling. Although the company has severely price competition with China and India, the company uses the strategy of distribution channels for competing with them.

For the exercise and physical therapy, the company can run the business in USA's market as sustainability in synthetic rubber in which wait for developing its quality as another giant company for expanding market. The company's research and development team has been developing for this issue.

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 significant 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

According to the world economic that has been slowing down, make manufacturer emphasized in lowering cost in every production processes. Finding the cheapest raw materials is one significant method that most manufacturers used. Eventhough, the manufacturers want the cheap raw materials, but quality and delivery are still a requirement that

all manufacturers cannot overlooked. 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.

3. 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.

Change in Technology effecting to Usage of Raw Materials: Technology which used rubber product as raw material in manufacturing garments and textiles have no significant changing for a new innovation. In the near future, the company expects there is no change in technology having 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 for lower affect: 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 affect the environment as following:

Eliminating on unused waste material:

1. Hazardous wastes: Responsible by the company that has a license from Ministry of Industry
2. Non-hazardous wastes: Responsible by the company that has 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. In waste water plant is use two "Aerators" for input enough oxygen to microorganism able to digest organic compound in waste water. There is "Dissolved Oxygen: DO" for controlling oxygen in water for not exceeding necessities and its testing result were below from standard.

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 dust, sound, water and light, etc. This project for control with environment, it must under be environmental laws.

Waste of Natural Resource The company organized a group specialized in energy conservative. The conservative time is cooperating for making conservative energy in industry project as energy conservative laws. The team was joined with seminar about project of developing in energy conservative person for more efficiency in machine and equipment in factory and Refresh PRE and for new experience with new technologies to adjust with the company. This made to find new strategy for energy conservative in 2014 as this below:

- 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.
- There is managing in worker’s working time for suitable with electrical cost type in TOU for decreasing monthly electrical cost.
- Changing the old air conditions to the new ones saving energy number five. Because it is too old and spend a lot of energy.
- Installing inverter device with water pump that send water to the factory for decreasing using energy of motors.
- Making seminar for workers and supporting awareness about energy conservative.

Environment Project; for an objective to reduce the effect on the environment and develop the environment are as following:

- A project of lowering dust of the Rubber at calendar section by decreasing the sound of dust vacuum and also better efficiency.
- A project of water management at dying section. The company made seminar for worker for saving water, turning off water valve when no usage and informing ED division immediately whenever founding that the tube is broke.
- A project of energy management at the Braid section in order to lower the electricity usage to conserve the energy, by changing the manual switch to turn on/off in some positions and improving the lighting in toilets.

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.

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

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 strategy.

The company had to been much cautioned and closely monitoring the situation because diaper manufacturers replaced the raw material to be the spandex instead. This is reason why total sale volumes of the company can not meet the goal. Even though losing the sale volumes in the diaper market affected the company's total sale volumes, it is also the group generated revenue for the company was ranked in second bellowing the garment and textile groups.

Expanding sale to consumers for be well known company, increasing ability by proficiency and finding the source with the reasonable price of raw materials are the important factors that the company puts 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 and also the average of real estate sale, average of personal income of U.S.A increased from first quarter and second quarter. Public debt of EU and domestic political stability is clearer. All of these have an effect to currency exchanging to be better and more stability. The company closely tracked cause of various factors and took actions for getting positive effect and avoiding negative effect.

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:

No. 1, Soi Serithai 62, Kwaeng Minburi, Khet.Minburi, Bangkok 10510

Location of Bangpakong Branch:

No. 99 Moo 5 Bangna-Trad Road (K.M. 38), T. Bangsamark, A. Bangpakong, Chachoengsao

Location of Warehouse Trad Branch:

No. 70/2 Moo 1, T. Sandtung, A. Khao Saming, Trad

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: No. 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 : EY Office Limited.

33rd Floor Lake Rajada Building, No. 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

Securities Data

- 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.
- 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 3rd, 2014 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		3,671,820	48.958
	1.2 Saha Union Holding Company Limited	Saha Union Public Company Limited	282,790	3.771
2	Mr. Sumate Darakananda	-	913,840	12.184
3	Kasikorn Bank Public Company Limited	-	673,500	8.980
4	Bangkok Insurance Public Company Limited	-	558,600	7.448
5	Marue Nissan Co., Ltd.	-	78,000	1.040
6	Mr. Peera Arunothai	-	65,500	0.873
7	Mrs. Sumporn Krairerg	-	64,450	0.859
8	Mr. Amorn Amornpiyasiri	-	50,000	0.667
9	Dinvest Co., Ltd.	Darakananda Group	42,090	0.561

(2) The company does not hold any 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:

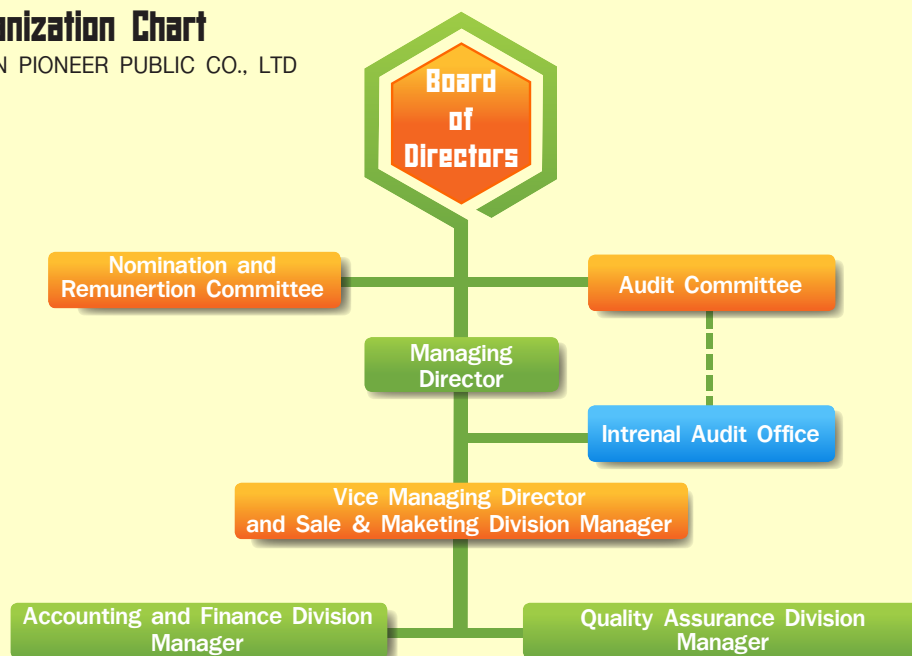
The dividend policy is depending on “the performance of the company, at a rate not less than 1/3 of the annual net profit, after deducted accumulated loss (if any), from the separate financial statement of the company.” The company has no subsidiaries and affiliated companies.

Year	2014	2013	2012	2011	2010
Earning per Share (Baht)	3.35	2.97	5.23	4.24	5.94
Dividend per Share (Baht)	3.35	2.80	5.00	4.00	5.70
Dividends per Net Profit (%)	99.93	94.38	95.62	94.44	95.95

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

Organization Chart

UNION PIONEER PUBLIC CO., LTD



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 102
 - 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 on page 85-86 The company has no subsidiaries and affiliated companies. The details of directors and the authorized persons are stated on Page 44,108,109

The summarized table of Board member's with/without interests, shareholding and number attendances in 2014

Name-Surname and Position	With/without Interests	Shareholding in first half of 2014	Shareholding in second half of 2014	Number attendance	Director/ Independent Director	Audit Committee man	Nomination and Remuneration Committeeman
1. Miss Dalad Saphavichaikul Chairman of the Board	None	-	-	1/1	12/12	-	-
2. Mrs. Rapeephan Sanguansis Chairman of the Audit Committee /Independent Director/ Chairman of Nomination and Remuneration Committee	None	-	-	1/1	11/12	4/4	1/1
3. Mrs. Supung Tangsujaripunt Audit Committeeman/ Independent Director	None	-	-	1/1	10/12	4/4	1/1
4. Mr. Pradee Charoenwipasjet Audit Committeeman/ Independent Director	None	-	-	1/1	12/12	4/4	-
5. Mr. Kollatat Tangchitkul Independent Director	None	-	-	1/1	10/12	-	-
6. Mr. Pongsak Thiengviboonvong Managing Director	None	-	-	1/1	12/12	-	-
7. Mr. Preecha Wattanasaranont Director	None	-	-	1/1	12/12	-	-
8. Mr. Vacharaphong Darakananda Director / Nomination and Remuneration Committeeman	None	-	-	1/1	12/12	-	1/1
9. Mr. Nanthiya Darakananda Director	None	-	-	1/1	9/12	-	-

Executives

The Executives of the company did not have any prohibited acts according to the requirement of SEC no. Kor. Jor. 5/2548 at 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 Iamwatcharin	Vice Managing Director and Sales-Marketing Division Manager
3. Mrs. Yupa Roongphornchai	Account & Finance Division Manager
4. Mr. Yanyong Kunasitsiri	Quality Assurance Division Manager

The details of the executives of the company, is stated on page 110

Company's Secretary:

The Board of Directors had a resolution of appointing Mr.Amarin Pataranavig, to take the position of the company's secretary from March 17th, 2004. The company's secretary must take their position according to the law section 89/15 and 89/16 under the Securities and Exchange Act (No.4) B.E.2551 which become effective from August 31st, 2008 with responsibility, awareness and trustworthy thus taking the position according to the law, objective, the company's regulation, and resolution of the board including resolution of shareholders.

The qualification and experience of the company's secretary is shown on Page 110

Remuneration of the Directors and Executives

(1) Remuneration in monetary value

- In the 21st Annual Ordinary Meeting there had been an approval of directors' remuneration of the year 2014, 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 2013) and had been assigned to the Board of Directors to allocate in the amount deem as appropriate.
- From the resolution of the Annual Ordinary Meeting, 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 four executives of the company in 2014 comprised of salary, grant-in-aid and social securities in the total amount of Baht 7 million. (4 persons)

The summarized table of remuneration for every Board of Directors and subcommittee detailed as follow:

Name-Surname	Remuneration in monetary value (Baht) In 2014			
	Director/ Independent director	Audit Committeeman	Nomination and Remuneration Committeeman	Total
1. Miss. Dalad Sapthaivichaiikul	96,000	-	-	96,000
2. Mrs. Rapeephan Sanguansis	96,000	132,000	6,000	234,000
3. Mrs. Supung Tangsujaritpunt	96,000	120,000	6,000	222,000
4. Mr. Pradee Charoenwipasjet	96,000	120,000	-	216,000
5. Mr. Kollatat Tangchitkul	96,000	-	-	96,000
6. Mr. Pongsak Thiengviboonvong	96,000	-	-	96,000
7. Mr. Preecha Wattanasaranont	96,000	-	-	96,000
8. Mr. Vacharaphong Darakananda	96,000	-	6,000	102,000
9. Mr. Nanthiya Darakananda	96,000	-	-	96,000
Total	864,000	372,000	18,000	1,254,000

(2) Others remuneration of the Executives

In 2014, the company paid for the provident fund for the Executives (4 persons) in the total amount of Baht 0.18 million.

Personnel :

Regarding to the company considered about the importance of the employees and they are valuable resources for the company. The company selected employees with knowledge, competence and conscious as part of the company providing practices and job advancement also taking care by supporting with welfare and appropriate remuneration. By this the company had improved the human resources management according with the business strategy. The supports in developing the working environment increasing motivation, willing to learn and learning from internal and external seminar procedure and development regularly as well as giving opportunity for job advancement meet the customers' satisfaction promptly with point of view and appropriate attitude with UPF "S T A R", including having policy on safety and hygiene on working area for every employees

At the end of year 2014, total employees = 530 persons, that can be divided into manufacturing section for 393 persons, office section for 74 persons, support section for 63 persons.

The company **did not have** any significance issue in changing the number of employees and **did not have** any dispute regarding labor for last 3 years.

Types of Compensation: Salary and Wages, Bonus, Resignation aid, Provident Fund, Social Security Contributions, Compensation Fund and Pension, totally at Baht 135 million.

Development and Treatment toward employees:

The Company has policy that supports the employees to develop their skills, competencies and capabilities by both internal and external seminar procedures and development regularly as well as giving opportunity for the job advancement on the potential of each employee.

The company had issued regulations toward employees for topic 3.12 in Business Ethics which are available on the company's website.

1. Policy on Corporate Governance

The company's board of Directors had followed up with the management on business with responsibility and fairly under corporate governance and ethical framework which had been developed according to the regulation in year 2004 which includes the improved structures of the CGR, to ensure the shareholders, stakeholders and related groups that the corporate governance and business ethics were clear and fair.

The company had appointed the boards, directors and employees that the policy were acknowledged and carryout for the most highest benefit and to advance the business moral for all employees at all level which emphasized on conscious for all employees by the time they were employed by orientation together with explanation on the principle and regulation for every employees to understand and proceed them thoroughly.

The manual of the company's corporate governance and business ethics has been disclosed on the company's website; www.unionpioneer.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 and connected with the ideas, responsibility and good relationship between the Boards of Directors, managements, shareholders, employees and stakeholders.
- A tool that measured and checked the operation results to improve for more efficiency.
- Creates the responsibility for directors and management divisions to stakeholders of every section.

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, with/without interests, shareholding, meeting detail and the remuneration detail of the directors are stated in the summarized table on page 82-83

Duties and responsibilities of the committee:

1. 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.
2. 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.
3. The Board of Directors and the Audit Committee had made an internal controlling system satisfaction survey on annually, including preparing a summary at the report of the Audit Committeeman which was stated on the annual report and Form 56-1.
4. The company has a clear method in giving clues, complaints and a mean in business operation detailing in category 3, roles of stakeholders, at the topic 3.1.9 of the methods in giving clues and complaints.
5. Operated 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.

6. 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.
7. 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.
8. 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.
9. 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.
10. Arranged an internal controlling system and internal audit in work operation, financial reports and operating in accordance with regulations and policies.
11. 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 reviewed continuously once a year, aside from the internal system checkup for each system of the company.
12. 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 reported 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 who have the qualifications that match with the notification by the Capital Market Supervisory Board and the Securities and Exchange Commissions, had been appointed by the Board of Directors with duties as requirements of the Stock Exchange of Thailand.
- All Audit Committeeman 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 statements is Mrs. Supung Tangsujaritpunt.

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

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

The details of with/without interests, shareholding, meeting detail and the remuneration detail of the directors are stated in the summarized table on page 82-83

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 Director
- 7 Inform the executives to resolve the errors that have been defected and also hustle 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.
- In order for the nomination and remuneration committee to take action effectively, the meeting will take place at least once a year.

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

- | | |
|---------------------------------|---|
| 1. Mrs. Rapeephan Sanguansis | Chairman of the Nomination and Remuneration Committee |
| 2. Mrs. Supung Tangsujaritpunt | Nomination and Remuneration Committeeman |
| 3. Mr. Vacharaphong Darakananda | Nomination and Remuneration Committeeman |

The details of with/without interests, shareholding, meeting detail and the remuneration detail of the directors are stated in the summarized table on page 82 and page 83

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.

A total number of 4 Independent Directors are

Mrs. Rapeephan	Sanguansis	Independent Director
Mrs. Supung	Tangsujaritpant	Independent Director
Mr. Pradee	Charoenwipasjet	Independent Director
Mr. Kollatat	Tangchitkul	Independent Director

3.2 Recruiting Directors and Chief 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.

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, and complying with the Public Law.
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. For the minor shareholders, the voting will be according to the requirement of the above mentioned which is not identified in the special case, by having the equal voting right.

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 of the managing director position of the company, 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's board had determined that the internal information usage should be carried out as written in the company's regulation. Those who violated the rules will be disciplinary penalize according to the company's regulation.

The company had determined the regulation for the company's properties and internal information in the Business Ethics no. 1 which were disclosed on the company's website.

- 5.1 The company had 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 executive to report the alteration of their stock possession and their spouse and children to 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. Those who violated will be reported to directors and executives.
- 5.2 The company had protected the information usage for stock trading by informing annual table time to directors and executives for not trading the company's stocks in 14 days period before disclosing the periodic or quarterly financial statements to public and cannot trade the company's stock until 24 hour after the information has been publicized.

The company had disclosed the with/without interests and shareholding in the summarized table on page 82

In the past year, all directors and executives did not have shareholding more than 25 percent of the total Company's share.

6. The Remuneration of Auditors:

- The auditor of the company, Mr. Termpong Opanaphunt with CPA (Thailand)-License No. 4501 of EY Office 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 4 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).

- 6.1 The company paid the remuneration for the audit to EY Office Limited which the company's auditor works with. The company did not paid the audit fee directly to the auditor or any individual/business related to the auditor.

The total amount of Baht 780,000 (Seventh hundred eighty thousand) in 2014

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

- 6.2 Other service fees The Company did not have any other service fees for the accounting period both of the past year and the future.

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

- 1.1.1 The company has a policy to support and promote all shareholders to participate in the shareholders' meeting in order to define the trend of the Company's operation through the Boards that they selected to operate or made the decision on the significant topic that could affect to the company. Therefore the shareholders have the rights to attend the meeting at enough time for consideration and awareness of the resolution results. The company had made an announcement about the invitation of the 21st Annual Ordinary Meeting on April 23rd, 2014 in newspaper for 3 days period (March 24th-26th, 2014). 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 21st Annual Ordinary Meeting with all detailing documents both in Thai and English language on the company's website, www.unionpioneer.co.th on March 21st, 2014. The shareholders have been giving 30 days' notice before the meeting taken place.
- 1.1.2 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.
- 1.1.3 The company facilitated and gave 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 1st, 2013 to December 31st, 2013. 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:
 - Qualifications of the Shareholders
 - Proposing the agenda in order to be a term in the shareholders' meeting
 - Documents submission
 - Consideration process

1.2 The operation in the day of the shareholders' meeting

- 1.2.1 The Board of Directors used the computer system to count the vote and presenting to accurately operate in short time. 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.

- 1.2.2 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 attend every meeting in order to answer questions related with the meeting issues and listening to the shareholders' point of view.
- 1.2.3 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.
- 1.2.4 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 and disclosing to the meeting and then recording in the minutes of the meeting
- 1.2.5 Chairman of the meeting gave an equal opportunity to the shareholders to ask questions as well as allocated proper time in order to encourage the shareholders for 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

- 1.3.1 The company disseminated the report of the shareholders' meeting by clarifying the name lists of the directors, 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 the meeting.
- 1.3.2 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

- 2.1.1 The company will send the invitation letter and the documents about the agendas of the meeting which have the opinion of the directors and disclosed on the company's website, www.unionpioneer.co.th, 30 days in advance before the meeting day and published in the newspaper for 3 days period for the shareholders to take notice on the information and considered about it before the meeting day and in time.
- 2.1.2 The invitation letter indicated the detail of each agenda as well as information of the people who have been nominated as a director and the names list of the Board of Directors.
- 2.1.3 The invitation letter and the documents will be arranged in both Thai and English language

2.2 Protection of the right for the minor shareholders

- 2.2.1 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, by defining the criteria as the additional information at the shareholder meeting at the topic 1.1.3
- 2.2.2 The company realized 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 company disclosed the information concerning taking care of and protecting of the internal information usage in topic no. 5 of “Taking care of internal information usage” on page 89

2.4 Taking Gain and Lose by directors

- 2.4.1 The company disclosed “With or without of interests of directors” as summarized table on page 82
- 2.4.2 In case, any committeeman or directors has a significant in gaining and losing in the agenda of the meeting. They will not attend the meeting or not omit voting for fairly resolution and real benefit of the shareholders.

Category 3 Roles of the stakeholders

3.1 Defining treatment policy of stakeholders: The Company defined the treatment of stakeholders by paying attention not to violate the right for every group of the stakeholders fairly and respecting to human rights and it had been specified in the company’s good governance to make relationship, in order to encourage the capability in competing and build a long-term growth for the company, which the company defined the treatment of the stakeholders as followed:

- 3.1.1 **Stockholders:** The Company realized on the compensation to the shareholders, gave precedence to minor shareholders or institutional shareholders together with equitable treatment for each shareholder in accordance with the law gaining trust from the shareholders reporting the status and the company’s management result to each shareholder regularly and completely. It was disclosed in Business Ethics topic 3.8 which was also disclosed on the company’s website.
- 3.1.2 **Trading Partners and Creditors:** The Company contacted the trading partner and creditors with specified method and practice of purchasing procedure of the company without any bias.
Trading Partners: The Company adhered to ethic business practice with the partners transparently and efficiently. The company contacted the trading partner and creditors with specified method and practice of purchasing procedure of the company without any bias.
Creditors: The Company operated in accordance with the conditions, contract and the agreement that being made with creditors. The practice toward trading partner and creditors were disclosed in the Business Ethics topic 3.9 which was also disclosed on the company’s website.
- 3.1.3 **Customers:** The Company committed to develop the product and service continuously and provided fast service with honesty, transparency and treats every customer equally. The company developed quality products by considering on the safety of the environment, customers and meeting the customers’ satisfaction. The practice toward customers was disclosed in the Business Ethics topic 3.10 which was also disclosed on the company’s website.
- 3.1.4 **Business Rival:** The Company hold on to the principle of freedom in business under the law and business ethics without seeking for the business rival’s internal information with fraud. The actions toward business rival were disclosed in the Business Ethics topic 3.11 which was also disclosed on the company’s website.
- 3.1.5 **Employees:** The Company realized that employees are the significant factors of the business and focused on the knowledge development, good area work, team work and fair treatment to every employee.
 - Preparing specified 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 them from fire.
 - Bus service welfare arrangement, healthcare service, seminar, entertainment-tradition welfare and conserve Thai 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 for the health of the employee, therefore the annual health check-up was arranged.
 - The company set up the Five-S committee, giving an opportunity for the employees to participate 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.

- The actions towards the employees were disclosed in the Business Ethics topic 3.12 which was also disclosed on the company's website.

3.1.6 **Society and Community:** The Company realized that taking responsibility of society and community was also important. Responsibility for society and community were arranged no.10 of CSR section sustainable development and related policies in section 4 of Good Corporate governance and Business Ethics which was also disclosed on the company's website.

3.1.7 **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 from corruption issues and taking/giving bribe in section 4 of important related policy no.9 to be disclose to all employees and the company related to acknowledge about the policy.

- Instructions for directors, executives and employees in all level
- Queries can be consult or complaint
- Method for informing corruption and giving/taking bribe
- Protection for party whom informed about the corruption
- Penalty

3.1.8 **Respect of Copyright and Intellectual Property** The company encouraged the employees to take action and copyright and intellectual property according to the Copyright Act B.E. 2537, in order for the employees to use legal computer software and be aware of not violating copyright of other company. The action on copyright and intellectual property was disclosed in the Business Ethics topic 3.7 and was also disclosed on the company's website

3.1.9 **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 compliant box (red box) at the front of the guardhouse of the Saha Union (Bangchan district), independent director, audit committeeman through internal audit office of the Company address No.1 Soi Serithai 62, Khwang Minburi, Khet Minburi, Bangkok 10510 or E-mail: internal_audit@unionpioneer.co.th.
- There is the process on consideration, checking and following the complaints by presenting the complaints results and solution through the monthly operation meeting.

3.2 The company prepared the policy on the Corporate Social Responsibility (CSR) activities, which promotes 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

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

The company had set summary for CSR in process & CSR after process in no.10 of CSR section on page 97-100

Category 4 Information Disclosure and Transparency

4.1 **Disclosing information** The Company provides facilities for all shareholders equally, with no double standards, no sexism, no nationalities, no races, no religions or amount of shares to access to the company's information via The Stock Exchange of Thailand and disclosed via the company's website www.unionpioneer.co.th in both Thai and English

4.1.1 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 annual registration statement (Form 56-1). The information is correct, complete, transparent, up-to-date and thoroughly in order for the investors and related parties to know. The information will also be disclosed via the news channel of The Securities and Exchange Commission and The Office of The Securities and Exchange Commission.

- 4.1.2 Disclosed the report about the responsibility of the Board of Directors about the financial statements along with the annual report of the auditor and annual registration statement (Form 56-1).
- 4.1.3 Arranged explanation and analysis for the management to assemble with the balance sheet every quarter with the change of more (or less) than 20 percent differences from the previous year.
- 4.1.4 Disclosed the report about the responsibility of the Board of Directors about the financial statements along with the annual report of the auditor.
- 4.1.5 Disclosed the roles and duties of the Board of Directors and all subcommittee on page 85-87 and the number of the meeting being arranged and the times in which each director attended the meeting on page 82
- 4.1.6 Disclosed the remuneration of each directors and executives on page 83
- 4.1.7 The company disclosed the annual report within 120 days from the end of the annual accounting period.

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, consists of:

- 4.2.1 The company's vision and mission
- 4.2.2 Nature of the business operation
- 4.2.3 Financial statements and the report on the financial status and the result of business operation in both current year and previous year.
- 4.2.4 Form 56-1 and annual report which can be downloaded
- 4.2.5 Giving the opportunity for shareholders to propose the agenda and the invitation of the annual general meeting and the concerned documents.
- 4.2.6 Disclosing the resolutions at the shareholders' meeting and the previous report of the shareholders' meeting at the company's website.
- 4.2.7 The policies as well as the company's good corporate governance manual and the business morality.
- 4.2.8 Roles, responsibilities, qualifications and terms of office of the Board of Directors, Subcommittee, Audit Committee and Nomination and Remuneration Committee.
- 4.2.9 A person responsible for the Investor Relations is Mrs. Yupa Roongphornchai, the manager of the Accounting and Finance 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

- 5.1.1 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.
- 5.1.2 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.
- 5.1.3 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
- 5.1.4 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.

- 5.1.5 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.
- 5.1.6 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.
- 5.1.7 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.
- 5.1.8 The company disclosed the qualification and experience of secretary of the company on page 110 which is disclosed on the company's website.

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:

- 5.2.1 Chairman of the Board is not a member of Remuneration and Nomination Committee in order for the Remuneration and Nomination Committee to operate independently.
- 5.2.2 In order for The Remuneration and Nomination Committee to work effectively and achieve the objectives, there will be at least a meeting 1 times per year.
- 5.2.3 The Remuneration and Nomination Committee have name lists, duties and responsibilities and detailing in the topic 9.2.2 and 9.2.3.

5.3 Roles, duties and responsibilities of the subcommittee

Details are stated in the "Good Corporate Governance" section on page 85-86

5.4 The Board of Directors' Meeting

- 5.4.1 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.
- 5.4.2. 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.
- 5.4.3. 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.
- 5.4.4. Both Chairman of the Board and Managing Director considered the issue which will be discuss in the term of the Board of Directors' Meeting.
- 5.4.5. 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.
- 5.4.6. 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.
- 5.4.7. 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.
- 5.4.8. 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.
- 5.4.9. Directors who are not the executive directors, can meeting among themselves without the executive management attention in order to assess many interesting topics.

5.5 Self-evaluation of the Board of Directors and executives

- 5.5.1 Each director annually evaluated the Board of Directors according to the form of self-evaluation of the Board of Directors of the company.

5.6 The Remuneration of the Directors

- 5.6.1 The company had a process in specifying the Remuneration of the Directors which is transparent by considering 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.
- 5.6.2 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.
- 5.6.3 The Remuneration of the Managing Director and Chief Executive Officers followed principles and policies 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

- 5.7.1 The company encouraged and facilitated as well as supported the directors in joining the seminar related to such as DCP, DAP and IOC courses.
- 5.7.2 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.
- 5.7.3 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.

In 2014, the name lists of the directors who developed the knowledge are following;

Name-Surname	Course/Class/Year
1. Mr. Pradee Charoenwipasjet	DAP/107/2014
2. Mrs. Rapeephan Sanguansis	AACP/15/2014
3. Mrs. Supung Tangsujaritpunt	AACP/15/2014
4. Mr. Kollatat Tangchitkul	DAP/112/2014

In 2014, the lists of courses that the executive management took are following;

No.	Course	No. of hours
1.	Change Management	78
2.	Strategic Thinking	24
3.	ISO13485:2003 Quality Management for Medical Devices	12
4.	Reactive and Proactive Strategic for Organization and Adaptation to AEC	60
5.	Risk Management	6
6.	Costing Account and Costing Management Systems	6
7.	Finance for Non-Finance	72
8.	Strategic on Financial Statement Analysis as expert	6
9.	Knowledge of Types of Contracts and Solution of Tax Problem	12
10.	Lean Concept	30
11.	Safety Officer at Executive Level	36

● Main of CSR for Sustainable Development

Union Pioneer Public Company Limited has operated under good governance, good management and has our vision “Be a leader in producing rubber thread, rubber tape, elastic braid and elastic webbing with quality that will be acceptable worldwide” so our company has grow up to this point. We have would attend in 3 part together as economic, social and environment.



● Economic

■ Business Operation with honest and Anti- corruption

The Company has operated the business with transparency and fairness and has not made anything indicating corruption for the benefit to our company. Mr. Pongsak Thiengviboonvong, Managing Director, has confident to anti-corruption by using policy for anti-corruption. Employees have acknowledged and preceded it follow by Code of conduct by giving handbook to the executives for communicating to the employees and the trading partners. The Company has confident to join for anti- corruption activities with the Thai Private Sector in the future.

From internal control system, the company has evaluated the risk that may make corruption and has decided the control measure for 4 points as following;

1. Purchasing and hiring

The Company has decided procedure by following in purchasing procedure; comparing cost, evaluating vendors and informing vendors to improve whenever company found fault. For purchasing and hiring that the company has to use high money for investment, it will have to be authorized by purchasing committee before.

2. Benefit conflict

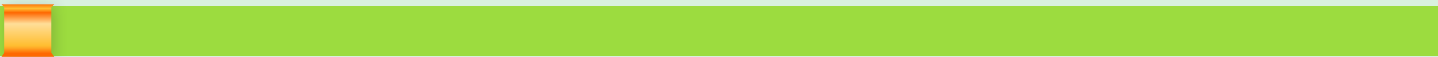
The Company lets all executive sign to certify that they will not make any action to conflict with the company's benefit and defines procedure for all employee that not to make any action to compete with company business and not gain their personal benefit from the company business.

3. Giving or receiving gifts, business entertainments

The Company has clearly decided practice, procedure and explains for awareness to concerned sections such as sale and marketing, Human Resource, Engineering and Purchasing divisions.

4. Giving or receiving bribes

The Company has not policy exactly for giving gift or receiving privilege by paying or receiving money, asset or providing other benefits for making convenient in business and not obstacle or getting the return as requests.



Moreover the Company supported supply chains that developed and produced the high quality goods by meeting together to find the way for development and problem solution. The Company believes that supplier or outsource can regularly produce the high quality good as specification that the company requests, leading to the lower problem and waste with quality goods. The Company regularly gives opportunity to customers for visiting and checking production system for ensuring that all produced goods have standard and attend in quality all processes

● Customer responsibility

Consumer is the main factor that the Company realizes even the company's goods do not effect to customer directly. The Company takes care of our customers. For protecting from product contamination, the company send the three main products which are Elastic Rubber Thread & Elastic Rubber Tape, Elastic Webbing and Elastic Braid, for testing at Switzerland every year, also have passed test of Oeko-tex Standard 100 Class I (For baby articles) which is the strictest testing level.

● Social

The Company has attended to employees and society or outside society all time because if internal organization was strong, society was staying around strong too. This will help company to operate business as endure and well-established.

● Respecting for human rights and operate with workers as fair

The Company found that all employees as important resource increasing value added to business operation of the company, so the Company attends the employees as human right. However, the Company does not support compulsory labor or child labor by hiring people who are at least eighteen year old with fair condition and wage as their qualification, experience and latency of employees, so the Company gives equality either stay in different position, gender, age or religion. The Company supports training and increases latency by training program (90 courses) for employee. Moreover, the company gives the opportunity for career path as latency with no obstruction, as shown from higher number of female managers.

● Human rights and Equality act

In hire process, the Company will select from relatives of employees and people who live around company first for making opportunity of work with relative of employees and people who live around the Company. Because the Company located in the Muslim social area leading to have some Muslim employees, so the Company has not neglect by attending as same as other religion employees. The Company prepares Muslim Prayer room, food court for selling some Muslim food only and makes merit or candle procession on important Buddhist day. All employees can use other company's welfare as medical room, library, bus, dorm and annual health check up.

Safety and Occupational Health in working of employees that the Company has realized and wanted employees to work without accident and other risk that it make effect to occupational health for increasing working efficiency. Therefore, the Company has joined with Nopparat Rajathanee Hospital to send nurses who have knowledge of occupational medicine for studying work in factory for 3 months period and making activity to give the knowledge for well working properly such as lifting things up and wearing Earplug. They also give suggestion of exercise for reducing stiffness from working and living in the healthy life.

Beside safety and health on working that the Company has to concentrate, the Company realized the workers to relax while working. If they work seriously, they will get strain leading to effect with their work and health, the Company has activities for the worker to relax and good health such as sport day, pray for Buddha for the workers living in dorm and annual seminar. For supporting the saving plan for using after retirement, the Company established Credit Union and Provident Fund for the workers.

● **Community Development and Social**

For outside community development, the Company will realize on the community area around the company first by CSR-in-process such as food and snack on breaking time of in-house training. The Company will buy from the suppliers staying near the Company. Moreover the Company makes CSR-after process to community and social near and far with the Company such as:

- Children day gifts for Community of Kahabangchun, Bangchun Industrial Estate, Minburi Youth and Watbumpennur School.
- Giving old calendars and magazines for Foundation for the Blind in Thailand under the Royal Patronage of Her Majesty the Queen.
- Sharing knowledge in factory work to the students from Sonkhanakarin University
- Blood donation with Thai Red Cross society.
- Donate money for education to Surao Bangchun School.
- Offering merit with Disabilities Association in Nonthaburi province for giving the money and facility for disability people and old people in Nonthaburi province at Banpai Temple
- Thot kathin with Saha Union Bangpakon at Sathan Temple, Nan Province.
- Thot kathin with Department of Energy Business at Yaikomom Temple, Chachuengsoul province.
- Thot kathin on royal ceremony with Saha Union at Rakhang Khositaram Woramahawiharn Temple
- Thot kathin with Thai Air Force Headquarters no.12 at Tongawangaromyen Temple and Bantun Temple, Sakaew Province

● **Environment**

■ **How to safe environment**

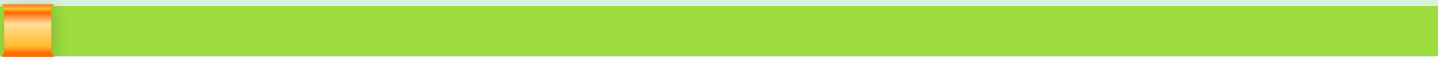
Nowadays the natural environment has changed because natural resources are destroyed continuously. This makes the Company to realize on environment is the factor for sustainable growth of the Company because all business activities of the Company have to use more resources and make pollution and waste from the high-tech industrial. Therefore the Company has implemented ISO14001 to control the processed in the Company and found new technology or improved the processes to reduce waste and pollution to less effect to the environment.

■ **Trees Conservation by lower paper usage**

Environmental problem concerning paper usage occurred in every company. Nowadays paper is made from trees which have lower quantity continuously from deforestation for benefit or on illegally. Therefore Managing Director gave policy to every section in company to lower paper usage by reducing paper keep in every section. Some of information can be sent in form of file by LAN system or email by instead of printing paper, and using reused paper.

■ **Water Conservation by using EM in canal**

On June 5th, 2014, the World Environment Day, the Company received EM microorganism concentration from Bangchan Industrial Estate and then diluted it to be EM and poured it to canal for organic residues to make the clean water.



■ **Water Conservation by Water Treatment before releasing to public**

The processing of elastic webbing manufacturing must have dyeing process to match with the customer's need. This made the wastewater polluting to the river in nature. The Company realized on bad result then we emphasized on wastewater treatment from dyeing process and regularly checked water quality in every month by external office that are certified and registered from Ministry of Industry, and that testing result showing was well lower than required standard of Ministry of Industry.

The Company realized how to safe environment from dyeing process. The existing process that we used is Activated Sludge inside the wastewater treatment which used two Aerator Machines for increasing oxygen in water enough for effective Microorganisms to use Antioch oxygen to decompose organic substances in wastewater and the Company found that Dissolved Oxygen was more than needs. Therefore the Company installed DO Meter for measuring oxygen in water. The standard of DO should not be lower than 2 milligram per liter which is the most suitable for the aeration system. The Company can alternately open the machine for aeration system if DO are higher than standard, but if not, another machine will automatically open aeration system.

■ **For Inherits Thai Tradition**

Thai Tradition and Culture is another environment that human has made for a long time. As being the Thai descendant, we have to correctly inherit everything that our ancestor created. Then the Company supported this by making the activities in every year such as Songkran Festival, Candle Festival, Loy Kra Tong Festival and New year Festival.

■ **Innovation and Dissemination from CSR implementation**

The Company realizes on energy usage is higher continuously at present. Many institutes use alternative energy such as Solar Cell, Wind Power and Renewal Energy. All of energy is clean and safe for environment. Managing Director has vision and sees that the Company can use solar cell on the day, he gave a policy to expand the operation from the year 2013 which is the roof modification of Braiding factory building by using Metal Sheet and Translucent roof to protect UV light from sun to the workers, to continuously modify later at Compound factory building in Rubber Section, then not to use 75 neon lights on the day that can reduce the energy usage

1. 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 the business management, 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 including team who is responsible in each division. Having meeting and following up, finding out and 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. Considering with the internal audit, concluding that the Company has already practiced internal audit process properly and have evaluated new control by using COSO Method (The Committee of Sponsoring Organizations of the Treadway Commission) according to the Office of Securities and Exchange Commission, including five parts as following:

1. Internal audit in organization
2. Risk assessment
3. Work control
4. Communication system
5. Follow up system

Moreover, from the meeting with the external auditor of EY Office Limited, who audited the financial statements of the year 2014. He commented that the overall perspective of the company's internal control system was in satisfied level. There was no significance defected that will affect the financial statement and there was no further comments.

Board of directors assigned each director to review and evaluate the adequacy of risk management and internal control system annually.

In order to improve the effective of both top management and operation work, the Company set the rules and process in proper way by assigning authority of each level from management to operational workers, separating clearly responsibility among the worker and the controller, to balance the authority and able to verify each other.

Moreover, the Company also had finance report system presenting to management to follow up the effectiveness of the work and asset protection system. The Company has internal audit, main operation and financial activities to ensure it follow the good practice and have effective result, which were assigned by audit committee for annual plan and specific job as needs together with suggestions as the audit committee commented by reporting directly to management in urgency case to solve the issue in time manner. Internal audit committee independently reported the results, they have found.

2. Evaluate the weak point of internal audit

In the past, the Company regularly evaluated the internal audit system. No drawbacks that had significant to internal audit system were found because there were controllers to control the practice as in system indicated.

3. Comment from the Audit Committee

The Audit Committee concluded that the investigate result are no difference from the directors of the Company. The Audit Committee concluded the detail of practical on the report of audit committee on page 106

4. Internal Audit Supervisor who is a worker of the Company.

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

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

Note: Ms. Raveevarn Suktreesoon, Manager of the Internal Audit Section, retired on 31st December, 2014. Audit Committee had a resolution to appoint Mr. Wiwat Jongkonrat to be a manager of the Internal Audit Section on February 12th, 2015.

Internal Transactions

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.

Conflict of interest

Company has policy to preserve the interest of the Company to avoid the conflict of interest, therefore the company regulates as following:

- Do not perform anything that may have conflict of interest both direct and indirect way such as losing the benefit or received less benefit than it should have.
- Follow the practice, procedure and disclose any related transaction strictly, as the rules and regulation of Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.
- Do not perform anything that consider like competition with the company both direct and indirect way
- Do not take own benefit rather than company benefit such as any performance for supplying product and service to company

The Company specifies the committee and executives to sign off the certificate annually to express that they will not perform anything related to conflict of interest to the company or disclose the confidence information to use with their personal benefit, causing the loss to the Company. This includes information disclosure to customer, supplier, service provider, competitor or outsiders, except the information used to communicate normally or detail for public. Policy to communicate with other, avoiding the conflict in the future as following:

1. Characteristic of the normal inter transaction

Lists that consider normal transaction such as material purchasing which the list is happening continuous in the future because it is a normal transaction. Therefore the Company regulates and adjusts the practice this mentioned transaction following to respond to the normal trade condition for fairly, reasonable and able to be checked further. The Company discloses the complete detail of the inter transaction via electrical communication of Stock Exchange of Thailand.

2. The Company has no special transaction in past year. Therefore there is no comment from committee or third party auditor. In the past year, the Company has no information to propose to Stock Exchange of Thailand, then no comment from the third part auditor on this.

3. Necessity and reasonability of inter transaction

Group Companies has a policy to set up a division for sourcing the raw material in the same group companies to gain the bargaining of price and quantity and to achieve most benefit of the company.

4. Procedure of inter transaction

Approval on each type was based on the rule and regulation of Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. For the important inter transaction and new transactions based on its size, are proposed to audit committee to consider and also propose to company directors for approval. For the detail of normal transaction, assume as if outsider, has a regulation as normal transaction, committee have already approved the principle of the action of inter transaction, giving authorizer to approve those list. For tracking of cash transferring (receiving and payment), set the due date payment of each transaction and keep the practice as standard procedure.

5. Policy and Trend of the Future Inter-transactions

Inter transaction that will happen in the future, the committee will conform to the rule and regulation of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, by defining the policy on making the transaction fairly for every party and has been sufficiently disclosed.

In 2014, company rented the factory building in Bangpakong from Saha Union Public Company Limited, which was related transaction; category 3 i.e. Short term renting less than three years. Company has disclosed its detail as the related information via electronically communication of Stock Exchange of Thailand on February 26th, 2014.

In the past year, company has no involve on giving a loan to the related company.

Related companies and Type of relationship	Type of Transaction	Value of essential transaction (Million Baht)	Reasonability and Necessity of Inter Transaction
1.Saha Union Public Co., Ltd. - major shareholder 52.73% - having mutual director	1.Pay dividend 2.Purchase product 3.Rent factory building 4.Account Payable	10.3 7.9 3.3 0.5	1. Resolution from shareholder meeting which was normal returning from investment 2. Common trading transaction, comparing with market price 3. Rent price from agreement, comparing the price nearby the renting location 4. Remaining value on 31st December 2014
2.Union Textile Public Co., Ltd. - having mutual director	1.Purchase product 2.Account Payable	6.9 1	1.Common transaction, comparing with market price 2. Remaining value on 31st December 2014
3.Thai Rubber Enterprise Co., Ltd. - having mutual director	1.Rent land	0.03	1. Renting price from agreement, based on comparing the nearby location using for natural rubber storage
4.Union Thread Industries Co., Ltd. - having mutual director	1.Rent land	0.30	1. Renting price from agreement, based on comparing the nearby location using factory facility
5.Union Rubber Products Corp., Ltd. - having mutual director	1.Purchase product 2.Account Payable	52.8 4.3	1. Common transaction, comparing with market price 2. Remaining value on 31st December 2014
6.Union Zip Co., Ltd. - having mutual director	1.Sell product 2.Account Receivable-Net	13.8 3	1. Common transaction, comparing with market price 2. Remaining value on 31st December 2014
7.Uni-Fibre Co., Ltd - having mutual director	1.Purchase product 2. Account Payable	11.2 4.2	1. Common transaction, comparing with market price 2. Remaining value on 31st December 2014
Total value of Inter Transaction in 2014		119.53	

Business Overview

The business operation of the Company in the first half of last year was continually affected by the political factors causing the purchasing power of consumers to reduce. In the second half of the year, it started to recover but not much. This was because of the problem of household debt. The consumers still concerned about the cost of living and the prices of products. Therefore, they needed to save more and be careful in spending.

Products of the Company: elastic products for diaper industry, manufacturer has continuously used spandex rubber instead of elastic rubber. Small producers, which used elastic products, gradually turned to use the spandex likely as major manufacturers which had change before; this is the reason why elastic product market of this group is going to regress in the future.

For medical equipment, the trend of sale circulation has been increasing in local market and also oversea market. Although the Company has severely price competition with China and India, the company uses the strategy of distribution channels for competing with them.

For equipments of the exercise and physical therapy, the Company can run the business in USA's market as sustainability in synthetic rubber in which wait for developing its quality as another giant company for expanding market. The Company's research and development team has been developing for this issue.

Business Operating and Profitability

The Company's performance in 2014, the total revenue was 626 million baht reducing from the previous year by 9.8 percent. It was the export for 311 million baht reducing from the previous year by 13.37 percent. The domestic sale was 293 million baht decreasing from the previous year by 3.93 percent. The net profit of the Company was 25.14 million baht increasing from the previous year for 2.89 million baht calculated as the profits of 3.35 baht per share.

Profitability: Union Pioneer Public Company Limited had the significant profitability in 2014 more than in 2013; Return on Assets (ROA) raised from 4.46% to 5.12%, Return on Equity (ROE) raised from 5.98% to 6.86%, Earning per Share increased from Baht 2.97 to Baht 3.35, Assets Turnover in 2014 is nearly with in 2013 at 1.27 times and 1.39 times. In 2014, the Gross Profit Ratio was 12.87%, raised from in 2013 was 11.72% because rubber price which was the raw material cost, reduced and the Company expanded the product group of the exercise and physical therapy more.

When considering why the turnover rate of total assets was nearly from 1.39 times to 1.27 times, we found that the Company could manage the total assets effectively. Receivable Turnover in 2014, nearly with in 2013, which was from 4.78 times to 4.25 times, resulting to Collection Period assets was not much difference with last year, which was from 75 days to 85 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 in 2014 was 2.93 times, did not differ with in 2013 was 3.10 times. Fixed Assets Turnover was nearly with in 2013, which was from 5.75 times to 5.82 times. The Sale Period declined from 123 days to 116 days because the Company had a policy on low raw material stock. The trend of the rubber price in 2014 decreased. For the ROA and ROE, the proportion will vary 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 higher slightly from the last year but it is still on the acceptable level which the Current Ratio was 5.21 times and 4.79 times while Quick Ratio were 2.89 times and 2.40 time for the year 2014 and 2013 respectively. When considering the cash flow from operating activities against current liability in 2013 on satisfying rate which was 148% and in 2014 on lower satisfying rate which was 74%. Because the Company bought more rubber as needs with lower rubber price resulted.

Cash flow received from operating activities in 2014 decreased from previous year, because the Company had lower cash from operating profit margin and had lower cash received from changing on net working capital, from previous year. Cash used in investing activities in 2014 decreased from previous year because last year the Company invested on government bond to guarantee the Company electricity usage and bought assets more than this year. Cash flows used in financing activities decreased from the previous year because the Company paid lower amount of dividend. This year the Company did not pay for short-term loan because of having working capital enough.

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 0.51 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 2014 declined to Baht 165 million from Baht 175 million in 2013. The Company purchased rubber as needs according to the Company's policy and the trend of rubber price decreased.

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

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

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

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

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

Factors affecting Business Operation in the Future

For the likeliness of 2015, the Company expects that the export will be slightly better following the global economic tendency. The domestic purchasing power will be stimulated by the government's spending coming from the measures to stimulating the economic as well as the government's policy which is clear and ensure the confidence of investors and consumers. The factor to be observed is the recovery of trading partners especially for the European economy which is so fragile and the tendency of prices of agricultural commodities which still declines.

Risk Management Committee considered in specifying the frameworks, policies and reviewing the methods of the Company's risk management including team who is responsible in each division. Having meeting and following up, finding out and 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.

To Shareholders,

In 2014, the Audit Committee is comprised of three independent directors, namely Mrs. Rapeephan Sanguansis as Chairman, Mr. Pradee Charoenwipasjet and Mrs. Supung Tangsujaritpant. Four meetings were organized and attended by all members of the Audit Committee, which the management executives, internal auditors, and the external auditors also joined these meetings in order to consider the matters as follow:

1. Review of financial reports

The Audit Committee reviewed the quarterly and yearly financial statements of the year 2014 audited by the external auditor to assure the Company's compliance with accounting standards and the regulations of the Stock Exchange of Thailand. Moreover, the Committee held a meeting, in absence of the Company's Executives, to discuss the observations and opinions independently with the external auditor and welcome his comments.

2. Review of good corporate governance

The Audit Committee reviewed the performance according to the manual of good corporate governance and oversaw the Company's rules and regulations, without any legal violations.

3. Review of risk management

The Audit Committee reviewed a risk management report of the Company and gave the additional suggestion. 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. Review of internal control and internal audit.

The Audit Committee reviews, approved the yearly audit plan and assessed adequacy of internal control process of the Company. The Audit Committee concluded that the Company had the adequacy, suitability and efficiency of internal control and internal audit, according to world-class standard. Furthermore, some useful suggestions were made for the purpose of improving efficiency of internal audit system.

5. Review of related transactions.

The Audit Committee considered, commented on related transactions or transactions with possible conflicts of interests, disclosed a complete and adequate report of the mentioned transactions in compliance with the regulations and requirements set forth by the Stock Exchange of Thailand, considering the Company's benefits.

6. Self-assessment.

The Audit Committee conducted individually a self-assessment of persons concerned according to the Charter and the best practice guidelines of the Audit Committee. The finding indicated that the Audit Committee completely performed duties as required by the defined scope and the best practice guidelines of the Audit Committee.

7. Nomination of external auditor

The Audit Committee decided on qualifications of external auditor and his proposed remuneration, by realizing on the creditability of the external auditors for service, consulting on accounting standards, auditing and approving the financial statements in time. Then, the Committee suggested its nomination to the Board of Directors who presented to the statutory shareholder meeting.

In conclusion, the Audit Committee emphasized on the importance of internal control for the sake of the Company's good corporate governance, efficient internal control process, including its compliance with the law and regulations related to business operation.

On behalf of the Audit Committee



Mrs. Rapeephan Sanguansis)

Chairman of the Audit Committee
Union Pioneer Public Company Limited

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, and are adjusted in accordance with the new accounting standards that are effective, 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 reasonably 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. Opinions of the Audit Committee on these matters are disclosed in the Report from the Audit Committee as appeared in the Annual Report.

The Board of Directors has an opinion that the Company's overall internal control system is satisfactory to ensure reasonably the credibility of the financial statements of the Company and its subsidiaries as of 31 December 2014.

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 Saphthavichaikul

Chairman

Age 58 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

Years of Directorship: 3 years

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

Public Limited Companies

- 1995 – Present Director, Union Textile Industries Public Company Limited
- 2012 – Present President, Saha-Union Public Company Limited
- 2012 – Present Chairman of the Risk Management Committee, Saha-Union Public Company Limited.
- 2012 – Present Chairman, Union Pioneer Public Company Limited
- May 2014 – Present Chairman, Union Plastic Public Company Limited.

Limited Companies

Saha-Union Group Companies

- 1989 – Present Director, Processing Center Co., Ltd.
- 2012 – Present Chairman, Union Nifco Co., Ltd.
- 2013 – Present Chairman, Union Zojirushi Co., Ltd
- 2013 – Present Chairman, Union Micronclean Co., Ltd.
- 2013 – Present Chairman, Union Stainless Steel Products Co., Ltd.
- March 2014 – Present Chairman, Union Thai-Nichiban Co., Ltd.
- 2014 – Present President, Computer Union Co., Ltd.
- Present Chairman and Director, Other Companies in Saha-Union

2. Mrs. Rapeephan Sanguansisi

Audit Chairman and Independent Director

Nomination and Remuneration Chairman

Age 64 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

Years of Directorship: 4 years

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) Class 5/2003
- Advanced Audit Committee Program (AACP) Class 15/2014

Experiences

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

Current Positions

Public Limited Companies

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

Limited Companies

None

3. Mrs. Supung Tangsujaritpant

Audit Committee and Independent Director

Age: 65 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

Years of Directorship: 2 year

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) Class 2/2003
- Advanced Audit Committee Program (AACP) Class 15/2014

Experiences

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

Current Positions

Public Limited Companies

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

Limited Companies

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

4. Mr. Pradee Charoenwipaset

Audit Committeeman and Independent Director

Age: 69 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

Years of Directorship: 4 years

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) Class 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

Public Limited Companies

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

Limited Companies

- 2005 - Present Managing Director, Blue Sky Technologies Service Company Limited

5. Mr. Pongsak Thiengviboonvong

Managing Director

Age: 58 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

Years of Directorship: 2 year

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) Class 5/2003

Experiences

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

Current Positions

Public Limited Companies

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

Limited 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

6. Mr. Kollatat Tangchitkul

Independent Director

Age: 31 years

Classification of Director:

- Not authorized director to bind the company sign followed by the Certificate of Company Registration.

Education:

- Master of Science in Technology Management University of Illinois at Urbana-Champaign, Illinois, U.S.A (2009)
- Bachelor of Business Administration International Program, Assumption University (2006)
- Assumption Bangrak School (2002)

Proportion of shareholding: None

Years of Directorship: 1 years

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) Class 112/2014

Experiences

- 2010-2013 Sale & Marketing, Global Sales Executives, Kuehne & Nagel (Thailand) Co., Ltd.
- 2007-2009 Sale & Marketing, USA Trade Sales Representative, NYK (Thailand) Co., Ltd.

Current Positions

Public Limited Companies

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

Limited Companies

- 2004 - Present Director, Niyom Service Co., Ltd.
- Present Director, CargoFast Co., Ltd.

7. Mr. Preecha Wattanasaranont

Director

Age: 62 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**Years of Directorship:** 18 years**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**Public Limited Companies**

- 2013 - Present Director, Union Pioneer Public Company Limited

Limited Companies None**8. Mr. Vacharaphong Darakananda**

Director and Nomination and Remuneration Committeeman

Age: 49 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**Years of Directorship** 7 years**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.
- 2007 - March 2014 Managing Director, Union Technology (2008) Public Company Limited

Current Positions**Public Limited 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,

Limited 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.
- March 2014-Present Director, Union Charmchuri Co., Ltd

9. Mr. Nanthiya Darakananda

Director

Age 46 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**Years of Directorship** 20 years**Family Relations with Other Directors:** None**IOD's Training**

- Director Accreditation Program (DAP) Class 2/2003

Experiences

- 1996 - September 2013 Director, Union-Button Corporation Limited
- Vice Chairman, Saha Union Public Company Limited

Current Positions**Public Limited 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

Limited Companies None

1. Mr. Komon Iamwatcharin

Vice Managing Director
Sales and Marketing Division Manager
Age: 57 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)
- Assistant Managing Director, Union Pioneer Public Company Limited

Current Position:

- Sales and Marketing Division Manager, Union Pioneer Public Company Limited
- Vice Managing Director, Union Pioneer Public Company Limited

2. Mrs. Yupa Roongphornchai

Accounting & Finance Division Manager
Age: 59 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
 - Accounting & Cost Division Manager, Union Pioneer Public Company Limited
- Current Position:**
- Accounting & Finance Division Manager, Union Pioneer Public Company Limited

3. Mr. Yanyong Kunasitsiri

Quality Assurance Division Manager
Age: 45 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

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

Roles and responsibilities of the Company Secretary.

The company's secretary must take their position according to the law section 89/15 and 89/16 under the Securities and Exchange Act (No.4) B.E.2551 which become effective from August 31st, 2008 with responsibility, awareness and trustworthy thus taking the position according to the law, objective, the company's regulation, resolution of the board including resolution of shareholders as following:

1. Prepare and keep the documents listed below:

- a. Registry of Boards
- b. Documents on invitation of board of meeting, board of meeting report and the Company's annual report.
- c. Documents on invitation of meeting of shareholders, shareholder meeting report.

2. Keep and secure the documents with the interests from the directors and executives and send the documents according to the law section 89/16 to the chairman to verify within 7 days from the date that the documents were received.

3. Act according to the board of directors and according to the capital market, moreover the Company Secretary also have other action according to the company (or the board of directors) as listed below:

- Consulting giving advice on lawsuits and regulations related and actions with should be taken to supervise and operate the activities of the board of directors as the law.
- Action on arranging the general board of director meeting and shareholder meeting.
- Communicate and coordinate within the company to act according to the board of directors and meeting of shareholders' resolution and the corporate in charge-of such as The Stock Exchange of Thailand, The Securities and Exchange Commission (S.E.C) and to supervise the disclosure of information and to report the information to the public correctly and completely according to the law and to instruct and provide consulting to the newly appointed directors acting according to the company.

The Company does not operate the business mainly by holding shares in other companies

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 2014, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Pioneer Public Company Limited as at 31 December 2014, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Termphong Opanaphan

Certified Public Accountant (Thailand) No.4501

Ernst & Young Office Limited

Bangkok: 25 February 2014

Statements of financial position

Unit : Baht

As at 31 December 2014

	Note	2014	2013
Assets			
Current assets			
Cash and cash equivalents	7	60,482,607	46,452,718
Trade and other receivables	8	149,762,273	138,951,312
Inventories	9	164,544,954	174,982,472
Other current assets		1,647,535	4,195,248
Total current assets		376,437,369	364,581,750
Non-current assets			
Restricted investments	10	5,986,596	5,981,235
Property, plant and equipment	11	96,627,435	110,857,309
Intangible assets		47,097	133,907
Deferred tax assets	16	10,095,951	10,090,029
Other non-current assets		824,867	946,267
Total non-current assets		113,581,946	128,008,747
Total assets		490,019,315	492,590,497
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	12	68,761,999	68,404,641
Income tax payable		3,353,965	2,925,031
Other current liabilities		112,952	4,835,128
Total current liabilities		72,228,916	76,164,800
Non-current liability			
Provision for long-term employee benefits	13	49,039,693	51,817,973
Total non-current liability		49,039,693	51,817,973
Total liabilities		121,268,609	127,982,773
Shareholders' equity			
Share capital			
Registered			
7,500,000 ordinary shares of Baht 10 each		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
Share premium		30,625,000	30,625,000
Retained earnings			
Appropriated - statutory reserve	14	18,834,366	18,834,366
Unappropriated		244,291,340	240,148,358
Total shareholders' equity		368,750,706	364,607,724
Total liabilities and shareholders' equity		490,019,315	492,590,497

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

Statements of comprehensive Income

Unit : Baht

For the year ended 31 December 2014

	Note	2014	2013
Profit or loss:			
Revenues			
Sales		604,074,686	663,783,580
Other income		21,637,170	30,540,882
Total revenues		<u>625,711,856</u>	<u>694,324,462</u>
Expenses			
Cost of sales		526,341,692	585,992,800
Selling expenses		34,873,193	33,553,542
Administrative expenses		34,830,263	44,450,869
Total expenses		<u>596,045,148</u>	<u>663,997,211</u>
Profit before finance cost and income tax expenses		<u>29,666,708</u>	<u>30,327,251</u>
Finance cost		(601,906)	(693,411)
Profit before income tax expenses		<u>29,064,802</u>	<u>29,633,840</u>
Income tax expenses	16	(3,921,820)	(7,382,916)
Profit for the year		<u>25,142,982</u>	<u>22,250,924</u>
Other comprehensive income:		-	-
Total comprehensive income for the year		<u>25,142,982</u>	<u>22,250,924</u>
Basic earnings per shares	17		
Profit for the year		<u>3.35</u>	<u>2.97</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 2014

	Retained earnings				
	Issued and paid-up share capital	Share premium	Appropriated - statutory reserve	Unappropriated	Total shareholders' equity
Balance as at 31 December 2012	75,000,000	30,625,000	18,834,366	255,397,434	379,856,800
Dividend paid (Note 20)	-	-	-	(37,500,000)	(37,500,000)
Total comprehensive income for the year	-	-	-	22,250,924	22,250,924
Balance as at 31 December 2013	<u>75,000,000</u>	<u>30,625,000</u>	<u>18,834,366</u>	<u>240,148,358</u>	<u>364,607,724</u>
Balance as at 31 December 2013	75,000,000	30,625,000	18,834,366	240,148,358	364,607,724
Dividend paid (Note 20)	-	-	-	21,000,000	21,000,000
Total comprehensive income for the year	-	-	-	25,142,982	25,142,982
Balance as at 31 December 2014	<u>75,000,000</u>	<u>30,625,000</u>	<u>18,834,366</u>	<u>244,291,340</u>	<u>368,750,706</u>

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

Cash flow statements

Unit : Baht

For the year ended 31 December 2014

Cash flows from operating activities

	2014	2013
Profit before tax	29,064,802	29,633,840
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	35,896,114	37,645,075
Reversal of allowance for doubtful accounts	(119,564)	(375,647)
Decrease of inventories to net realisable value (reversal)	2,702,042	(4,183,527)
Gains on sales of equipment	(78,481)	(365,463)
Provision for long-term employee benefits	4,312,412	10,904,751
Unrealised (gains) losses on exchange	(5,094,880)	3,791,604
Interest income	(981,365)	(528,138)
Interest expenses	-	3,304
Profit from operating activities before changes in operating assets and liabilities	65,701,080	76,525,799
Operating assets (increase) decrease		
Trade and other receivables	(5,624,422)	160,641
Inventories	7,735,476	54,394,632
Other current assets	2,547,713	(160,541)
Other non-current assets	(6,400)	(15,361)
Operating liabilities increase (decrease)		
Trade and other payables	38,203	(3,389,746)
Other current liabilities	(4,722,176)	3,246,682
Other non-current liabilities	(7,090,692)	(5,549,621)
Cash flows from operating activities	58,578,782	125,212,485
Cash paid for interest expenses	-	(3,304)
Cash paid for corporate income tax	(3,498,808)	(11,030,215)
Net cash flows from operating activities	55,079,974	114,178,966

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

Cash flow statements(continued)

Unit : Baht

For the year ended 31 December 2014

Cash flows from investing activities

	2014	2013
Interest income	963,494	498,900
Increase in restricted investments	(5,361)	(5,981,235)
Acquisition of equipment	(15,007,981)	(24,647,852)
Proceeds from sales of equipment	80,467	385,355
Increase in prepayment for purchase of machinery	(6,080,704)	(4,422,618)
Net cash flows used in investing activities	(20,050,085)	(34,167,450)

Cash flows from financing activities

Dividend paid	(21,000,000)	(37,500,000)
Net cash flows used in financing activities	(21,000,000)	(37,500,000)

Net increase in cash and cash equivalents

Cash and cash equivalents at beginning of year	46,452,718	3,941,202
Cash and cash equivalents at end of year	60,482,607	46,452,718

Supplemental cash flows information

Non-cash transactions		
Purchase of equipment for which no cash has been paid	364,931	549,392
Transfer prepayment to cost of plant and equipment	6,208,504	3,594,618

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

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.1 Soi Serithai 62, 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 financial reporting standards that became effective in the current accounting year and those that will become effective in the future

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

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

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

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	

Business Combinations

TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases – Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease

TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets – Web Site Costs
Financial Reporting Standard Interpretations:	
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
Accounting Treatment Guidance for Stock Dividend	

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

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

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

TAS 19 (revised 2014) Employee Benefits

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

At present, the Company immediately recognises actuarial gains and losses in profit or loss in the period in which they occur. The assessment of the management of the Company is that when the revised standard is applied in 2015 and the method of recognizing those gains and losses is changed to immediately recognize them in other comprehensive income, there will be no impact to provision for long-term employee benefit liabilities and retained earnings in the financial statements.

TFRS 13 Fair Value Measurement

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

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

4. Significant accounting policies

4.1 Revenue Recognition

Sales of goods

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

Interest income

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Finished goods, semi-finished products and work in process are valued at the lower of cost (under the first-in, first-out method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

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

4.5 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	-	10 years and 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.

4.6 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.

4.7 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.

4.8 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

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

Gains and losses on exchange are included in determining income.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

5. 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.

6. Related party transactions

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

(Unit: Million Baht)

	2014	2013	Pricing policy
<u>Transactions with parent company</u>			
Purchases of raw materials	8	8	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	14	Cost plus margin
Purchases of raw materials	73	107	Cost plus margin of related companies

As at 31 December 2014 and 2013, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	2014	2013
<u>Trade and other receivables - related parties (Note 8)</u>		
Related companies (related by common shareholders)	3,312	3,782
Total trade and other receivables - related parties	3,312	3,782
<u>Trade and other payables - related parties (Note 12)</u>		
Parent company	546	1,425
Related companies (related by common shareholders)	10,351	10,214
Total trade and other payables - related parties	10,897	11,639

Directors and management's benefits

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

	(Unit: Million Baht)	
	2014	2013
Short-term employee benefits	9	11
Post-employment benefits	1	-
Total	10	11

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2014	2013
Cash	50	50
Bank deposits	10,513	21,450
Short-term bonds	49,920	24,953
Total	60,483	46,453

As at 31 December 2014, bank deposits in saving accounts and short-term bonds carried interests between 0.37 and 1.98 percent per annum (2013: between 0.5 and 2.2 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)	
	2014	2013
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	3,134	3,465
Past due up to 3 months	-	137
Total trade receivables - related parties	3,134	3,602
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	102,655	102,271
Past due		
Up to 3 months	35,466	29,514
3 - 6 months	6,933	807
Over 12 months	533	634
Total	145,587	133,226

(Unit: Thousand Baht)

	<u>2014</u>	<u>2013</u>
Less: Allowance for doubtful accounts	(514)	(634)
Total trade receivable - unrelated parties, net	<u>145,073</u>	<u>132,592</u>
Total trade receivable - net	<u>148,207</u>	<u>136,194</u>
<u>Other receivables</u>		
Other receivables - related parties	178	180
Other receivables - unrelated parties	<u>1,377</u>	<u>2,577</u>
Total other receivables	<u>1,555</u>	<u>2,757</u>
Total trade and other receivables - net	<u>149,762</u>	<u>138,951</u>

9. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Finished goods	38,850	38,612	(3,266)	(1,253)	35,584	37,359
Semi finished products	18,126	18,587	(839)	(578)	17,287	18,009
Work in process	11,010	10,314	(29)	(3)	10,981	10,311
Raw materials and chemicals	89,151	101,619	(724)	(402)	88,427	101,217
Packing materials	6,093	5,203	102)	(21)	5,991	5,182
Spare parts and factory supplies	2,683	2,941	(35)	(37)	2,648	2,904
Raw materials in transit	3,627	-	-	-	3,627	-
Total	<u>169,540</u>	<u>177,276</u>	<u>(4,995)</u>	<u>(2,294)</u>	<u>164,545</u>	<u>174,982</u>

During the current year, the Company reduced cost of inventories by Baht 3 million to reflect the net realisable value (2013: recorded the reversed the write-down of cost of inventories to reflect the net realisable value by Baht 4 million). This was presented as cost of sales.

10. Restricted investments

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

11. Property, plant and equipment

(Unit: Thousand Baht)

		Land	Building and improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Assets under installation and under construction	Total
Cost:								
1 January 2013	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
Additions	-	-	115	1,657	784	288	18,737	21,581
Disposals	-	-	(31)	(1,641)	(988)	(101)	-	(2,761)
Transfers	-	(10,457)	11,683	17,018	196	-	(18,440)	-
31 December 2014	6,173	-	98,854	632,191	14,614	16,846	411	769,089
Accumulated depreciation:								
1 January 2013	-	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
Depreciation for the year	-	170	3,458	30,107	816	1,258	-	35,809
Depreciation on disposals	-	-	(31)	(1,639)	(988)	(101)	-	(2,759)
Transfers	-	(5,719)	5,556	163	-	-	-	-
31 December 2014	-	-	75,197	570,420	12,564	14,281	-	672,462
Net book value:								
31 December 2013	6,173	4,908	20,873	73,368	1,886	3,535	114	110,857
31 December 2014	6,173	-	23,657	61,771	2,050	2,565	411	96,627
Depreciation for the year:								
2013 (Baht 35 million included in manufacturing cost, and the balance in selling and administrative expenses)								37,543
2014 (Baht 34 million included in manufacturing cost, and the balance in selling and administrative expenses)								35,809

As at 31 December 2014, 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 553 million (2013: Baht 521 million).

12. Trade and other payables

(Unit: Thousand Baht)

	2014	2013
Trade payables - related parties	9,980	10,924
Trade payables - unrelated parties	32,265	33,315
Other payables - related parties	917	715
Other payables - unrelated parties	25,600	23,451
Total trade and other payables	68,762	68,405

13. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2014 and 2013, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)	
	2014	2013
Present value of defined benefit obligation	64,358	66,460
Fair value of plan assets	(15,318)	(14,642)
Net defined benefit liability	<u>49,040</u>	<u>51,818</u>

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

	(Unit: Thousand Baht)	
	2014	2013
Defined benefit obligation at beginning of year	66,460	61,437
Current service cost	3,046	3,129
Interest cost	2,026	2,197
Actuarial loss	-	5,877
Benefits paid during the year	(7,174)	(6,180)
Defined benefit obligation at end of year	<u>64,358</u>	<u>66,460</u>
Fair value of plan assets at beginning of year	14,642	14,974
Change in fair value	759	298
Contribution by the Company	1,838	1,772
Paid during the year	(1,921)	(2,402)
Fair value of plan assets at end of year	<u>15,318</u>	<u>14,642</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)	
	2014	2013
Current service cost	3,046	3,129
Interest cost	2,026	2,197
Changes in fair value of plan assets	(759)	(298)
Actuarial loss recognised during the year	-	5,877
Total expense recognised in profit or loss	<u>4,313</u>	<u>10,905</u>
Line items under which such expenses are included in profit or loss		
Cost of sales	3,101	6,672
Selling and administrative expenses	1,212	4,233

Principal actuarial assumptions at the valuation date were as follows:

	2014	2013
	(% per annum)	(% per annum)
Discount rate	3.7	3.7
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 four periods are as follows:

(Unit: Thousand Baht)

	<u>Defined benefit obligation</u>
Year 2014	49,040
Year 2013	51,818
Year 2012	46,463
Year 2011	46,511
Year 2010	45,969

14. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net 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.

15. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	<u>2014</u>	<u>2013</u>
Salary and wages and other employee benefits	134,976	137,703
Depreciation and amortisation	35,896	37,645
Rental expenses from operating lease agreements	3,685	3,685
Raw materials and consumables used	295,678	355,972
Changes in inventories of finished goods, semi finished products and work in progress	(472)	(2,656)
Purchases of finished goods and raw materials	12,662	14,038

16. Income tax

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

(Unit: Thousand Baht)

	<u>2014</u>	<u>2013</u>
Current income tax:		
Current income tax charge	3,928	7,665
Deferred tax:		
Relating to origination and reversal of temporary differences	(6)	(282)
Income tax expense reported in the statement of comprehensive income	3,922	7,383

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Thousand Baht)	
	2014	2013
Accounting profit before tax	29,065	29,634
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	5,813	5,927
Effects of:		
Non-deductible expenses	99	88
Additional expense deductions allowed	(175)	(63)
Others	(1,815)	1,431
Total	(1,891)	1,456
Income tax expenses reported in the statement of comprehensive income	3,922	7,383

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	Statements of financial position	
	As at 31 December 2014	As at 31 December 2013
Deferred tax assets		
Allowance for diminution in value of inventories	999	459
Provision for long-term employee benefits	9,097	9,631
Total	10,096	10,090

17. 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	
	2014	2013	2014	2013	2014	2013
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share	25,143	22,251	7,500	7,500	3.35	2.97

18. 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)	
	2014	2013
Revenue from external customers		
Thailand	292,918	304,986
Japan	18,889	49,406
United States	145,431	127,725
Others	146,837	181,667
Total	604,075	663,784

Major customers

For the year 2014, the Company had revenue from a major customer in amount of Baht 62 million (2013: None).

19. 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 2014, the Company contributed approximately Baht 2 million (2013: Baht 2 million) to the fund.

20. Dividends

		(Unit: Baht)	
Dividends	Approved by	Total dividends	Dividend per share
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
Final dividends for 2013	Annual General Meeting of the shareholders on 23 April 2014	21,000,000	2.80
Total for 2014		21,000,000	2.80

21. Commitments and contingent liabilities

21.1 Capital commitments

As at 31 December 2014, the Company had capital commitments of approximately Baht 1 million, relating to the construction of factory building.

21.2 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 2014, 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 (2013: Baht 4 million).

21.3 Guarantees

As at 31 December 2014, there was outstanding bank guarantee of Baht 1 million issued by a bank on behalf of the Company to guarantee contractual performance (2013: None).

22. Financial instruments

22.1 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 and trade and other payables. 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. However, since most of the Company's financial assets 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	
	2014 (Million)	2013 (Million)	2014 (Baht per 1 foreign currency unit)	2013
US dollar	2	2	32.8128	32.6778
HK dollar	2	2	4.2197	4.2044
Japanese yen	4	4	0.2712	0.3102

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2014			
Foreign currency	Sold amount (Million)	Contractual exchange rate sold (Baht per 1 foreign currency unit)	Contractual maturity date
US dollar	2	31.74 – 33.00	January 2015 – June 2015
Japanese yen	10	0.277	May 2015

As at 31 December 2013			
Foreign currency	Sold amount (Million)	Contractual exchange rate sold (Baht per 1 foreign currency unit)	Contractual maturity date
US dollar	4	29.2480 – 31.33298	January 2014 – June 2014
Japanese yen	8	0.3145 – 0.3317	February 2014 – May 2014

22.2 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.

23. 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 2014, the Company's debt-to-equity ratio was 0.33:1 (2013: 0.35:1)

24. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2015.



บริษัท ยูเนียนไพโอเนียร์ จำกัด (มหาชน)
Union Pioneer Public Company Limited

เลขที่ 1 ซอยเสรีไทย62 แขวงมีนบุรี เขตมีนบุรี กรุงเทพมหานคร 10510

No. 1, Soi Serithai 62, Kwaeng Minburi, Khet.Minburi, Bangkok 10510

www.unionpioneer.co.th