

รายงานประจำปี ANNUAL REPORT

2558 ● 2015



บริษัท ยูเนียนไพโอเนียร์ จำกัด(มหาชน)
UNION PIONEER PUBLIC CO.,LTD.

ANTI-CORRUPTION AND ANTI-DRUG POLICY

Anti-corruption and Anti-drug policy

According to the government's policy in repression and resolving drugs problems for health and good life quality of the citizens in the nation, Union Pioneer Public Company Limited has strong resolution in progressing on "White Factory" plan by determining policy on preventing and resolving drug problems

Anti-corruption Policy

Union Pioneer Public Company Limited has intention to operate the business with good moral principle, corporate governance with proper management practice and follows business ethic regarding to the company's stakeholders and prevents corruption practices by communicating to executives, directors and employees to ensure that all individuals will follow the appropriate practice and deny corruption in every process of business operation.

Clues and Complaints

The company provides channels for complaints or informing the act of violating Legal Ethics corruption issues or practices leading to corruption or illegitimate actions of the personnel in the company including disorders of financial reporting or deficiency of internal control system as to this, the company determined defensive measures provided for the complainers for the stakeholders to take part and inspect for the benefits of the company efficiently

Topics of the clues or complaints received:

Offense, corruption against the company's
Regulation or action against Code of conduct of the
Company's directors, managing director, executives and employees

- Disorders of Financial Reporting or Deficiency of Internal Control System
- Practices affecting the benefits or reputation of the Company.

Channels for clues or complaints

Email md_upf@unionpioneer.co.th ● internalaudit@unionpioneer.co.th

Complaint box : red box at the front of the guardhouse of
Saha Union (Bangchan district)



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Major Financial Ratio and Summary Information for 5 Years

Unit: Thousand Baht

Financial Information

	2015	2014	2013	Revised 2012	2011
Sales	578,892	604,075	663,783	703,654	785,929
Other Income	20,506	21,637	30,541	37,084	39,844
Total Revenues	599,398	625,712	694,324	740,738	825,773
Total Costs and Expenses	553,177	596,647	664,687	690,220	776,424
Interest Expenses	-	-	3	625	2,119
Corporate Income Tax	9,364	3,922	7,383	10,676	15,462
Net Earnings for the Year	36,858	25,143	22,251	39,217	31,768
Actuarial loss - net of income tax	(602)	-	-	-	-
Total comprehensive income for the year	36,256	25,143	22,251	39,217	31,768
Earnings per share (Baht)	4.91	3.35	2.97	5.23	4.24
Dividends per share (Baht)	4.90	3.35	2.80	5.00	4.00
Current Assets	379,336	376,437	364,582	375,606	431,485
Property, plant and equipment-net	89,460	96,627	110,857	119,628	130,827
Total Non-Current Assets	16,451	16,955	17,151	10,147	315
Total Assets	485,247	490,019	492,590	505,381	562,627
Total Liabilities	105,365	121,268	127,983	125,524	201,974
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	274,257	263,126	258,982	274,232	255,028
Total Shareholders' Equity	379,882	368,751	364,607	379,857	360,653
Total Liabilities and Shareholders' equity	485,247	490,019	492,590	505,381	562,627

Major

Financial Ratio

	2015	2014	2013	2012	2011
Dividends per Net Profit (%)	99.71	99.93	94.38	95.62	94.44
Book Value per share (Baht)	50.65	49.17	48.61	50.65	48.09
Earnings Ratio (%)	6.15	4.02	3.20	5.29	3.85
Returns on Equity (%)	9.85	6.86	5.98	10.75	8.68
Returns on Assets (%)	7.56	5.12	4.46	7.34	5.71

In the recent year, Thailand's export has been shrunk, while the confidence of domestic consumers made the purchasing power quite limited. This affects the business expansion of the Company. We have been trying to adjust ourselves to get ready for the economic slowdown by improving and creating value added to new products as well as providing training and strengthening skills in terms of human resources. We bought a new modern machine to replace the existing one and added more equipment that will boost production capacity in order to produce more products with better quality. In addition, the Company has added more selling channels and performed cost management. On 6 July 2015, the Company was granted ISO13485:2003 certification for the product range of elastic band for venipuncture and tourniquet which are the products that the Company exports to the USA. Apart from that, there is domestic marketing under the brand "FIT BAND" which offers elastic band for exercise.

The Company still focuses on maintaining existing customer base and, at the same time, tries to seek new market, both domestic and overseas, by utilizing products' strength. Our products are high quality products with varieties and they are also user-friendly because they are made from natural rubber. Apart from that the Company considered on the strategies to save environment according to ISO14001. In the recent year, the company was granted certification for Green Industry Level 3 (Green System) and product safety according to Oeko-tex Standard100 Class I (For baby articles) which is the highest class. Moreover, the Company gains confidence in the products by focusing on the quality, suitable cost management and continuous production efficiency improvement. There shall be new patterns of products that meet customer's needs and can be delivered on time.

The Company's turnover in 2015 comprised total income of 599 million baht, decreasing from the previous year 4.31%; export of 317 million baht, increasing from the previous year 1.93 %; and domestic sales of 262 million baht, decreasing from the previous year 10.58 %. The net profit is 36.86 million baht in total, increasing from the previous year 11.12 million baht, equal to 4.91 baht per share.

For year 2016, it is expected that Thai economic slowdown shall continue. The government measurements to boost economic in short and intermediate term, the acceleration of spending under the budget and the investment project could raise domestic demand in a better way. Apart from that, the depreciated Thai currency may help to make export better than the previous year.

The Board of Directors would like to thank the shareholders, partners, customers, employees and all relevant parties who always support the operation of the Company. Please be assured that the Company shall continue to have commitment and dedication to the careful, concise, and transparent business operation and shall adhere to the Code of Conduct, Corporate Governance. And the Company shall run the business without corruption in order to create sustainable development and provide highest benefits to all relevant parties.



(Miss Dalad Sapthavichaikul)

Chairman

Union Pioneer Public Company Limited

Union Pioneer Public Company Limited is located at No.1, Soi 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 bellow:

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 Managment 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”

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.

Teamwork

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.

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.

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.

S T A R

Significant Changing and Developing

In past three years, there is nothing significant changing about managing in the company.

Stockholder Structure of Company Subsidiary

The company has no associate and subsidiary company.

Relationship with Business Group of Majority Shareholder

The major 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), fairly suitable factory renting (which can be compared with the market price). The aforementioned transaction was done without conflict of interest for highest benefit.

The Details of Inter-Transaction of year 2015 are shown at the topic of Inter-Transaction on page 115-116

1. Products and Services

The company's main products are Rubber Thread & Rubber Tape, Esmark Bandage, Tourniquet, Exercise/Therapy Band, Elastic Braid, Elastic Webbing & Crochet, Covering Yarn, Elastic Bandage, and Back Support Belt under the trademark "Venus" and also performing as Original Equipment Manufacturer (OEM).

Majority of the company's products are the raw materials for other products, such as, baby/adult diapers industry, garment industry, medical devices or other usage depending on the nature of business of the customers.

The company's products able to classify as followed:

- 1.1 **Elastic for diapers** Elastic product of this group is Rubber Thread which is used in diaper industry and made from rubber block both natural 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 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 is mostly used in garment industry such as the rim of legs and waist of pants and swimming suits.
- 1.3 **Elastic for medical devices** Elastic products of this group are following;
 - Elastic Bandage** used for preventing and protecting from sprain that might occur in routine activities as well as other recreations. It is widely used in medical and sports profession.
 - Back Support Belt** used for preventing and protecting from back pain that might occur from work and routine activities. It is available in both hard-working industry and for normal usage model
 - Esmark Bandage** used in hemostasis in small operation for hands and feet.
 - Tourniquet** used in arms pinion for blood collection/stop bleeding.
- 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 is certified with Oeko-Tex Standard 100, Quality Management System ISO 9001, Environmental Management System ISO 14001, Quality Management System for Medical Devices ISO 13485 and medical standards of Food and Drug Administration (FDA) both Thai and USA.

2. Marketing and Competition

After starting the Trans-Pacific Partnership or TPP agreement in 2008, was finalized on October 5th, 2015, many large-scale industries move to Vietnam, one of the members of TPP, more and more including garment industry which is the major market of the company. As we started to expand our business to Vietnam garment industry in 2014 via both brand-owner and manufacturers, we have more garment business in Vietnam in 2015 and also be able to expand to Sri Lanka, one of the leading garment manufacturer in the world, although the world economy slow down and high competition in the market.

In disposable diapers business, our major accounts are small and medium size manufacturer and facing the high competition with the market leaders. The big players implementing a very aggressive marketing strategy and affected sales of our customers and lead to company sales drop in this category. However, we still keep on developing our elastic products to match with customers' needs for adult disposable diapers which are believed will become a huge market in the future.

Medical device business, sale of this category grew a lot in 2015. Although highly local and overseas competition in 2015, the Company was certified Quality Management System for Medical Devices ISO 13485 and this will be the key factor for growing business in this category.

Exercise/Therapy band business, company can generate stable sales of this category in the USA market for non-latex band but still could not develop latex band to meet the standard of the market leader. In domestic market, company expands the market via e-commerce but sales are still low since this kind of product is quite new for Thai market.

Key Competition Strategy

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

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

Customers' Characteristics

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

The Company does not rely on any customer exceeded 30% of total revenue.

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 manufactures and distributes 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 do not want to buy in large 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, makes manufacturer emphasized in lowering cost in every production processes. Finding the cheapest raw materials is one significant method that most manufacturers used. Even though, the manufacturers want the cheap raw materials, but quality 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 has 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 2 “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 not exceed 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 controlled factory and building (Refresh PRE 2558) and for new experience with new technologies to adjust with the company and seminar in energy law and regulation. Those activities led to energy management measure of 2015 as below:

- Replaced the fluorescent lamp with LED lamp starting in control room
- 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 5. Because it is too old and spend a lot of energy.
- Improved machineries by changing from DC to AC motor and installing inverter to control speed of motor for example dyeing machine, covering machine etc.
- Provide the employees knowledge about energy through annual seminar, training course, and event
- Provide employees training course and supporting to building energy saving awareness.

Activities conducted as Environment Projects to reduce effect and improve environment are as follows;

- Energy Management Project to reduce the usage of electricity and build up awareness of the employees and let them involved in saving electricity.

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.

- A project of lowering dust of the Rubber at calendar section by decreasing the sound of dust vacuum

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

Corporate Risk Management

The company is aware of the importance of efficient risk management which will make the company achieve its goals and objectives for stable and sustainable growth. So, the company applies to the whole organization international standard of risk management COSO (The Committee of Sponsoring Organizations of the Treadway Commission) as guidance for its risk management system for corporate accomplishment. Company risk management policies are as follows;

- 1) Risk management is the responsibility of all employees in all level to manage and control it properly to get to the acceptable level.
- 2) All units in the company must assess their risks in term of both qualitative and quantitative and find out the proper KPI, corrective and preventive actions to relieve any risks or damages which may happen in its unit.
- 3) All risks must be controlled, followed up, evaluated, and communicated to assure that they are organized and managed properly.
- 4) The company must enhance and support all employees in all levels to assure that they are aware of the importance of corporate risks and cooperate to be responsible to control and reduce negative effect of them

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:

3.1 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 sales volume in the diaper market has affected the company's total sales volume, although its sales volume keep on dropping but it is still the group that 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.

3.2 Risk from fluctuation of exchange rates

From the global economic recession and the Quantitative easing (QE) of United States, the increase of real estate sales and personal income index of U.S.A, public debt of EU situation, the depreciation of Chinese currency and a clear picture of Thailand politics stability. 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 the operation for the business growth.

3.3 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.

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.

General Information of the Company

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 Chachoengsao 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

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

Information on others reference person	
● Security Registrar	Security Depository Center (Thailand) Company Limited
Address	No. 93 14th Floor, Stock Exchange of Thailand Building (beside the Chinese Embassy), Ratchadapisek Road, KwaengDindaeng, Khet Dindaeng, Bangkok 10400
Telephone No.	(662) 009-9000 Fax No.: (662) 009-9992 Website: www.tsd.co.th
● Auditor	Miss. Vissuta Jariyathanakorn, with CPA (Thailand)-Licence No. 3853 EY Office Limited.
Address	33 rd 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 75 million baht, which is an ordinary share of 7,500,000 shares @ 10.00 baht 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 2nd, 2015 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	Mrs. Sumporn Krairerg	-	64,450	0.859
7	Mr. Amorn Amornpiyasiri	-	50,000	0.667
8	Mr. Peera Arunothai	-	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:

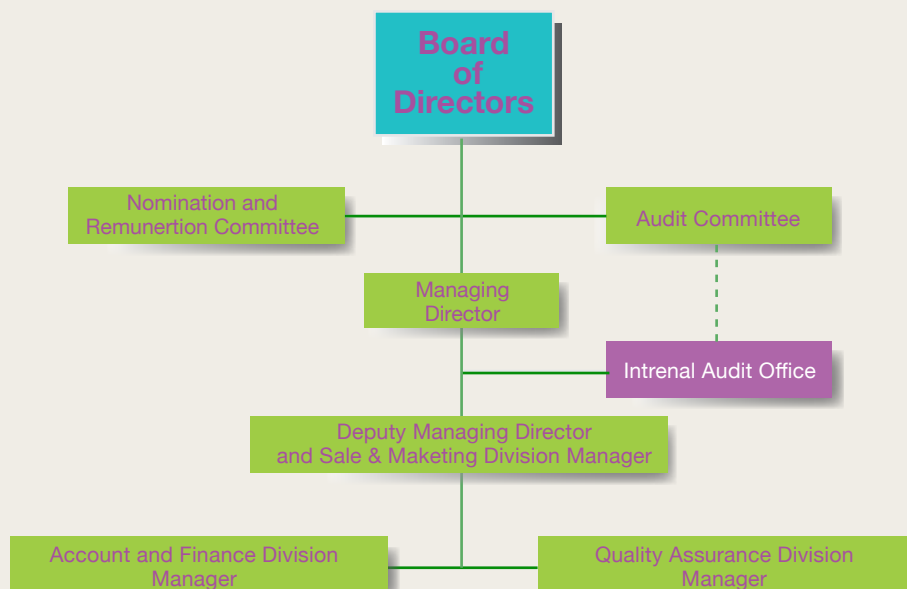
The dividend policy is depending on “the performance of the company, at a rate not less than 1/3 of the annual net profit, after deducted accumulated loss (if any), from the separate financial statement of the company.” The company has no subsidiaries and affiliated companies.

Year	2015	2014	2013	2012	2011
Earning per Share (Baht)	4.91	3.35	2.97	5.23	4.24
Dividend per Share (Baht)	4.90	3.35	2.80	5.00	4.00
Dividends per Net Profit (%)	99.71	99.93	94.38	95.62	94.44

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

Organization Chart

UNION PIONEER PUBLIC CO., LTD



Management Structure of the Company consists of Board of Directors, Audit Committee and Nomination and Remuneration Committee

1. Board of Directors

1. Miss Dalad	Sapthavichaikul	Chairman of the Board
2. Mrs. Rapeephan	Sanguansis	Independent Director
3. Mrs. Supung	Tangsujaritpund	Independent Director
4. Mr. Pradee	Charoenwipasjet	Independent Director
5. Mr. Kollatat	Tangchitkul	Independent Director
6. Mr. Pongsak	Thiengviboonvong	Managing Director
7. Mr. Vacharaphong	Darakananda	Director
8. Mr. Nanthiya	Darakananda	Director
9. Mrs. Chantorntree	Darakananda	Director

Board of Directors consists of 9 persons: 4 females and 5 males including 4 Independent Directors or more than one-third from 9 directors.

- There are 8 Non Executives Directors and 1 Executive Director i.e. Managing Director.
- There are 5 authorized directors out of 9 persons consisted of Miss Dalad Sapthavichaikul or Mr. Pongsak Thiengviboonvong or Mr. Vacharaphong Darakananda or Mr. Nanthiya Darakananda or Mrs. Chantorntree Darakananda, by which 2 names of this name list should be mutual signed.

For more details of the roles and responsibilities of each committee can be found under content of Good Corporate Governance topic no.2 “ Subcommittee ”

- 4 Independent Directors: 2 females and 2 males, as following
 - Mrs. Rapeephan Sanguansis
 - Mrs. Supung Tangsujaritpund
 - Mr. Pradee Charoenwipasjet
 - Mr. Kollatat Tangchitkul

Every independent director were qualified to meet the standards and principles of the government concordantly to Independent Director Definition according to the standards of Capital Market Supervisory Board *additional information on determination of independent directors were disclosed in the topic no.3 Nominating and Selecting Directors no.3.1 Independent Directors*

1. The Board of Directors which is dominant the role in specifying the Company's policy uniting with top executive directors on operation plan both short-term and long-term plan including determining financial policy, risk management and over-all view of the cooperate stands an important role in corporate governance and evaluates operating results of the company and implementation results of the executive directors consecutively according to the plans independently.

In 2015, the Board of Directors' Meeting were hold 12 times while date and meeting time were scheduled in advance for the whole year in that year. In each meeting held, supplement documents were prepared for each agenda and sent to the company at least 7 days before the appointment date in advance for each director to have enough time learning the details.

In meditating any agenda topics, chairman of board whom acted in role of chief in the meeting had arranged time sufficiently and opened up for all opinions as the resolution made in the Board of Directors' Meeting with depending on the majority votes, while one director holding one vote and directors with conflict of interests will not attend the meeting and will not hold the rights to give the vote in that subject; if the outcome vote is a tie, the chairman will give out the vote which will determine as the final decision.

In the Board of Directors' Meeting, the management division attended the meeting to provide useful information and was the division that knew the policy forthrightly to apply with the operation efficiently.

Furthermore, the Board of Directors emphasized on the conflict of interest of the related individuals circumspectly, impartially and unambiguously; including revealing these information completely. In case of any director holding conflict of interest according to the subject in discussion will not have the right to determine on that particular subject.

After the meeting ends, the secretary of the company who was in responsible of the meeting minutes propose to the Board of Directors' meeting affirming the first agenda in the next meeting and handing to the chairman of the meeting to clarify the preciseness of the minutes by signing; moreover directors can give out opinions, corrections for the minutes for litigable details and correctness to the uttermost; for the approved minutes will be stored in the office of the secretary of the company which is the place to store documents as informed to related departments according to laws for providing convenient for investigation and citation.

In addition, the non-executives directors might hold meeting among each other to remind and to investigate about problems of interest without management division attending; for non-executive directors to express their opinions liberally.

2. There is a verification and sufficient balance in the structure of the Board of Directors and management with three Audit Director of the whole committee.
 - 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 115
 - 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 in order to divide the responsibilities in specifying the policies of controlling and routine management works.
 - c) There is a clear division of responsibilities between the Board of Directors and the management without interference.
 - d) 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 company has no subsidiaries and affiliated companies. The details of directors and the authorized persons are stated on page 49,121,122

The summarized table of Board member's with/without interests, shareholding and number attendances in 2015

Name-Surname and Position	With/without Interests	Number attendance of AGM	Shareholding of Directors		Number attendance of Committee		
			2015	2014	Board of Director	Audit Committee	Nomination and Remuneration Committee
1. Miss Dalad Saphthavichaikul Chairman of the Board	None	1/1	-	-	12/12	0	-
2. Mrs. Rapeephan Sanguansis Chairman of the Audit Committee /Independent Director/Chairman of Nomination and Remuneration Committee	None	1/1	-	-	12/12	4/4	3/3
3. Mrs. Supung Tangsujaritpant Audit Director / Independent Director / Nomination and Remuneration Director	None	1/1	-	-	11/12	3/4	3/3
4. Mr. Pradee Charoenwipaset Audit Director / Independent Director	None	1/1	-	-	12/12	4/4	-
5. Mr. Kollatat Tangchitkul Independent Director	None	1/1	-	-	12/12	-	-
6. Mr. Pongsak Thiengviboonvong Managing Director	None	1/1	-	-	12/12	-	-
7. Mr. Vacharaphong Darakananda Director / Nomination and Remuneration Director	None	1/1	-	-	12/12	-	3/3
8. Mr. Nanthiya Wattanasaranont Director	None	-	-	-	5/12	-	-
9. Mr. Preecha Wattanasaranont Director (in January-April 2015)	None	1/1	-	-	4/4	-	-
10. Mrs. Chantornree Darakananda Director (in May-December 2015)	None	-	-	1/1	8/8	-	-

- On the 22nd Shareholder Meeting for year 2015 on April 22nd, 2015, resolution of appointing Mrs. Chantornree Darakananda as director over for Mr.Preecha Wattanasaranont's position
- On the Board of Directors' Meeting on December 16th, 2015, resolution of appointing Mrs. Yupa Boonchuaydee as member of board of directors in the position of independent director and audit Director over for Mr.Pradee Chareonwipaset's position from January 1st, 2016 onward.

2 Executives

Chief executives in the company have authority to implement under policy, strategy and objective that the Board of Directors determined for legibility and flexibility in implementation.

Moreover, chief executives have responsibility in supervising expenditures and investments to the limit which the Board of Directors had authorized in the annual plans accordance to human resources policy, resolving problems or conflicts which will affect the organization and maintain efficient communication to related persons.

Name Lists and Position of Executives are listed below:

	Name-Surname	Position
1. Mr. Pongsak	Thiengviboonvong	Managing Director
2. Mr. Komon	Iamwatcharin	Deputy Managing Director and Sales-Marketing Division Manager
3. Mrs. Yupa	Roongphornchai	Account & Finance Division Manger
4. Mr. Yanyong	Kunasitsiri	Quality Assurance Division Manager

The details of the executives of the company, stated on the attached documents on page 123

3. 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.

On November 18th, 2015 at board meeting had a resolution in appointing Mrs. Chadaporn Jiemsakultip as Secretary of the Company from January 1st, 2016 onward.

The qualification and experience of the company's secretary, stated on the attached documents on page 123

4. Remuneration of the Directors and Executives

4.1 Remuneration in monetary value

- In the 22nd Annual Ordinary Meeting there had been an approval of directors' remuneration of the year 2015, which had been considered by the Nomination and Remuneration Committee in the financial amount not exceeding 1,500,000 baht per year (equal to the year 2014) and had been assigned to the Board of Directors to allocate in the amount deem as appropriate.
- In 2015, 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, including duties and responsibilities and the performance of each executive. The remuneration for the four executives of the company such as salary, grant-in-aid and social securities in the total amount of 7.37 million baht.

4.2 Others remuneration of the Executives

In 2015, the company paid for the provident fund for the 4 Executives in the total amount of 0.19 million baht.

The summarized table of remuneration for each director of every committee detailed as follow:

Name-Surname	Position	Remuneration in monetary value (Baht) in 2015			
		Director/ Independent Director	Audit Director	Nomination and Remuneration Director	Total
1. Miss. Dalad Saphaivichaiikul	Chairman of the Board	96,000	-	-	96,000
2. Mrs. Rapeephan Sanguansis	Chairman of the Audit Committee / Chairman of Nomination and Remuneration Committee / Independent Director	96,000	132,000	18,000	246,000
3. Mrs. Supung Tangsujaritpant	Independent Director/ Audit Director/ Nomination and Remuneration Director	96,000	120,000	18,000	234,000
4. Mr. Pradee Charoenwipasjet	Independent Director / Audit Director	96,000	120,000	-	216,000
5. Mr. Kollatat Tangchitkul	Independent Director	96,000	-	-	96,000
6. Mr. Pongsak Thiengviboonvong	Managing Director	96,000	-	-	96,000
7. Mr. Vacharaphong Darakananda	Director / Nomination and Remuneration Director	96,000	-	18,000	114,000
8. Mr. Nanthiya Darakananda	Director	-	-	-	-
9. Mr. Preecha Wattanasaranont (in January-April 2015)	Director	32,000	-	-	32,000
9. Mrs. Chantorntree Darakananda (in May-December 2015)	Director	64,000	-	-	64,000
	Total	768,000	372,000	54,000	1,194,000

5. Personnel :

Policy in human resources management

The Company considered all employees as essential and valuable resources, which leads to success, growth and secured sustainable developments; as for selecting individuals that were qualified and suitable for each career fields. Human resources development in management, academically and in organization culture including creating good working atmosphere and environment and safety was essential therefore resulting in determining guidelines as following,

1. Manage human resources to conform and advocate with the policies, vision, objectives business goals and strategies of the company.
2. Systematize and organize human resources management accompanied with stipulate rules and regulations to be clear, transparency, fairly, following with the same guideline within the company.
3. Specify all commanders to manage human resources under their own department according to system and guideline determined by the company.
4. Specify employees to carry out their duties willfully and dedicate for achievement in work with their skill, knowledge, capability by retaining Code of Conduct, Core Value and operation regulation of the company.
5. The company strictly treats the employees according to the International Human Rights as standard giving equality to every employee without discrimination on gender, nationality, ethnic, social class, religion, belief, social status, disability, pregnancy and chronic illness along with law and regulation related to the employee.
6. The company does not have policy in employing child labors; for recruitment and selection of employee according to the required positions recruiting and selecting will be made both externally and internally by employing individual with age over 18 years, along with qualification, ability and experience suitable for the position required to fulfill the manpower planning for each department.

-
7. The company's policy stands against forced labors and do not support threaten and forced labors to work over time, sequestering bonds or personal documents. Every procedures should be made conduct with no forcefully by the employees, only by which they agreed and signed for the agreement.
 8. Permit and support development of capability, qualification, latency of the employee by training and development course both in-house training and outsource training frequently and thoroughly, providing opportunity for career path by latency for each employees.
 9. Determine on appropriate and equitable recompense according to qualification, latency, experience, responsibility and accomplishment of each individuals.
 10. Appointment in positions, transfers including rewards and disciplines apply to employees equally with equitably, honesty on the fundament of qualification, ability and aptitude accordingly with the employees' attitude and implementation.
 11. Establishing relationship between the employees and organization by emphasizing that all the employees within the organization as family; for employees to be delighted, secure in work, content good health and sanitation and life quality.
 12. Provide facilities for employees and make them emphasize on saving in advance for retirement by setting up Credit Union and provident fund for employees.
 13. Having esteem in employees' right on decision for negotiation and do not forbid the employees' liberty to associate thus there are no law which forbid them in taking action, also advocating both associating and negotiation liberty and take action according to negotiation agreement and protect both employees and their representative whom joined the associate independently and equitably.
 14. Provide authorities for the employees to elect representative of the employee to take part in meeting sessions or to negotiate with the company by which each individual holds 1 vote per a person.
 15. Encouraging participation of employees by hearing out opinions and suggestions from employees in every level equally.
 16. Provide rights for employees to make petition incase they were treated unfairly according to the system and method specified, insure actions for complainers that their complaints will be kept secret by arranging channels for petition as following
 - Complaint box (red box) installed in various places in the company
 - Email : md_upf@unionpioneer.co.th or internalaudit@unionpioneer.co.th
 - Letter: Internal Audit
 Union Pioneer Public Company Limited
 No.1 Soi Serithai 62, Khwang Minburi,
 Khet Minburi, Bangkok 10510
 - Hotline directly to Managing Director:: 662-517-0105-8 ext. 111

At the end of year 2015, total employees = 534 persons, that can be divided into manufacturing section for 394 persons, office section for 94 persons, support section for 46 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 such as Salary and Wages, Bonus, Resignation aid, Provident Fund, Social Security Contributions, Compensation Fund and Pension and etc., totally at 136 million baht.

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 2014 which includes the improved structures of the CGR, to ensure the shareholders, investors and stakeholders 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 carried out 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:

The additional information is stated in topic "Structure of Shareholding" on page 87-88

Names, positions, with/without interests, shareholding, meeting detail and the remuneration detail of the directors are stated in the summarized table on page 89,91

Duties and responsibilities of the committee:

1. To provide "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. To provide the company's business ethics in order for the directors, executives and all employees to use in the business operation.
3. To approve the assessment on the adequacy of the internal control of the company on annually, including preparing a report of responsibility of the Board of Directors to the financial statements which was stated on the annual report and Form 56-1.
4. To provide a clear method in giving clues, complaints and a mean in business operation detailing in category 3, roles of stakeholders, at the topic 3.9 of the methods in giving clues and complaints.
5. To control the operation, according to the law, regulations and the guidelines of the regulatory agencies related companies, with no action on violation of the official rules. The Board of Directors duties with care by skilled thorough practice.
6. To specify 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. To control 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. This ethics policy is posted in a conspicuous place. It is noticeable and conveyed to a concrete practice of all employees. The company has tracked the performance and related matters in accordance with the above policy on regularly.
8. To specify 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. These measurement and policies must be followed the general conditions of trading and will be same as common people, with considering the maximum benefits of the company.
9. To specify 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. To arrange an internal controlling system and internal audit in work operation, financial reports and operating in accordance with regulations and policies.
11. To establish the Office of Internal Audit, which is a unit within the Company, is independent in the performance of duties. It is responsible for the internal audit by reporting the results of the audit report directly to the Audit Committee and the Managing Director.
12. To appoint the Risk Management Committee, which have a responsibility in analyzing and managing risk in order to specify the preventive measurement in risk management to be in an acceptable level, and continuously monitored the effectiveness and efficiency of risk management. The Audit Committee reports this progress to the Board of Directors every quarter.

2.2 Audit Committee

- There are 3 people (two females and one male) in the Audit Committee; all of them are Independent Directors and had been appointed by the Board of Directors. They have the qualifications that match with the notification by the Securities and Exchange Commissions and the Stock Exchange of Thailand.
- All Audit Director positioning for 2 years per term office, the Director that had expired from terms of office may be reappointed again. From the committee meeting 4/2015 on 22nd April 2015, Committee have review the term that have been two years completed in 27th April 2015. The name of the Audit Director and Positions are listed below:.

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

- The audit director who has knowledge and experiences to review the company’s financial statements is Mrs. Supung Tangsujaritpant.

The details of with/without interests, shareholding, meeting detail and the remuneration detail of the directors are stated in the summarized table on page 89,91

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 Committee 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 audit director.
 - (g) Opinion or overall observation that the Audit Committee received from the operation as the charter or the regulation of the Audit Committee.
 - (h) Other transactions that the shareholders and investors should be aware of within the scope of authority which has been assigned by the Board of Directors.
- 7 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 director are Independent Director and the Chairman of the Nomination and Remuneration Committee is an Independent Director.
- In 2015, there are totally 3 meeting times in order for the nomination and remuneration committee to take action effectively and accomplish the duties and responsibilities assigned by the board.
- 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 Director
 3. Mr. Vacharaphong Darakananda Nomination and Remuneration 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 89,91

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 Director.
4. Determine the remuneration and form of remuneration for the director and propose to the AGM 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 have the qualifications according to the notification, regulation and the regimen and complying with the definition of Independent director of the SEC. They can use the knowledge and talent to provide suggestions that are suitable company's operation.

A total number of 4 Independent Directors are more than 1/3 of the totally 9 directors, are listed below:

- | | | |
|-------------------|-----------------|----------------------|
| 1. Mrs. Rapeephan | Sanguansis | Independent Director |
| 2. Mrs. Supung | Tangsujaritpunt | Independent Director |
| 3. Mr. Pradee | Charoenwipasjet | Independent Director |
| 4. Mr. Kollatat | Tangchitkul | Independent Directo |

3.2 Recruiting Directors and Chief Executives

● Recruiting Directors:

In selection on the Board of Directors, the persons who have been nominated are already considered by the Nomination Committee who recruited the qualified persons who have knowledge, ability and experience in business management, as well as sufficient time to perform their duties to the Company. 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 at the Annual General Meeting for further selected at director selection agenda.

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 free floats 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.

Besides 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 policy, regulation and good corporate governance at topic no.2.3 "Protection on the information Usage". 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 topic 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 89

6. The Remuneration of Auditors:

According to the public company act and the regulation of the company section no. 51, specified that annual general meeting selects and decides the remuneration for the company's auditor.

The 22nd annual general meeting of 2015 had a resolution to select the company's auditor as follow:

1. Mrs. Poonnart Powcharoen with CPA (Thailand)-License No. 5238 (First Auditor), or
2. Ms. Tippawan Nananuwat with CPA (Thailand)-License No. 3459, or
3. Mr. Krisada Lertwana with CPA (Thailand)-License No. 4958, or
4. Ms. Vissuta Jariyathanakorn with CPA (Thailand)-License No. 3853

The aforementioned auditors of EY Office Limited are the authorized auditors who are approved by Securities & Exchange Commission (SEC) and have no relationship or/and any gain or loss with the company/executives/major shareholders or any person related with the mentioned parties.

The Company has no subsidiary company and affiliated company

- (1) The company paid the remuneration for the audit to EY Office Limited which the company's auditor works with.
In 2015, the total amount of Baht 780,000 (Baht Seven hundred eighty thousand) equal with last year
In 2014, the total amount of Baht 780,000 (Baht Seven hundred eighty thousand)
In 2013, the total amount of Baht 755,000 (Baht Seven hundred fifty-five thousand)

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

- (2) Other service fees: The Company did not have any other service fees for the accounting period of the past year.

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 realized on the right of the shareholder according to the required law, supported all shareholders to use their right without any conflicts with the laws and never did anything that violate the right of each shareholder taken place to ensure that every shareholder have equal right of fundamental authorities. Therefore the company defined the guidelines as following:

- 1.1 Controlling every shareholder to have the equal right of fundamental authorities as the regulation stated. For example right to have portion of profit equally, access to the news in timely manner. Including facilitate and promote corporate shareholder to attend meeting to exercise right in the meeting.
- 1.2 In the past year, there is no directors holding the totally shares exceed 25 percent of total outstanding share, including having defensive measure to use insider information to trade security which violated the law against the stock exchange of Thailand and SEC.
- 1.3 Common Stock Shareholding Portion of free float at the closed registered book on April 2nd, 2015 which equal to 18.20 percent of total outstanding stock of the company.
- 1.4 Company Shareholding Structure is not in pyramid type.

Process before shareholder meeting

- 1.5 Giving the opportunity for the shareholders to propose the agenda of the shareholder meeting of 2015 from 1st October 2014 to 31st December 2014 or more than three months in advance via Set portal (SCP) of the Stock Exchange of Thailand, both Thai and English language, and via the company's website, http://www.unionpioneer.co.th/index.php/investor_relation/downloads/main-6.
- 1.6 Sending the invitation notice together with all detailing documents to shareholders at least 14 days in advance before the meeting date and disclosed the invitation with all detailing documents both in Thai and English language on the company's website more than 30 day in advance before the meeting taken place.

The invitation of the Meeting together with all detailing documents both in Thai and English language were noticed via Set portal (SCP) of the Stock Exchange of Thailand and disclosed the invitation of the Annual General Meeting in the newspaper in 3 days period and via the company's website,

http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-1

- 1.7 Setting the date, time and convenient place meeting, by setting the agenda with the directors' comments of each agenda in order for the shareholders to consider, including criteria and the method of the meeting attending.
- 1.8 Profile of each director to be nominated details such as age, education, experience, director starting date, training on duties and skills for director, years of directorship, gain/loss in many ways with the company, types of directors to be nominated, number of shareholding, including meeting attendance in recent years in case of proposing to be a director for another term, that already approved by the Nominating Committee to propose to the shareholders in the selection on directors agenda further
- 1.9 Agenda on appointing on auditor: according to the Public Company Act por sor 2535 and the regulation of the company section 51, it required the annual general meeting to select the company's auditor and determine the remuneration of the auditor of the company in every year, and can re-appoint the existing auditor to be the auditor for another period.

After considering the qualification of the auditor and their remuneration, the Audit Committee recommended the Board of Directors to propose the shareholders to appoint the authorized auditors who are approved by the Securities and Exchange Commission (SEC), including no have any relationships and / or interest in the company / subsidiaries / executives / major shareholders / no relationship with such individuals in order to have independence enough for monitoring and commenting on the company's financial statements.

- 1.10 Dividend Policy, dividend yield and amount including the detailing in last 3 years are used for the shareholders to consider the agenda on appropriation of profit and the dividend payment.
- 1.11 Proposing the shareholders to determine the remuneration for directors which were already approved by the

Nomination and Remuneration Committee of the company.

- 1.12 Attaching the latest minutes of the shareholders' meeting for consideration on the agenda on approval minutes of the shareholders' meeting.
- 1.13 Arranging the meeting in Bangkok area at Saha Union Public Company Limited, which has a convenient mode of transportation, closing to the sky train and express way so that shareholders can participate easily.
- 1.14 Arranging an officer to help in the registration area, which open before the meeting started, not less than 2 hours, and after the meeting and using computer to count the voting scores.
- 1.15 Promoting and supporting the Board of Directors, subcommittee, executives attending at every time as their duties to reply any questions of the shareholders. Before starting the meeting, the Chairman introduced the directors and management to the shareholders individually composed Chairman of the board, Chairman of Audit Committee, Chairman of the Nomination and Remuneration Committee, Managing Director, Independent Directors, Directors, Account and Finance Manager, Auditors, Company Secretary, and also clarifying the name lists of the directors attending at the AGM.
- 1.16 The Chairman declared the meeting open and introduced directors and the attendances at the meeting and informed the meeting about how to vote on each agenda. One share equals one vote to hold a voice vote by ballot for each agenda item of the meeting, including the notice to the shareholders before the meeting starting.
- 1.17 Arranging the voting for selecting the directors either individual or whole committee depend on the meeting agree with, by submitting the name lists of director who were already approved by the Nomination and Remuneration Committee.
- 1.18 Arranging the witness for counting the voting score at the AGM as disclosing at the minutes of the AGM.
- 1.19 Giving an opportunity to the shareholders to ask questions, comment and recommend on appropriately as the AGM agenda, including recording the proper time in order to encourage the shareholders to giving their point of views in the meeting about the company.
- 1.20 No adding any other agendas which were not declared in advance in the invitation of AGM and no shifting the agendas.

Report of the AGM

- 1.21 The company disseminated the report of the shareholders' meeting by clarifying the information of 2 topics: First topic was the general information such as the name lists of the directors, executives, company's secretary, auditors attending, the number shares of shareholders attending at the meeting starting, and the steps of voting and the vote counting. Second topic was information detailing on agenda proposed to the shareholders for consideration as declared on the AGM invitation, by classifying to each agenda, consisting on the summary information which the directors proposed to the shareholders for consideration, the questions, answers, and the voting results of each term (agreed, disagreed and abstention) will be recorded.

Process after the AGM

- 1.22 Disclosing the resolution of the AGM with the voting result on the next day from the AGM date, by informing via Set portal (SCP) of the Stock Exchange of Thailand and via the company's website, http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-2
- 1.23 The Company Secretary prepared the minutes of the Shareholders within 14 days after the shareholders' meeting and to submit the report to the Stock Exchange of Thailand. As well as disseminated at the company's website. http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-3

Category 2 Equitable treatment for each shareholder

Shareholders of the Company will be treated equally and fairly in accordance with basic rights is by requiring measures to prevent the use of internal information to benefit them or others in the wrongful, or disclosure to persons related to directors and executive officers, which caused damage to the shareholders as a whole as well as a process for meeting shareholders to support the treat all shareholders equally.

In order to ensure that all shareholders are treated and protected equally fundamental rights commission has set the following guidelines.

Preventing on internal information usage

2.1 Determining approach to prevent internal information usage to prevent the use of inside information that has not been publicly disclosed to get benefit in the wrongful and to ensure transparency, by covering the trading of the company's securities at topic no.5 of " Taking care of internal information usage " page 97.

Protection on the right for the shareholders

- 2.2 Provides rights for shareholders to vote by which one vote equivalent to one share.
- 2.3 Opportunities given to shareholders to purpose agenda in advance before the appointment date of shareholder meeting by publicizing criteria, including media for shareholders via the company's website
http://www.unionpioneer.co.th/index.php/investor_relation/downloads/main-6
- 2.4 Deliver proxy letters in form which votes were editable for shareholders who were unable to attend the meeting by themselves; by in the previous meeting offering 4 independent directors in the invitation letter as choices for the shareholders to assign to theirs proxy, additional information can be browsed from
http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-1
- 2.5 Identifying documents and evidences including advices on procedures of handing over the proxy for shareholders in the invitation letter, for the shareholders to prepare documents for accurateness and to prevent problems accruing in attending shareholders meeting of the proxy, by which the principles and conditions in appointing over the proxy principle according to the laws without any obstacles which might cause complexion to the proxy principal.
- 2.6 No additional agenda apart from assigned in the shareholder invitation letter.
- 2.7 Assignment of policy on doing any transactions which might cause conflicts on benefits in order for those transactions to be transparency and meditated discreetly, reasonable and liberally under good ethics for over-all benefit of the company and shareholders in significantly.
- 2.8 In disclosing on related party transactions, the company will disclose the information entirely, accurately according to the criteria determined by governance's authorities section. The Company did not have any related party transactions in forms of financial assistance such as loaning or credit guarantee.
- 2.9 In the previous year, the company did not contravene or deny following the regulation of related party transaction according to SET/SEC.
- 2.10 Inter-transactions occurred in the previous year were in normal business transaction with generally normal commercial term..

Taking Gain and Lose by directors

- 2.11 The company disclosed "With or without of interests of directors" as summarized table on page 89.
- 2.12 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 considering that agenda in order for fairly resolution and real benefit of the shareholders.
- 2.13 In the previous year, the company did not contravene or deny following the security trading regulation according to the SET/SEC.

Category 3 Roles of the stakeholders

Treatment Policy determined for Stakeholders

In the business operation of the company, various stakeholders which were shareholders, employees, customers, trade partner, competitors, creditors including community and society; in which all the stakeholders should be taken care by the company holding on their rights according to the laws and agreement upon the company with impartially with corporate governance. Thus the Company determined the guideline to the stakeholders as following

- 3.1. **Roles to the Stockholders:** The Company realized on the compensation to the shareholders, gave precedence to free float or institutional shareholders together with gaining trust from the shareholders by providing the internal control system and accounting system and auditing strictly, supporting on reporting the status and the company's management result to each shareholder quickly, accurately, completely and equally. Additiona

information can be obtained from Topic Good Corporate Governance and Business Ethic Manual on page 14 and 32. <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

- 3.2. **Roles to Trade 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.

Trade Partners: The board of directors determined regulations for practices on all trade partners to be equivalent and fair by organizing on procurement by selection of vendors, partners or consultants which were based on the principle that the company must gain the most profits under legit selection without prejudice, able to be investigate and prohibit employees from beneficiary resolutely, for additional information were shown on page 14, page 31,33 from Good Corporate Governance and Business Ethics manual. <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

Creditors: The Company operated in accordance with the conditions, contract and the agreement that being made with every creditor, according to commercial term. The practice toward trading partner and creditors were disclosed in page 14, page 33 from Good Corporate Governance and Business Ethics manual. <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

- 3.3 **Roles to Customers:** The Company committed to develop the product and service continuously and provided fast service with honesty 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 page 14, page 34 from Good Corporate Governance and Business Ethics manual. <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

- 3.4 **Roles to Trade Competitor:** The Company hold on to the principle of freedom in business competition 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 page 14, page 34 from Good Corporate Governance and Business Ethics manual. <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

- 3.5 **Roles to Employees:** all employees of the Company are essential resources for the company and main objective to successful business operation, the company's board of committee had determined implementation towards the employees in the Human Resources Management Policy on topic 5 Human Resources, page 91 and 92

3.5.1 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.

3.5.2 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.

3.5.3 The company set up "Safety, Occupational health and Working environment committee" in order to control business that might affect the employees. For additional information can view on the company's website <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy> page 39 on Good Corporate Governance and Business Ethics manual, including setting up the Five-S committee, giving an opportunity for the employees to participate in developing the quality of working life for themselves.

3.5.4 The actions towards the employees were disclosed in additional information can view on the company's website <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>, on page 15, 34-35 on Good Corporate Governance and Business Ethics manual

- 3.6 **Roles to Society and Community :** The Company realized that taking responsibility of society and community was also important. Responsibility for society and community were arranged on topic no.10 of CSR section sustainable development. For additional information can view on the company's website <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>, on page 15, 35-36 on Good Corporate Governance and Business Ethics manual

- 3.7 **Action against Corruption and Giving/Taking Bribe:**

In 2015, the company had been evaluated to the level 3 in sustainable development of Anti-Corruption curriculum from Thaipat Institute (Public-Interest Organization) which increased when comparing to the year 2014.

Level 3 Established showed the limit of the company's policy such as anti giving bribes, unassociated with, anti accomplice communication and trained the employees to acknowledge about the policy and regulation on anti-corruption.

The Company determined the anti-corruption policy, provided the knowledge and understanding to the employees at all levels and other people who had to do business with the Company about anti-corruption policy, by determining;

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

For additional information can view on

<http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>, on page 29-31, and page 45-48 on Good Corporate Governance and Business Ethics manual

3.8. Non-infringement on 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. For additional information can view on <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>, on page 31-32 on Good Corporate Governance and Business Ethics manual

3.9 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),
 - Letter to internal audit office of the Company address No.1 Soi Serithai 62, Kwaeng Minburi, Khet Minburi, Bangkok 10510
 - E-mail: md_unionpioneer.co.th or internal_audit@unionpioneer.co.th.
 - Hot Line to Managing Director Tel. no. 662-517-0105 to 8 ext.111.
- There is the process on consideration, checking and following the complaints by presenting the complaints results and solution through the monthly operation meeting.

Corporate Social Responsibility Policy: 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 under the law, taking care of the community and society, the quality control, the safety of healthy and environment, least impact from production for the benefits of the Company and the stakeholders. For additional information can view on <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>, on page 41 on Good Corporate Governance and Business Ethics manual

The company had set summary for CSR in process & CSR after process at topic no.10 Main of CSR for Sustainable Development on page 107-113

Category 4 Information Disclosure and Transparency

Disclosing of important information relating to the company including financial information and non-financial information must be entirely complete, transparent and up-to-date through the easiest channel that can be reached equivalently, reliable, not misconstrue and adequate for decision of the investors and not conflict with the regulations on information disclosure of the governance authorities unit to ensure that the important information related to the company will be disclose thoroughly, transparent and up-to-date. The board of directors determined the following regulations;

- 4.1 Disclosure on Good Corporate Governance and Business Ethics manual, important policies such as Quality and Environmental Policy, Occupational Health and Safety Policy, Corporate Social Responsibility Policy, Anti-corruption Policy, Risk Management Policy, Annual reports, Quarterly and Yearly financial statements certified by the independent auditor on unconditionally, and Annual Registration Statement (Form 56-1), including Responsibility of the Board of Directors to Financial Statements together with the independent auditors's report, in order for the shareholders, other investors and the related person to know the information via the Company's website and press release via SET Portal System (SCP) of the SET.

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- 4.2 Disclosure on the Shareholders Structure transparently showing the beneficial owner.
 - 4.3 Arrangement on explanation and analysis for the management (MD&A) to assemble with the financial statements every quarter with the change of more (or less) than 20 percent differences from the previous year.
 - 4.4 Important inter-transactions will be considered and authorized by the Board, disclosing information on inter-transactions; will indicate name of the person whom made those inter-transaction, relationship, type of transactions, condition and value of the transactions, necessity and reasons. All inter-transactions of the previous year were done within normal business transactions.
 - 4.5 Disclosed the remuneration for auditing and other service served by the independent auditors, considered by the Audit Committee at Topic Remuneration for the independent Auditor.
 - 4.6 Disclosed the roles and duties of the Board of Directors and all subcommittees at the section no. 5 Responsibility of the Board at topic on page 93-96 including the number of shareholding changing during 2 years period, Have/no have in interests, Number of attending meeting of each director comparing to the all time meeting held in whole year.
 - 4.7 Disclosed the remuneration of each directors and executives which reflects their responsibilities of each individuals including forms of remunerations by which Nomination and Remuneration Committee had approved comparing to other registered companies under SET which are with similar industry and business sizes and be comparable, for additional information can be obtained on section 5 Responsibilities of the Board at topic no.5.6 Remuneration of Directors.
 - 4.8 The company disclosed the annual report within 120 days from the end of the annual accounting period on the Company's website.

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:

- 4.9 The company's vision and mission
<http://www.unionpioneer.co.th/index.php/about-us/vision>
- 4.10 Nature of the business operation
<http://www.unionpioneer.co.th/index.php/about-us/com>
- 4.11 Financial statements and the report on the financial status and the result of business operation in both current year and previous year.
http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-2-2
- 4.12 Form 56-1 and annual report which can be downloaded
http://www.unionpioneer.co.th/index.php/investor_relation/downloads/main-4
http://www.unionpioneer.co.th/index.php/investor_relation/downloads/main-3
- 4.13 Shareholders Structure http://www.unionpioneer.co.th/index.php/investor_relation/downloads/main-1
- 4.14 Giving the opportunity for shareholders to propose the agenda
http://www.unionpioneer.co.th/index.php/investor_relation/downloads/main-6
- 4.15 Invitation of the annual general meeting and the concerned documents.
http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-1
- 4.16 Disclosing the resolutions at the shareholders' meeting and the previous report of the shareholders' meeting at the company's website.
http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-2
http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-3
- 4.17 The policies as well as the company's good corporate governance manual and the business morality.
<http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>
- 4.18 Roles, responsibilities, qualifications and terms of office of the Board of Directors, Subcommittee, Audit Committee and Nomination and Remuneration Committee.
<http://www.unionpioneer.co.th/index.php/about-us/board-of-directors-2>
- 4.19 A person responsible for the Investor Relations is Mrs. Yupa Roongphornchai, the manager of the Accounting and Finance Division, contact number: 662-517-0105-8 ext. 211 and fax number: 662-517-0345. The company

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- is pleased to hear the comments, recommendations and information related with analyzers, institution investors and free float as well as browsing the information via The Stock of Exchange of Thailand's website, www.set.co.th and the company's website, <http://www.unionpioneer.co.th/index.php/contact>
- 4.20 In the previous year, the SEC did not command the company to amend financial statements of the Company. The Company had no history of quarterly and yearly financial reporting delay.

Category 5 Responsibilities of the Board of Directors

- 5.1** The company structure of the Board of Directors composing of directors who have a diverse qualification, both skills and experiences as well as specific talents that are very useful for the company. At present, the Board of Directors have 9 people, members not less than 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 and should be Thai citizenship. Additional information can be obtained from Structure of Management on page 87- 89
- 5.1.1 The company had established policies and manual of the corporate good governance and business morality approved and signed by the Board of Directors. There was a communication to executives and employees of the Company signed acknowledgment for operating further, the company has tracked the performance and related matters in accordance with the above policy, ethics regularly.
- 5.1.2 The Board of Directors determined objectives, vision, mission, strategic goal and operating policies of the company to lead the executives and employees to acknowledge the objectives and aims in the same direction.
- 5.1.3 The Board of Directors set an Internal Audit Office in the company to report the result to the Audit Committee, to operate according to audit plan and to review the internal controlling system, which have suggestion for the auditing results of Internal Audit Committee in every quarter in the Board of Directors meeting.
- 5.1.4 In the previous year, the Board of Directors meetings were totally held 12 times and Annual Ordinary Meeting was held 1 time to ensure in following up with the Company's performance effectively.
- 5.1.5 In 2015, the Board of Directors had determined Anti-Corruption policy. Encouraging publicizing knowledge and to interpret with employees in all level and people performing business related to the Company to acknowledge to the Anti-Corruption policy receiving sustainable development in Anti - Corruption estimated by Thaipat Institute (Public-Interest Organization) from level 2 in 2014 to level 3 in 2015. Established means displaying the limit and level of the Company's policy such as do not bribe the government officers, do not get involved, go against people getting involved, communicate and give training to employees to make the gain knowledge about the policy and principle on Anti - Corruption.
- 5.1.6 The company's directors were nominated and selected by nomination and remuneration committee whom were not forbid individual accordance to Public Limited Companies Act and Securities and Exchange Act and having capability and ability also including experience appropriated and from various career fields.
- 5.1.7 Chairman of the Board will not be the same person as Managing directors and have no relations with Management sections in order to bisect responsibilities in determining the Corporate Governance and managing regular implementation.
- 5.1.8 The Company limited the authority for each administrative section articulately and were written; by separating responsibilities apart from approving of accounting entries and trustee to be able to investigate and make the equilibrium.
- 5.1.9 The tenure of directors were determined that 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.
- 5.1.10 The Board of Directors considered the qualification of the individuals that are "Independent Directors," 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.

- 5.1.11 There are four independent directors with 2 females and 2 males from a total number of 9 Committeemen, in order for their operating independently and suitable with the specific characteristic of the company.
- 5.1.12 The company's secretary is Mr. Amarin Pataranavig, who is responsible in consulting on laws and regulations which the board of committee should acknowledge, supervising on director meeting, reporting the minutes and relating documents, including coordinating for operating according to resolutions of board of committee until accomplished. Moreover secretary of company is responsible for implementation accordance to Securities and Exchange Act (No. 4) B.E. 2551 clause 89/15 clause 89/16 clause 89/17 and clause 89/23.

5.2 The company's subcommittee : Beside the Audit Committee that had been organized by the company in accordance with The Stock Exchange of Thailand, the Boards also organized a subcommittee in order to be good corporate governance, Additional information can be obtained from Sub-Committee on page 93-96

- 5.2.1 Nomination and Remuneration Committee is composed of independent directors more than 50%. Chairman of Nomination and Remuneration Committee is a independent director.
- 5.2.2 In order for the Nomination and Remuneration Committee to work effectively and achieve the objectives, there were 3 meeting times in the previous year.
- 5.2.3 Nomination and Remuneration Committee have name lists, duties and responsibilities and detailing on page 95

5.3 Roles, duties and responsibilities of the subcommittee

Details are stated in the "Good Corporate Governance" on page 93-94

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 1 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 attend 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 Every director of the company was trained the courses concerned roles, duties and skill for directors from the Thai Institute of Directors Association (IOD).
- 5.7.2 When there is a new director, 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 2015, the lists of courses that the executive management took are following;

No.	Course	No. of Hours
1.	ISO14971:2007 Risk Management for Medical Devices	24
2.	Finance for Non-Finance Manager	6
3.	Enterprise Risk Management	6
4.	Financial Health check up through Financial Statement	6
5.	Thailand Industrial Relations (IR) Forum 2015	6
6.	Coaching & Mentoring Technique	12
7.	40 Accounting Issues and Advanced Accounting Resolving	6
8.	HR for Non-HR	12
9.	Safety Officer (Senior Level)	12
10.	Ethical Audit	6
11.	Key to Successive Consultative Selling)	48
12.	Accounting Resolving Technique according	6
13.	Supplier Selection, Supplier Visit, Supplier Appraisal & Supplier Management	6
14.	Safety, Health and Working Environment Committee	12
15.	ISO9001:2015 & ISO14001:2015	6



CSR

To Sustainable Development



Executives and all employees focus on social responsibility. This is always one of the main company's policies in the business. It is therefore encouraged to carry out activities that benefit Stakeholders, Social, Community and Environmental to achieve sustainable development concretely.

The Economic Dimension

Operation of fairness

The Company operates its business with transparency, fairness, honesty and accountability. The company hopes to sustained growth perform better and generate a reasonable return constantly to the shareholders and all stakeholders. Under the good corporate governance with business ethics, the Company used strategy of fair competition, not aimed at damaging the reputation of a competitor, not violating the intellectual property rights of others, unless permitted. It also aims to create good relationships and a good understanding together with partners in the supply chain. The exchange of knowledge and the joint development of products, services to add value to products. Services and to give attention to every stage of production, in order to deliver a quality product. Safe to use according to customer requirements, it also provides an opportunity for customers to visit or inspect the system to produce the product at any time, to reassure customers that the company will produce a systematic and standardized.

For building confidence among customers in the production of medical devices, the Company has developed a quality management system in accordance with the standard ISO 13485: 2003, resulting to receiving the certification standards for such products, the rubber bands for blood (Tourniquet) and elastic tourniquets (Esmark Bandage) from Bureau Veritas Services Future Limited (Thailand) Co., Ltd. on 6th July 2015



Anti Corruption



The company has committed to the fight against corruption. The anti-corruption policy was announced anti-corruption. Guidelines and instructions provided in the Code of Conduct, which was communicated to employees at all levels have been known. It is also defined as a topic in the curriculum "The new employee orientation" to encourage employees to work in a company that has integrity. This is one of the company's values and let employees know the channels that can identify or complaints include Boxes of complaints within the company, sending a letter to the Office of Internal Audit, sending via e-mail to managing director or the office of Internal audit and called directly to the managing director.

The Company has assessed the risk that the channel could cause corruption corrupt. The measures to control the 4 issues as below:

1.) The Procurement - The Company has determined procedures to ensure compliance of the procurement process must compare prices, selection and vendors evaluation based on criteria set by the system standard ISO 9001 and notifying the seller to improve operations if found defective. But, if the procurement of high value, it must be considered by the Committee before procurement.

2.) Conflicts of interest - All Company's executives have all signed on to the person will not commit to a conflict of interest with the company and the company determined a course of action that all employees know about the ban on acts which compete with the business of the company and prohibit exploitation in the personal affairs with the company.

3.) Give or Receive gifts, Entertainment business - The Company has clearly defined rules and practices and informs the relevant authorities acknowledge whether it is sales and marketing, engineering, procurement, human resources department.

4.) Giving or Taking bribes all forms - Whether governmental or private matter, The company's policy is not to give or receive by paying or receiving money, property or offering any other benefits for facilitate the implementation of the fast without any hindrance or to obtain returns the requested compensation.

Responsibility for consumers



The consumer is main of the company is important to take into consideration. Although most of products are not directly produce to consumers but reassure customers that the company has a caring and attentive to his clients as well. Thus, the impact on consumers will receive from the company's products; it is safety of residues that are the product of our company. The company has shipped the three types of elastic: Elastic Rubber Thread & Elastic Rubber Tape, Elastic Webbing and Elastic Braid to test hazardous residues in the products in Switzerland every year. And now product 3 type have been certified Oeko-tex Standard 100 Class I (For baby articles), which is regarded as the most stringent.

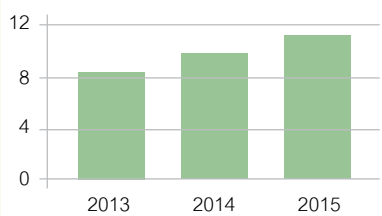
The social dimension

The company provides care to employees of the Company and social communities both near and far, the company regularly. It is considered a strong social organization, social or outside the athletic community it can help to support the company's operations are sustainable

Respect human rights and abide workers fairly



Number of hours of training per person



The company gives priority to care for and treat all employees fairly and equality. Respect for the fundamental rights of employees, but the people on human rights without discrimination, no gender discrimination, age, nationality, race, religion, social status, disability. The right to propose improvements, If you have a complaint or think they cannot get a fair complaint through the communication channels that the company has announced in the policy, administration, human resources, as at 1st October 2015, which include communication channel, passing the complaints at various points within the company, to send a letter to the office of internal audit, to send an Email to the managing director or the internal audit department and directly calls to the managing director ,by the year 2015 the company did not receive any complaints from employees.

The company does not support the use of compulsory children labor under 18 years of age or labor law is strictly prohibited. The company will hire workers with working conditions that are fair and reasonable compensation based on qualifications, experience and potential of employees by hiring will give priority to children of employees and local workers first. Supports all employees are trained to develop skills and their potential to create opportunities to progress in work. The number of hours of training per person is increasing every year, which in the year 2015 the numbers of training hours per person are 11.14, and also concerned about the wellbeing of all employees. The welfare services provided to employees, such as hospital cafeterias car - library, dormitories annual health check, sport competition the annual seminar, etc. Moreover, the company is planning to encourage savings for use in retirement so set up a fund and provident fund for employees.





Safety and Occupational Health at work is one of the company appreciate that the employees can work without incident, and the risks that may affect human health, it improves work efficiency to rise. Therefore the company has partnered with Nopparat Rajathanee Hospital and Mahidol University with expertise in occupational medicine to study in the establishment for a period of 3 weeks and in the process has established a project to strengthen the prevention of injury to bone and muscle from work to employees such as a training on the musculoskeletal system, how exercises to stretch the muscles before and after work, how to exercise to prevent Silva from office syndrome.

On 9th March 2015 the company received a plaque of honor from the Bureau of Safety to promote and share safety activities, Occupational health and environmental safety in the work area no. 10 and also participated in the establishment of security. Honor HRH Princess Sirindhorn HRH the Princess Royal and continue through the project as scheduled was given a certificate from Mr. Nakorn Silapaarcha, Deputy Minister of Labor on 16th September 2015.



The Community and Social Development

For community external assistance, the company will take into account the community surrounding it, based on the implementation of CSR in the core processes of the company already. (CSR-in-process) is important, as In-house training, the company will subsidize rice and pastry brakes from nearby residents who do sell the company at all times. In addition, the company also donated and social assistance in various forms besides the normal operations of the company. (CSR-after-process) include as below:



The Company gave a Children's Day gift to the community housing Bang Chan, Bang Chan Industrial, Minburi Youth Centre and Wat bum pen north school.



The Company and employee donated through the Red Cross to help earthquake in Nepal.

The Company donated money to the National Police Agency. To build a hospital, police operations center at Yala

The Company donated money to the Bang Chan Child Development Center to continue expanding and renovating school buildings.



The Company and employees donated sports equipment, shoes, school supplies for Sanam Chai School, NASA School and Ban Nong Hong Chanthaburi

Staff donated blood to the Red Cross every 3 months



The Company provided knowledge about safety, health students perform above offering scholarships to students.

The Company donated money to the meditation halls with Fak Baung Temple, Uttaradit.



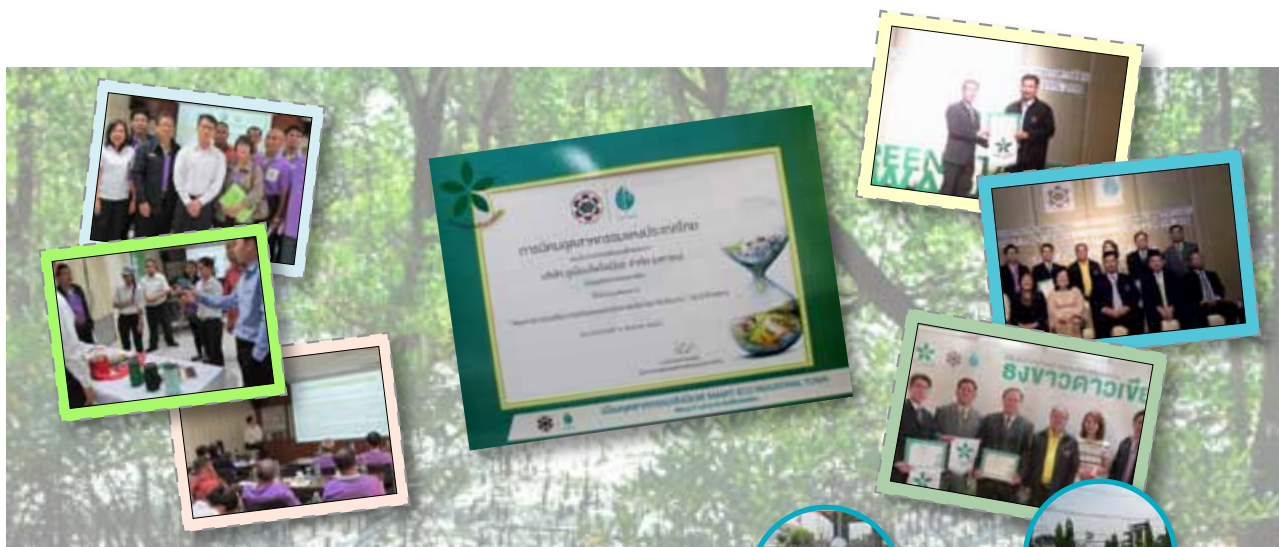
The company made a merit with departments as below:

- Infantry Regiment of the 12nd Guards at Bantun Mole Temple, Sa Kaeo
- The Department of Labour as a collective at Samuhapradittharam Temple, Saraburi.
- The Social Security Office at Telwasankaram Temple, Kanchanaburi.
- SKV Commercial Company at Parpanyawutthaam Temple, Chiangmai
- Saha-Union Bangpakong at Banpodeang Temple, Buriram

Environmental dimension

Caring for the environment

From the natural environment has changed a lot today as a result of the destruction of nature continues. The Company recognizes that environmental resources are another issue affecting the Company's waiting. Because the business activities of the company that has the resources and the pollution and waste from industrial high. The Company thought about ISO14001 standard system to control the various processes of the company and found the technology innovations or processes that reduce resource consumption and pollution to minimize environmental impact, which on 2nd December 2015, the company has been honored as the Outstanding Factory. "The good environment project – White Flag Green Star (Green Star Award)" by the visit and audit by the Office of Bang Chan Industrial Estate, Bang Chan industrial and community representatives in the Bang Chan Industrial Estate.



Company focused on the quality of effluent released into the public therefore the company cleaned wastewater from the production process before, by using aeration system (Activated Sludge) and hiring an outside agency to be licensed and registered properly by the department to monitor the quality of wastewater every month. The results of the measurements were lower than the industry standard in each parameter. On 5th June 2015, World Environment Day, executives and employees of the Company had together poured microorganisms (EM) made from the bacteria that have received grants from the Office of Bang Chan Industrial Estate. The body is connected to the public trough Saen Saeb canal to help microorganisms to decompose organic residues and help adjust the water to get better as the year 2015, the company also participated "The green industry to sustainable development" with the Industrial Estate Authority of Thailand, resulting to get a certificate that has been certified as a green industry level 3 (the green: Green System).



Energy Conservation



The Company organized training courses “Consciousness of simple energy conservation and energy conservation” to employees of both production and office to raise awareness of the need to conserve energy. The guidelines noted that employees can participate in saving energy by themselves. The company also managed the running time of the production to the TOU tariff rate to reduce monthly energy into electricity.

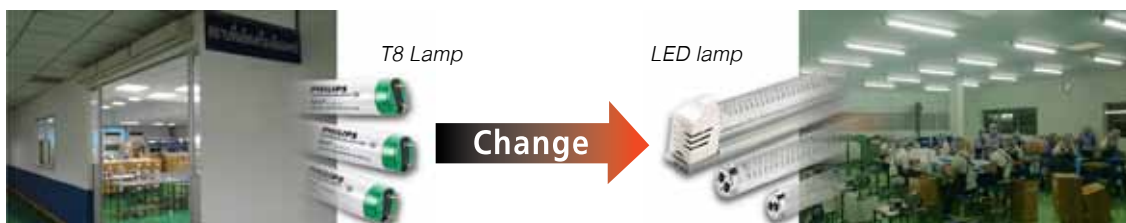
Inheritance the Thailand traditions

Thailand is considered the cultural traditions and the environment is one that embraces the man. As a descendant of Thailand, it must continue to do the things that fathers continue to fully understand and properly. The Company recognizes the importance in this as well. Encourage team up welfare activities include the annual Songkran Festival - pouring water blessing adults, Candle Festival, Loy Kratong Festival and merit for New Year.



The innovation and diffusion of innovation by implementing environmentally responsible

The Company used LED lamp instead of T8 lamp, which in the past used 156 lamps of T8 lamp with power consumption at all 4368 watts, but when the company changed to use a LED lamp for only 40 lamps with power consumption at only 960 watts. Moreover, this changing to the LED usage increased the brightness from 1300 lumen per lamp to 2100 lumen per lamp.



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 managing the risks 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 requirement of the Securities and Exchange Commission, including 5 parts as following:

1. Internal audit in organization

The Company had managed a suitable organization structure for operation and internal controls which cover in financing & accounting sections, operations and personnel management, including actions accordance to the laws under the government authorities and regulations of the company, also stipulating authorities on financial permission distinctly.

2. Risk assessment

The Company established risk management committee, specifying risk management policy, evaluating and follow-up with risk management results in every possible ways and quarterly report to the Audit Committee

3. Operation control

The Company holds operating manual which covers on the company's system to control various implementations on credible of information, asset protection and Information Technology (IT) system of the Company.

4. Information Technology (IT) and Communication System

The Company emphasized in Information Technology System and enough records of information, operation and decision of the manager as well as development and improvement in IT system to pertinent accurate and to fulfill implementation regularly.

5. Follow up system

The Company had tracking system on operation in management level and operation level by which the management committee had compared the operating results with the clearly objective determined and appointed the way to reach the objectives. In the same time the company had internal audit office which takes actions in certitude as well as giving advice for the internal operation of the organization governance, risk management and good appropriate internal control.

Moreover, from the meeting with the external auditor of EY Office Limited, who audited the financial statements of the year 2015. 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 operation 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 the 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 119

4. Internal Audit Supervisor who is an employee of the Company.

(1) Name-Surname	Position	(2) Educational Background	(3) Working Experiences and Related Trainings	(4) Responsibilities
Mr. Wiwat Jongkonrat	Manager of the Internal Audit Section	Bachelor Degree in Business Administration - Accounting	- Accountant for 1 years - Internal Audit Manager for 12 years <u>Training</u> Course on Certified Professional Internal Audit of Thailand (CPIAT) at Batch 10	- Report and follow up the result of the internal audit to the Audit Committee - Secretary of the Audit Committee

On 12th February 2015, the Audit Committee had a resolution to appoint Mr. Wiwat Jongkonrat to be a Manager of the Internal Audit Section.

The Audit Committee had an opinion on the operation of the manager of the internal audit section that he worked well and accurately according to the required laws, including having the knowledge and ability to operate job duties effectively.

Inter - 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 of normal commercial transaction such as material purchasing which the list is happening continuous in the future because it is a normal commercial 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 commercial 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 2015, 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.

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. (SUC) - major shareholder 48.96% - having mutual director	1.Pay dividend 2.Purchase product 3.Rent factory building 4.Account Payable	12.3 7.4 3.3 0.09	1. Resolution from shareholder meeting which was normal returning from investment 2. Normal commercial transaction, comparing with market price 3. Rent price from agreement, comparing the price nearby the renting location 4. Remaining value on 31st December 2015
2.Union Textile Public Co., Ltd. (UT) - having mutual director	1.Purchase product	3.5	1. Normal commercial, comparing with market price
3.Thai Rubber Enterprise Co., Ltd. (TRE) - 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. (UI) - 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.(URP) - having mutual director	1.Purchase product	55.9	1. Normal commercial transaction, comparing with market price
6.Union Zip Co., Ltd. (UZC) - having mutual director	1.Sell product 2.Account Receivable-Net	14.3 3.7	1. Normal commercial transaction, comparing with market price 2. Remaining value on 31st December 2015
7.Uni-Fibre Co., Ltd. (UNF) - having mutual director	1.Purchase product 2. Account Payable	5.3 0.08	1. Normal commercial transaction, comparing with market price 2. Remaining value on 31st December 2015
Total value of Inter Transaction in 2015		107.01	

Management Discussion and Analysis (MD&A) >

For the year ended 31st December, 2015

Business Overview

The business operation of the Company in the first half of 2015 was continually affected by the political factors and the Thailand and global economic slow down 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 partly the Chinese economy slowed more than anticipated. For Thailand's economy started to recover slowly and was limited by several problems including 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: diaper elastic business of the Company seems to be less and less in the future since the major manufacturers in the market used spandex to substitute rubber thread and the minor manufacturers started to switch to spandex likely as the majors ones. However, the Company still expanded the adult diaper market by cooperating with the existing diaper customers, and we believed this market will be a potential market in the future.

For medical equipment, trend of sales circulation has been increasing in the overseas especially in the USA. Although the Company was facing severe price competition with China and India, we could still compete with them in term of distribution channel and quality of products. In 2015, the Company accomplished to be certified with the Medical Devices Quality Management System ISO13485 which is one of the most important tools for expanding to medical devices market in the future.

For the exercise and physical therapy band, the company has used two kinds of raw materials which are the natural rubber and synthetic rubber. In 2015, the Company could run the business firmly on synthetic rubber in the USA market. For the natural one, the Research and Development department of the Company still kept on working on it to meet the standard of the market leader for expanding market in USA further.

Business Operating and Profitability

The Company's performance in 2015, the total revenue was Baht 599 million reducing from the previous year by 4.31 percent because of lower sale volume. It was the export for Baht 317 million increasing from the previous year by 1.93 percent. The domestic sale was Baht 262 million decreasing from the previous year by 10.58 percent. Although the company had lower revenue from sales, the company had higher net profit. The net profit of the Company was Baht 36.86 million increasing from the previous year for Baht 11.72 million calculated as the profits of Baht 4.91 per share. Because rubber price which was the raw material cost, reduced and the Company expanded the product group of the exercise and physical therapy more.

The Company had the significant profitability in 2015 more than in 2014. Return on Assets (ROA) raised from 5.12% to 7.56%, Return on Equity (ROE) raised from 6.86% to 9.85%, Earning per Share increased from Baht 3.35 to Baht 4.91.

Asset Management

Assets Turnover in 2015 is nearly with in 2014 at 1.23 times and 1.27 times, respectively. This showed the Company could manage the total assets effectively.

Receivable Turnover in 2015 increased from 2014, which was from 4.25 times to 4.35 times because the company can collect debt faster, which was from 85 days to 83 days. Inventory Turnover in 2015 decreased a little, which was from 3.10 times to 3.05 times because the duration of carrying goods increased from 116 days to 118 days.

Most debtors of the Company have not been on due yet. For some debtors were overdue with their term payment, the company set the net unrealized values at Baht 0.25 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 2015 was Baht 152 million reduced from 2014 by Baht 13 million. The Company had policy to lower rubber stock and the rubber price decreased when comparing with 2014.

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

Liquidity and Capital Sufficiency

From analyzing on the liquidity of the company for short-term loan payment, the Current Ratio and the Quick Ratio were higher from 2014 which the Current Ratio was 6.62 times from 5.21 times while Quick Ratio was 3.93 times from 2.89 time, which were the good and stable liquidity ratio. When considering the cash flow from operating activities against current liability was 146 percent for 2015 and 74 percent for 2014. For the increase in the ratio mentioned above, since the Company had cash flow received from the increase in net profit from the previous year. Although sales are down, cost of sales was reduced in larger amount because the rubber, the main raw material in the production, was reduced a lot.

Cash used in investing activities in 2015 increased from previous year by Baht 2.76 million because the Company invested on braiding machines for higher modern and technology. Cash flows used in financing activities in 2015 increased from the previous year by Baht 4.12 million because the Company paid higher amount of dividend from 2014..

Liability and Off-Balance-Sheet Management

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

In 2016, the export of Thailand is predicted to be recovered due to the recovery of overall world economy. Domestic purchasing power of Thai people is also predicted to be better due to the government spending from the economic stimulus measures and large infrastructures investments, including the clearly government policies which lead to higher investors' confidence and better overall economy of Thailand. However, the Company has to keep its eyes on the recovery of the world economy especially U.S.A. and EU.

Risk Management Committee of the Company is composed of the executives and the team workers who are responsible in each division, considered in specifying the frameworks, policies and reviewing the methods of the Company's risk management to cover and comply with the economic condition, by having meeting and tracking the risk management results, to find out that they are controlled and managed in the acceptable levels.

Report of the Audit Committee

To Shareholders,

In 2015, 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 year 2015 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 for the transparency of the Company's performance to ensure the shareholders and investors that the Company complied with the rules and regulations without any legal violations.

3. Review of risk management

The Audit Committee reviewed the risk management report of the Company and gave an additional suggestion. The Audit Committee concluded that the Company had an effective system in managing risk by stating the objectives, identifying, assessing, managing and tracking down the risk quarterly as well as the risk evaluation of 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 quarterly to ensure that the Company had adequacy, suitability and efficiency of internal control and internal audit, according to world-class standard. Emphasizing the internal audits to follow up to the given subjects to ensure that the management sector had resolved or rectified as the suggestions given by the internal audits within the period assigned including some useful suggestions made for purpose of improving efficiency of internal audit system.

5. Review of related transactions.

The Audit Committee considered and 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 people concerned according to the Charter and the best practice guidelines of the Audits Committee. The findings indicated that the Audit Committee completely performed duties as required by the defined scope and best practice guidelines of the Audit Committee as the Stock Exchange of Thailand's specified.

7. Nomination of external auditor

The Audit Committee decided on qualifications of the external auditors and 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 benefit 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

Board of Directors responsibility for Financial Reporting >

The Board of Directors is responsible for the Company's the financial statements and information as listed in the annual report. The aforementioned financial statements are generated in accordance with generally accepted accounting standards by implementing the appropriate accounting policies on consistency basis, with carefully consideration, 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 2015.

On behalf of the Board of Directors
Union Pioneer Public Company Limited.



(Miss Dalad Saphthavichaikul)
Chairman



(Mr. Pongsak Thiengviboonvong)
Managing director

The Details of the Board of Directors

1. Miss Dalad Saphavichaiikul Age 59 years

Position: Chairman

Education

- Master's Degree in Computer, University of Illinois, USA.
- Bachelor's Degree (First Class Honor) in Economics, Chulalongkorn University

Proportion of shareholding: None

Years of Directorship: 4 years (since January 1st, 2012)

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 – 2011 Director, Saha-Union Public Company Limited.
- 1995 – May 2015 Director, Union Textile Industries Public Company Limited.

Current Positions

Public Limited Companies

- 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.
- 2014 – Present Chairman, Union Plastic Public Company Limited.
- May 2015 – Present Chairman, Union Textile Industries Public Company Limited.

Limited Companies

- 2012 – Present Chairman, Union Nifco Company Limited.
- April 2012 – Present Chairman, Union Garment Company Limited.
- 2013 – Present Chairman, Union Zojirushi Company Limited.
- 2013 – Present Chairman, Union Micronclean Company Limited.
- 2013 – Present Chairman, Union Stainless Steel Products Company Limited.
- March 2014 – Present Chairman, Union Thai-Nichiban Company Limited.
- May 2014 – Present Director, The Royal Hotel Company Limited
- 2014 – Present President, Computer Union Company Limited.
- August 2015 – Present Director, Sukhumvit 62 Medical Limited.
- Present Chairman and Director, Other Companies in Saha-Union Group.

Other Positions

- 1989 – Present Director, Processing Center Company Limited.

2. Mrs. Rapeephan Sanguansil Age 65 years

Position: Chairman of the Audit Committee and Nomination and Remuneration Committee / Independent Director

Education

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

Proportion of shareholding: None

Years of Directorship: 5 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 Age: 66 years

Position: Audit Director / Independent Director/ Nomination and Remuneration Director

Education:

- Vocational Education (Account)

Proportion of shareholding: None

Years of Directorship: 3 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 Director / Independent Director, Union Pioneer Public Company Limited.

Limited Companies

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

4. Mr. Pradee Charoenwipasjet Age: 70 years

Position: Audit Director and Independent Director

Education:

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

Proportion of shareholding: None

Years of Directorship: 5 years

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) Class 107/2014

Experiences

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

Current Positions

Public Limited Companies

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

Limited Companies

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

5. Mr. Kollatat Tangchitkul Age: 32 years

Position: Independent Director

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: 2 years

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) Class 112/2014

Experiences

- 2010-2012 Sale & Marketing, Global Sales Executives, Kuehne & Nagel (Thailand) Company Limited.
- 2007-2009 Sale & Marketing, USA Trade Sales Representative, NYK (Thailand) Company Limited.

Current Positions

Public Limited Companies

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

Limited Companies

- 2004 - Present Director, Niyom Service Company Limited.
- Present Director, CargoFast Company Limited.

6. Mr. Pongsak Thiengviboonvong Age: 59 years

Position: Managing Director

Education:

- Diploma of Vocational Education

Proportion of shareholding: None

Years of Directorship: 3 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 Deputy Managing Director, Union Plastic Company Limited.
- 2012 Deputy 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.

7. Mrs. Chantornree Darakananda Age: 52 years

Position: Director

Education:

- Doctor of Medicine (MD), Chulalongkorn University

Proportion of shareholding: None

Years of Directorship: 8 months

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) Class 5/2003

Experiences

- 1994 – 2008 Deputy Managing Director, Union Industries Corporation Limited.
- 2002 – 2008 Deputy Managing Director, Union Threads Industries Company Limited.
- 2002 – 2008 Director, Saha-Union Public Company Limited.
- 2002 – 2009 Director, Union Capital Company Limited.
- 2002 – 2009 Director, Union Textile Industries Public Company Limited.
- 2002 – 2011 Director, Professional Laboratory Management Corporation Company Limited.
- 2013 – September 2014 Director, Saha-Union Public Company Limited.

Current Positions

Public Limited Companies

- Executive Vice President Saha-Union Public Company Limited.
- Director Union Plastic Public Company Limited.
- Director Union Textiles Industries Public Company Limited.
- Director Union Pioneer Public Company Limited.

Other Public Limited Companies

- 1990 – Present Director, Ladprao General Hospital Public Company Limited.

Limited Companies

- 2009 – Present Deputy Managing Director, Venus Thread Company Limited.
- 2009 – Present Deputy Managing Director, Union Zip Company Limited.
- May 2014 – Present Director, The Royal Hotel Company Limited.
- April 2015 – Present Director, Computer Union Company Limited.
- April 2015 – Present Director, Union Zojirushi Company Limited.
- April 2015 – Present Director, Union Nifco Company Limited.
- April 2015 – Present Director, Union Rubber Products Company Limited.
- April 2015 – Present Director, Thai Rubber Enterprise Company Limited.
- April 2015 – Present Director, Union Stainless Steel Products Company Limited.
- Director, Other Companies in Saha-Union Group

Other Limited Companies

- 2012 – Present Director, Union Sime Darby (Thailand) Company Limited.

8. Mr. Vacharaphong Darakananda Age: 50 years

Position: Director / Nomination and Remuneration Director

Education

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

Proportion of shareholding: None

Years of Directorship 8 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 Company Limited.
- 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 Company Limited.
- 2007 – January 2012 Director, Union Zojirushi Company Limited.
- 2007 – March 2014 Managing Director, Union Technology (2008) Public Company Limited.

Current Positions

Public Limited Companies

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

Limited Companies

- Managing Director Union Techonology Company Limited.
- Managing Director Union Thai-Nichiban Company Limited.
- Managing Director Union Zojirushi Company Limited.
- Director Union Industries Corporation Limited.
- Director Union Thread Industries Company Limited.
- Director Union Spinning Mills Company Limited.
- Director Venus Thread Company Limited.
- Director Computer Union System Company Limited.
- Director Thai Rubber Enterprise Company Limited.
- Director Union Rubber Products Corporation Limited.
- Director Union Nifco Company Limited.
- Director Union Micronclean Company Limited.
- Director Union Construction Company Limited.
- Deputy Managing Director Union Stainless Steel Products Limited.

9. Mr. Nanthiya Darakananda Age 47 years

Position: Director

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 21 years

Family Relations with Other Directors: None

IOD's Training

- Director Accreditation Program (DAP) Class 2/2003
- Director Certification Program (DCP) 212-213/2015

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

Other Positions

None

The Details of Executive Management

1. Mr. Komon Iamwatcharin Age: 58 years

Position: Deputy Managing Director and Sales and Marketing Division Manager
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
 - Deputy Managing Director Union Pioneer Public Company Limited

2. Mrs. Yupa Roongphornchai Age: 60 years

Position: Account & Finance Division Manager

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:

- Account & Cost Section Manager Union Pioneer Public Company Limited
- Account & Cost Division Manager Union Pioneer Public Company Limited

Current Position:

- Account & Finance Division Manager, Union Pioneer Public Company Limited

3. Mr. Yanyong Kunasitsiri Age: 46 years

Position: Quality Assurance Division Manager

Education:

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

Proportion of shareholding: None

Family Relations with Other Directors: None

Experience:

- Quality Assurance Section Manager Union Pioneer Public Company Limited
- Current Position:**
- Quality Assurance Division Manager Union Pioneer Public Company Limited

Secretary of the Company

Mr. Amarin Pataranavig Age 60 years

Education:

- Bachelor's Degree of Laws, Ramkhamhaeng University

Experiences

- 1980 – 2008 Legal Officer, Saha-Union Public Company Limited
- 1983 – 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

Public Limited Companies

- Assistant Manager Secretary Office, Saha-Union Public Company Limited
- Secretary Union Pioneer Public Company Limited
- Secretary Union Plastic Public Company Limited (Secretary Position since 2009)

Other Positions

Other Companies in Saha-Union Group

- Secretary Union Garment Company Limited
- Secretary Union Rubber Products Corporation Limited
- Secretary Thai Rubber Enterprise Company Limited

Years of secretary position: 6 years

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 laws, objective and company's regulations, resolutions of the board including resolutions of the shareholders as following:

1. Prepare and keep the documents listed below:

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

2. Keep and secure the documents with the interest from the directors or 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 requirement of Capital Market Supervisory Board, moreover the Company Secretary also has other actions according to the company (or the board of directors) as listed below:

- Consulting and 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.
- Coordinate within the company to act according to the board of directors and meeting of shareholders' resolution and cooperate with regulators 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 regulators and 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

As at 31 December 2015

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 2015, 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 2015, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Vissuta Jariyathanakorn

Certified Public Accountant (Thailand) No.3853

EY Office Limited

Bangkok: 24 February 2016

Statements of financial position

Unit : Baht

As at 31 December 2015	Note	2015	2014
Assets			
Current assets			
Cash and cash equivalents	7	106,772,966	60,482,607
Trade and other receivables	8	118,862,379	149,762,273
Inventories	9	151,978,987	164,544,954
Other current assets		1,721,437	1,647,535
Total current assets		379,335,769	376,437,369
Non-current assets			
Restricted investments	10	5,991,958	5,986,596
Property, plant and equipment	11	88,994,333	96,627,435
Intangible assets		465,439	47,097
Deferred tax assets	16	10,307,000	10,095,951
Other non-current assets		152,704	824,867
Total non-current assets		105,911,434	113,581,946
Total assets		485,247,203	490,019,315
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	12	50,328,242	68,480,871
Income tax payable		6,529,566	3,353,965
Other current liabilities		419,261	394,080
Total current liabilities		57,277,069	72,228,916
Non-current liability			
Provision for long-term employee benefits	13	48,088,278	49,039,693
Total non-current liability		48,088,278	49,039,693
Total liabilities		105,365,347	121,268,609
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		255,422,490	244,291,340
Total shareholders' equity		379,881,856	368,750,706
Total liabilities and shareholders' equity		485,247,203	490,019,315

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

Statements of comprehensive Income

Unit : Baht

For the year ended 31 December 2015	Note	2015	2014
Profit or loss:			
Revenues			
Sales		578,892,081	604,074,686
Other income		20,506,406	21,637,170
Total revenues		599,398,487	625,711,856
Expenses			
Cost of sales		482,336,641	526,341,692
Selling expenses		35,505,230	34,890,340
Administrative expenses		35,334,883	35,415,022
Total expenses		553,176,754	596,647,054
Profit before finance cost and income tax expenses		46,221,733	29,064,802
Income tax expenses	16	(9,363,935)	(3,921,820)
Profit for the year		36,857,798	25,142,982
Other comprehensive income:			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Actuarial loss - net of income tax		(601,648)	-
Total comprehensive income for the year		36,256,150	25,142,982
Basic earnings per shares			
Profit for the year	17	4.91	3.35

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 2015	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2014	75,000,000	30,625,000	18,834,366	240,148,358	364,607,724
Profit for the year	-	-	-	25,142,982	25,142,982
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	25,142,982	25,142,982
Dividend paid (Note 20)	-	-	-	(21,000,000)	(21,000,000)
Balance as at 31 December 2014	75,000,000	30,625,000	18,834,366	244,291,340	368,750,706
Balance as at 1 January 2015	75,000,000	30,625,000	18,834,366	244,291,340	368,750,706
Profit for the year	-	-	-	36,857,798	36,857,798
Other comprehensive income for the year	-	-	-	(601,648)	(601,648)
Total comprehensive income for the year	-	-	-	36,256,150	36,256,150
Dividend paid (Note 20)	-	-	-	(25,125,000)	(25,125,000)
Balance as at 31 December 2015	75,000,000	30,625,000	18,834,366	255,422,490	379,881,856

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

Cash flow statements

Unit : Baht

For the year ended 31 December 2015	2015	2014
Cash flows from operating activities		
Profit before tax	46,221,733	29,064,802
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	33,034,870	35,896,114
Allowance for doubtful accounts (reversal)	(269,315)	(119,564)
Reduction of cost of inventories to net realisable value	2,006,660	2,702,042
Gains on sales of equipment	(999,202)	(78,481)
Provision for long-term employee benefits	4,762,487	4,312,412
Unrealised (gains) losses on exchange	(2,572,189)	(5,094,880)
Interest income	(1,075,469)	(981,365)
Profit from operating activities before changes in operating assets and liabilities	81,109,575	65,701,080
Operating assets (increase) decrease		
Trade and other receivables	33,840,624	(5,624,422)
Inventories	10,559,307	7,735,476
Other current assets	(73,902)	2,547,713
Other non-current assets	-	(6,400)
Operating liabilities increase (decrease)		
Trade and other payables	(18,523,137)	38,203
Other current liabilities	25,181	(4,722,176)
Provision for long-term employee benefits	(6,465,962)	(7,090,692)
Cash flows from operating activities	100,471,686	58,578,782
Cash paid for corporate income tax	(6,248,971)	(3,498,808)
Net cash flows from operating activities	94,222,715	55,079,974

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

Cash flow statements(continued)

Unit : Baht

For the year ended 31 December 2015	2015	2014
Cash flows from investing activities		
Interest income	981,509	963,494
Increase in restricted investments	(5,362)	(5,361)
Acquisition of equipment	(10,687,742)	(15,007,981)
Acquisition of intangible assets	(608,880)	-
Proceeds from sales of equipment	1,017,798	80,467
Prepayment for plant and equipment	(13,504,679)	(6,080,704)
Net cash flows used in investing activities	(22,807,356)	(20,050,085)
Cash flows from financing activities		
Dividend paid	(25,125,000)	(21,000,000)
Net cash flows used in financing activities	(25,125,000)	(21,000,000)
Net increase in cash and cash equivalents	46,290,359	14,029,889
Cash and cash equivalents at beginning of year	60,482,607	46,452,718
Cash and cash equivalents at end of year	106,772,966	60,482,607
Supplemental cash flows information		
Non-cash transactions		
Purchase of equipment for which no cash has been paid	365,242	364,931
Transfer prepayment to cost of plant and equipment	14,176,841	6,208,504

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

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which 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 standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

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

The Company has changed the recognition of actuarial gains and losses in the current period from an immediate recognition in profit or loss to an immediate recognition in other comprehensive income which has no impact to provision for long-term employee benefits and retained earnings brought forward 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 measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company’s financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

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 of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is 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 other comprehensive income

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.

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.

4.13 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

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

Allowance for doubtful accounts

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

Property, plant and equipment/Depreciation

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

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)

	2015	2014	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	66	73	Cost plus margin of related companies

As at 31 December 2015 and 2014, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	2015	2014
<u>Trade and other receivables - related parties (Note 8)</u>		
Related companies (related by common shareholders)	4,053	3,312
Total trade and other receivables - related parties	4,053	3,312
<u>Trade and other payables - related parties (Note 12)</u>		
Parent company	883	546
Related companies (related by common shareholders)	661	10,351
Total trade and other payables - related parties	1,544	10,897

Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	2015	2014
Short-term employee benefits	9	9
Post-employment benefits	-	1
Total	9	10

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2015	2014
Cash	50	50
Bank deposits	16,964	10,513
Short-term bonds	89,759	49,920
Total	106,773	60,483

As at 31 December 2015, bank deposits in saving accounts and short-term bonds carried interests between 0.37 and 1.49 percent per annum (2014: between 0.37 and 1.98 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)	
	2015	2014
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	3,891	3,134
Total trade receivables - related parties	3,891	3,134
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	99,298	102,655
Past due		
Up to 3 months	13,995	35,466
3 - 6 months	617	6,933
6 - 12 months	484	-
Over 12 months	188	533
Total	114,582	145,587

	(Unit: Thousand Baht)	
	2015	2014
Less: Allowance for doubtful accounts	(245)	(514)
Total trade receivable - unrelated parties, net	114,337	145,073
Total trade receivable - net	118,228	148,207
<u>Other receivables</u>		
Other receivables - related parties	162	178
Other receivables - unrelated parties	472	1,377
Total other receivables	634	1,555
Total trade and other receivables - net	118,862	149,762

9. Inventories

	(Unit: Thousand Baht)					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2015	2014	2015	2014	2015	2014
Finished goods	40,794	38,850	(5,439)	(3,266)	35,355	35,584
Semi finished products	11,644	18,126	(444)	(839)	11,200	17,287
Work in process	9,786	11,010	(99)	(29)	9,687	10,981
Raw materials and chemicals	87,964	89,151	(655)	(724)	87,309	88,427
Packing materials	6,907	6,093	(268)	(102)	6,639	5,991
Spare parts and factory supplies	1,886	2,683	(97)	(35)	1,789	2,648
Raw materials in transit	-	3,627	-	-	-	3,627
Total	158,981	169,540	(7,002)	(4,995)	151,979	164,545

During the current year, the Company reduced cost of inventories by Baht 9.7 million (2014: Baht 7.2million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 7.7 million (2014: Baht 4.5 million), and reduced the amount of inventories recognised as expenses during the year.

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 2014	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
Additions	-	-	-	3,687	487	1,351	19,705	25,230
Disposals	-	-	(110)	(22,977)	(136)	(2,064)	-	(25,287)
Transfers	-	-	1,072	18,241	209	-	(19,522)	-
31 December 2015	6,173	-	99,816	631,142	15,174	16,133	594	769,032
Accumulated depreciation:								
1 January 2014	-	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
Depreciation for the year	-	-	3,573	27,249	850	1,172	-	32,844
Depreciation on disposals	-	-	(110)	(22,959)	(135)	(2,064)	-	(25,268)
31 December 2015	-	-	78,660	574,710	13,279	13,389	-	680,038
Net book value:								
31 December 2014	6,173	-	23,657	61,771	2,050	2,565	411	96,627
31 December 2015	6,173	-	21,156	56,432	1,895	2,744	594	88,994
Depreciation for the year:								
2014 (Baht 34 million included in manufacturing cost, and the balance in selling and administrative expenses)								35,809
2015 (Baht 31 million included in manufacturing cost, and the balance in selling and administrative expenses)								32,844

As at 31 December 2015, 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 572 million (2014: Baht 553 million).

12. Trade and other payables

(Unit: Thousand Baht)

	2015	2014
Trade payables - related parties	964	9,980
Trade payables - unrelated parties	22,501	32,265
Other payables - related parties	580	917
Other payables - unrelated parties	25,021	25,219
Advance receipts from customers	1,262	100
Total trade and other payables	50,328	68,481

13. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	2015	2014
Present value of defined benefit obligation	64,722	64,358
Fair value of plan assets	(16,634)	(15,318)
Net defined benefit liability	48,088	49,040

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

(Unit: Thousand Baht)

	2015	2014
Defined benefit obligation at beginning of year	64,358	66,460
Included in profit or loss:		
Current service cost	3,012	3,046
Interest cost	2,040	2,026
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	(145)	-
Financial assumptions changes	3,765	-
Experience adjustments	(2,868)	-
Benefits paid during the year	(5,440)	(7,174)
Defined benefit obligation at end of year	64,722	64,358
Fair value of plan assets at beginning of year	15,318	14,642
Change in fair value	290	759
Contribution by the Company	1,967	1,838
Paid during the year	(941)	(1,921)
Fair value of plan assets at end of year	16,634	15,318

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

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	2015	2014
Cost of sales	3,479	3,101
Selling and administrative expenses	1,283	1,212
Total expenses recognised in profit or loss	4,762	4,313

As at 31 December 2015, the Company expects not to pay long-term employee benefits during the next year.

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 12 years (2014: 12 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	<u>2015</u>	<u>2014</u>
Discount rate	2.8	3.7
Future salary increase rate	3.5 - 6.5	3.5 - 6.5

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

	(Unit: Million Baht)	
	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(4)	5
Salary increase rate	5	(4)

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>2015</u>	<u>2014</u>
Salary and wages and other employee benefits	136,434	134,976
Depreciation and amortisation	33,035	35,896
Rental expenses from operating lease agreements	3,684	3,685
Raw materials and consumables used	252,219	295,678
Changes in inventories of finished goods, semi finished products and work in progress	5,762	(472)
Purchases of finished goods and raw materials	11,010	12,662

16. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2015</u>	<u>2014</u>
Current income tax:		
Current income tax charge	9,425	3,928
Deferred tax:		
Relating to origination and reversal of temporary differences	(61)	(6)
Income tax expense reported in the statement of comprehensive income	<u>9,364</u>	<u>3,922</u>

The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)

	2015	2014
Accounting profit before tax	46,222	29,065
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	9,244	5,813
Effects of:		
Non-deductible expenses	104	99
Additional expense deductions allowed	(177)	(175)
Others	193	(1,815)
Total	120	(1,891)
Income tax expenses reported in the statement of comprehensive income	9,364	3,922

Deferred tax relating to actuarial loss in other comprehensive income for the year ended 31 December 2015 is amounting to Baht 0.15 million (2014: Nil).

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	2015	2014
Deferred tax assets		
Allowance for diminution in value of inventories	1,400	999
Provision for long-term employee benefits	8,907	9,097
Total	10,307	10,096

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	
	2015	2014	2015	2014	2015	2014
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share	36,858	25,143	7,500	7,500	4.91	3.35

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)	
	2015	2014
Revenue from external customers		
Thailand	261,584	292,918
Japan	17,681	18,889
United States	161,170	145,431
Others	138,457	146,837
Total	578,892	604,075

Major customers

For the year 2015, the Company had revenue from a major customer in amount of Baht 57 million (2014: Baht 62 million).

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. The contributions for the year 2015 amounting to approximately Baht 2 million (2014: Baht 2 million) were recognised as expenses.

20. Dividends

		(Unit: Baht)	
Dividends	Approved by	Total dividends	Dividend per share
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
Final dividends for 2014	Annual General Meeting of the shareholders on 23 April 2015	25,125,000	3.35
Total for 2015		25,125,000	3.35

21. Commitments and contingent liabilities

21.1 Capital commitments

As at 31 December 2015, the Company had capital commitments of approximately Baht 2 million, relating to the acquisition of vehicle (2014: 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 2015, 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 (2014: Baht 4 million)..

21.3 Guarantees

As at 31 December 2015, there was outstanding bank guarantee of Baht 1 million issued by a bank on behalf of the Company to guarantee electricity use (2014: Baht 1 million).

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 or fixed interest rates which are close to the market rate and are classified as short-term, the interest rate risk is expected to be minimal.

As at 31 December 2015, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Million Baht)

	2015					
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum.)
	Within 1 year	1-5 years				
<u>Financial Assets</u>						
	90	-	17	-	107	0.37 - 1.49
Trade and other receivables	-	-	-	119	119	-
Restricted investments	-	6	-	-	6	3.25
	90	6	17	119	232	
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	50	50	-
	-	-	-	50	50	

(Million Baht)

	2014					
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years				(% per annum.)
Financial Assets						
Cash and cash equivalent	49	-	11	-	60	0.37 - 1.98
Trade and other receivables	-	-	-	150	150	-
Restricted investments	-	6	-	-	6	3.25
	49	6	11	150	216	
Financial liabilities						
Trade and other payables	-	-	-	68	68	-
	-	-	-	68	68	

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	
	2015	2014	2015	2014
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2	2	35.9233	32.8128
HK dollar	2	2	4.6140	4.2197
Japanese yen	4	4	0.2965	0.2712

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2015

Foreign currency	Sold amount (Million)	Contractual	Contractual maturity date
		exchange rate sold	
		(Baht per 1 foreign currency unit)	
US dollar	1	32.82 - 36.40	January 2016 - June 2016

As at 31 December 2014

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

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.

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 2015, the Company's debt-to-equity ratio was 0.28:1 (2014: 0.33:1).

24. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2016.



บริษัท ยูเนียนไฟโอเนียร์ จำกัด (มหาชน)
Union Pioneer Public Company Limited.

เลขที่ 1 ซอยเสรีไทย 62 แขวงมีนบุรี เขตมีนบุรี กรุงเทพมหานคร 10510
No.1, Soi Serithai 62, Kwaeng Minburi, Khet.Minburi, Bangkok 10510
Tel. 0-2517-0105-8 Fax. 0-2517-1016, 0-2517-0345
www.unionpioneer.co.th E-Mail : elastic@unionpioneer.co.th