



Annual Report 2016

บริษัท ยูนิออน ปิโตรเคมีคอล จำกัด (มหาชน)

Union Petrochemical Public Company Limited

Annual Report 2016

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MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



(PALA SUKAWESH)

Chairman



The Year 2016 is an extraordinary sad year to people of Thailand for lost their beloved King Bhumibol after 70 year on the throne. His Majesty King Bhumibol reigned over the Country in righteousness for the benefits and happiness of Siamese people. His Majesty was a beloved and revered king. It is the greatest loss and despair in the lives of all Thais. On behalf of all the shareholders of the Company, I as the Chairman of the Board of Directors, would like to pay respect and commemorate to our beloved King.

In the passed-year 2016, GDP increased by 3.2% a continuous growth from the previous year which increased by 2.8%. This was mainly due to the government spending, a growth in international tourist and the private consumption which supported by the government program. However the slowdown in trade partnership countries still had the impact on the Country's Export Sectors. While the crude oil price began to recover since the late of the third quarter of 2016.

The Company operating results, which has the direct relationship with the Country's overall economic conditions and the global oil price movement pattern and the demand-supply of the solvent products, was shown a slightly drop in sale revenue by 3.74% when compare to the same period of the year before. This was mainly due to the economic conditions especially the production sector. However, the

Company has the higher gross profit margin to 14.52% increase from 10.85% of the earlier year as the major producers began to limit the production. The Company still had a good control in Selling and Administration and the financial expense as the year before. This led to the Company's Net profit of THB 90.93 Million an increased by THB 64.93 Million from the year 2015. The Company's Net Profit Margin in 2016 was at 4.42% higher than that of 2015 which was at 1.22%. The overall operating result of the Company and its subsidiaries in 2016, having the total revenue in amount of THB 2,838 Million and having the net profit of THB 185.20 Million. The total revenue of the group dropped by THB 191.10 Million. Thus, the net profit of the group increased by THB 74.61 Million.

I hope that in the year 2017 Thai economy will expanded in accordance with or even better the forecast from the Government especially in the production and export sector. In which they can provide the positive forces for the Company operation performance. However, those are uncontrollable factors. Thus, the Company will be careful in doing business as same as the year before in order to win the return to the shareholders continuously.

On behalf of board members, I wish to tender my sincere thanks to the shareholders and every stakeholders for their excellent support and hoping all of you to continue the support to the Company.



AUDIT COMMITTEE'S REPORT

(NOPPORN THEPASITHAR)
Chairman of the Audit Committee



To shareholders,

Audit Committee of Union Petrochemical Public Company Limited consisted of three independent directors namely, Mr. Nopporn Thepasithar Chairman of the Audit Committee, Mr. Poolsak Tansitthiphun and Mr. Vorapote Uchupaiboonvong as audit committee. All members of the committee are qualified auditors as required by the regulations of the Security Exchange of Thailand (SET), neither of them holding any shares of the company, take part in administration of the firm, nor take benefit or risk out of the company.

During year 2016, The audit committee met 4 times; which each members attained the meetings as the detail described belows:

- | | |
|---------------------------------|---------|
| 1. Mr. Nopporn Thepasithar | 2 times |
| 2. Mr. Poolsak Tansitthiphun | 4 times |
| 3. Mr. Vorapote Uchupaiboonvong | 4 times |

in order to review and consider the consolidated quarterly and annual financial statements; the internal control; the connected transaction; the external auditor and other matters which can be summarized as follows:

1. The Company's consolidated quarterly and annual financial statements which are

audited by the qualified auditors accepted by the Securities and Exchange Commission or "SEC" is sufficient and accuracy disclosure of information in accordance with generally accepted accounting standard.

2. The Company has the appropriate and effective internal control system. During the previous year, there is no significant mistakes. The Audit Committee has assigned the internal Audit Department to review the company's working procedures as prescribed in the fiscal audit plan in order to verify that the transactions are practiced in compliance with the Company's operating systems.
3. The Company monitors the amendments or the changes in the relevant rule and regulation including that of the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission ("SEC") in order to ensure that the Company's practices meet all required regulation.
4. The Audit Committee has considered the connected transaction which occurred in the previous operating year and has the



opinions that those transaction is normal and support business of the Company and its subsidiaries being the price and conditions which the Company and/or subsidiaries offered and / or receive to general persons. The approval for the enter into the Connected transaction is process in cope with the rule and regulation. Besides, Audit Committee has assigned the internal auditor to review the product list of the Company and Gratitude Infinite Plc (the Subsidiary) and has no overlap each other.

For the year 2017, the Audit Committee proposed the Board of Directors and ask for approval from the

Annual General Meeting of the shareholder to appoint Mr.Supachai Phanyawattano who possess the audit license No.3930 and /or Ms.Siraporn Ouaanukun who possess the audit license No. 3844 and/or Mrs. Cholaros Suntiasvaraporn who possess the audit license No. 4523 of the EY Office Limited as the Company external auditors in the accounting year 2016 for another year. This is mainly because we satisfied in the overall performance of the above said auditors.



MR. PALA SUKAWESH

- Chairman of the Board of Directors and Independent Director

EDUCATION QUALIFICATION

- Honorary Bachelor Degree in Engineering from Chulalongkorn University (1960)
- Honorary Doctorate Degree in Engineering from Chulalongkorn University (2003)
- Certificate in Directors Accreditation Program (DAP) Class 14/2004

WORK EXPERIENCE

- 2012 - Present : Chairman - Union Petrochemical Public Company Limited
- 2011 - Present : Advisor - PTT Chemical Public Company Limited
- Empire Asia Group Co., Ltd.
 - CUEL Co., Ltd.
- 2010 - Present : Director - CUEL Co., Ltd.
- : Chairman - Petroleum Institute of Thailand
- 2008 - Present : Advisor - UNITHAI Public Company Limited
- 2006 - Present : Chairman - Thai Resources and Environmental Management Foundation (TREMI)
- 2005 - Present : Director - Thai Oil Power Co., Ltd.
- 2002 - Present : Chairman - Bangkok Polyethylene Co., Ltd.



MR. VIRAT SUWANNAPASRI

- Chairman of the Advisory Board and Director of Authorization sign

EDUCATION QUALIFICATION

- Certificate of the Executive Development from Faculty of Commerce and Accountancy, Chulalongkorn University
- Certificate in Directors Accreditation Program (DAP) Class 43 (Aug 19, 2005)

WORK EXPERIENCE

- Present : Chairman of the Advisory Board and Director - Union Petrochemical Public Company Limited
- 1981 - 2016 : Manager Director - Union Petrochemical Public Company Limited
- 2010 - Present : Director - Gratitude Infinite Public Company Limited
- 2000 - Present : Director - Lion Asia (Thailand) Co., Ltd.



DR.KANJANA SUWANNAPASRI

- Duputy of the Advisory Board and Director of Authorization sign

EDUCATION QUALIFICATION

- Diploma degree of Administration (Marketing) College of Technology Bangkok
- Ph.D.Sociology Mahachulalongkornrajvidyalaya University (2007)
- Certificate in Directors Accreditation Program(DAP) Class 43 (Aug 19,2005)

WORK EXPERIENCE

- 2016 - Present : Vice President of the Advisory Board and Director
- Union Petrochemical Public Company Limited
- 1981 - Present : Deputy Managing Director - Union Petrochemical Public Company Limited
- 2000 - Present : Director - Lion Asia (Thailand) Co., Ltd.
- 2010 - Present : Director - Gratitude Infinite Public Company Limited



MR.PERAJED SUWANNAPASRI

- Executive Chairman and Director of authorization sign

EDUCATION QUALIFICATION

- Certificate of Business Administration, Finance and International Banking, The University of Birmingham, England
- Certificate in Directors Accreditation Program (DAP) Class 44 (Sep 2,2005)

WORK EXPERIENCE

- 2016 - Present : Chairman of Executive Board
- 2010 - Present : Board of Director - Gratitude Infinite Public Company Limited
- 2005 - 2010 : Deputy Managing Director (Development Business Unit) - Union Petrochemical Public Company Limited
- : Director - Union Intraco Co.,Ltd.
- 2000 - 2005 : General Manager - Union Intraco Co.,Ltd.
- 1991 - 2000 : Deputy Manager of Marketing Division - Union Trading and Industries Co.,Ltd.



DR.KHIEN VONGSUREE

- Director

EDUCATION QUALIFICATION

- Ph.D (Electrical Engineering) The University of British Columbia, Canada
- Certificate in Directors Certification Program (DCP) Class 6/2001

WORK EXPERIENCE

- 2005 - Present : Executive Director - Union Petrochemical Public Company Limited
- : Director - Bangkok Dec - Con Public Company Limited
- 1998 - 2001 : Director - Electricity Generating Public Company Limited



MISS SUTHIDA SUWANNAPASRI

- Assistant Managing Director and Director of Authorization sign

EDUCATION QUALIFICATION

- Master Degree in Public Administration, National Institute of Development Administration (NIDA)
- Certificate in Directors Accreditation Program (DAP) Class 45 (Sep 27,2005)

WORK EXPERIENCE

- 2005 - Present : Assistant Managing Director (Sale Department) - Union Petrochemical Public Company Limited
- 2010 - Present : Director - Gratitude Infinite Public Company Limited
- 1993 - 2005 : General Manager - Union Petrochemical Co., Ltd.

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MISS PIYANAN SUWANNAPASRI

- Assistant Managing Director and Director of Authorization sign

EDUCATION QUALIFICATION

- M.B.A. in Marketing University of New Haven, USA.
- MSc, in Finance University of New Haven, USA.
- Certificate in Directors Accreditation Program (DAP) Class 42 (Aug 1,2005)

WORK EXPERIENCE

- 2005 - Present : Assistant Managing Director (Accounting and Financial Department - Union Petrochemical Public Company Limited
- 2010 - Present : Director Gratitude Infinite Public Company Limited
- 2002 - 2005 : Accounting and Financial Manager - Union Petrochemical Public Company Limited

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MISS PIYADA SUWANNAPASRI

- Assistant Managing Director

EDUCATION QUALIFICATION

- M.B.A. University of New Haven, USA.
- Certificate in Directors accreditation Program (DAP) Class 43 (Aug 19,2005)

WORK EXPERIENCE

- 2005 - Present : Assistant Managing Director (General Administration Department) - Union Petrochemical Public Company Limited
- : Director - Lion Asia (Thailand) Co., Ltd.
- 2002 - 2005 : General Manager - Lion Asia (Thailand) Co., Ltd.



MR.PERAPOL SUWANNAPASRI

- Managing Director and Director of Authorization sign

EDUCATION QUALIFICATION

- Master Degree in E-Business Management University of Surrey, U.K.
- Certificate in Directors Accreditation Program (DAP) Class 44 (Sep 2,2005)

WORK EXPERIENCE

- 2016 - Present : Managing Director - Union Petrochemical Public Company Limited
- 2005 - 2016 : Assistant Managing Director (Marketing)
- Union Petrochemical Public Company Limited
- 2010 - Present : Director - Gratitude Infinite Public Company Limited
- 2003 - 2005 : Business Development Manager - Union Petrochemical Co., Ltd.



MR.NOPPORN THEPSITHAR

- Chairman of Audit Committee

EDUCATION QUALIFICATION

- Bachelor Degree of Electrical Engineering, Chulalongkorn University
- Certificate in Directors Accreditation Program (DAP) Class 43 (Aug 19,2005)

WORK EXPERIENCE

- 2015 - Present : Chairman of Executive Board and Director - Export
- Import Bank of Thailand
- 2013 - Present : Chief Executive and Committee of Export - Import Bank of Thailand
- 2013 - Present : Chairman of Thai National Shippers' Council
: Audit Committee - Tipco Asphalt Public Company Limited
- 2014 - Present : Committee of Ananda Development Public Company Limited
- 2014 - 2014 : Chief Executive of Ananda Development Public Company Limited
- 2007 - Present : Chairman of Audit Committee - Ananda Development Public Company Limited
- 2005 - Present : Chairman of Audit Committee - Union Petrochemical Public Company Limited
- 2004 - 2012 : Senior Vice President - Siam City Cement Public Company Limited
- 2002 - 2003 : Transportation Manager - Siam City Cement Public Company Limited
- 2000 - 2001 : Management Director - TCC Holding Co., Ltd.



MR. POOLSAK TANSITHIPUN

- Audit Committee and Independent Director

EDUCATION QUALIFICATION

- Master of Business Administration, Kasetsart University
- Certificate in Directors Accreditation Program (DAP) Class 51 (Feb 22, 2006)

WORK EXPERIENCE

- 2015 - Present : The Chairman of the Audit Committee of FN Factory Outlet Co., Ltd.
- 2015 - Present : Vice Chairman and Chairman of the Audit Committee - Ananda Development Public Company Limited
- 2014 - 2015 : Chairman and Chairman - The Audit Committee of Ananda Development Public Company Limited
- 2009 - Present : Audit Committee - Ananda Development Public Company Limited
- 2005 - Present : Audit Committee - Union Petrochemical Public Company Limited
- Present : Director - Suphakit Dhurakarn Co., Ltd.
- Present : Director - B-Brothers Co., Ltd.



MR. VORAPOTE UCHUPAIBOONVONG

- Audit Committee and Independent Director

EDUCATION QUALIFICATION

- Master of Business Administration (Financial and International Banking, University of Birmingham, England)
- Certificate in Directors Certification Program (DCP) Class 61/2005

WORK EXPERIENCE

- 2016 - Present : Managing Director - SouthEast Asia Energy Limited (SEAN) and Nam Ngum2 Power Company Limited (NN2)
- 2016 - Present : Audit Committee - Ananda Development Public Company Limited
- 2005 - Present : Audit Committee - Union Petrochemical Public Company Limited
- 2011 - Present : Director - Bangkhen Chai Co., Ltd.
- 2010 - Present : Director - Nakhonratchasima Solar Co., Ltd.
- 2010 - Present : Director - Chiangrai Solar Co., Ltd.
- 2009 - Present : Director - Bangpain Cogeneration Co., Ltd.
- 2008 - Present : Assistant Managing Director (Accounting) - CH. Karnchang Public Company Limited



GENERAL INFORMATION

Name : Union Petrochemical Public Company Limited
Location : 728 Union House Bldg., Boromrachachonnee Bangbumru Bang Plad
 Bangkok 10700
Homepage : <http://www.unionpetrochemical.com>
Business Registration No. : 0107548000391
Type of Business : Trader of Solvents
Registered Capital : 206,250,000 Baht. (As of December 31, 2016)
Paid-up Capital : 206,056,899 Baht. (As of December 31, 2016)
Number of Share Issued
and Paid up Capital : Common Stock 824,227,596 Shares (As of December 31, 2016)
Par Value : 0.25 Baht per Share
Telephone : 0-2881-8288
Fax : 0-2433-7243-4

INVESTMENT OF COMPANY

Company Name : Gratitude Infinite Public Company Limited
Location : 9/8 Moo 5 Saladharmasop Taweewattana Bangkok.
Type of Business : Trader of Solvents
Registered Capital : 454,029,949 Baht (As of at December 31, 2016)
Paid up Capital : 302,686,717 Baht (As of at December 31, 2016)
Par Value : 1.00 Baht per share
% of Shareholding : 59.99% (As of at December 31, 2016)

Company Name : Lion Asia (Thailand) Company Limited
Location : 728 Union House Bldg., Boromrachachonnee Bangbumru Bang Plad
 Bangkok 10700
Type of Business : Trader of Solvents
Registered Capital : 30,000,000 Baht
Paid up Capital : 30,000,000 Baht
Par Value : 100 Baht per Share
% of Shareholding : 99.99% (as at December 31, 2016)

REFERENCE DATA

Securities registration : Thailand Securities Depository Co., Ltd.

Location : 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand

Tel : (66 2) 009 9000

Fax : (66 2) 009 9991

EY Office Limited : EY Office Limited

Location : 33rd Floor Lake Rachada Office Complex No. 193/136-137 Rachadapisek
Road Klong Toey Bangkok 10110

Telephone : +66 (0) 2264-0077

FINANCIAL HIGHLIGHTS OF THE COMPANY AND ITS SUBSIDIARIES



Unit : Million Baht	2014	2015	2016
Total Asset	1,983.06	1,908.16	1,995.94
Total Liabilities	1,106.03	946.27	870.00
Shareholder Equities	877.04	961.89	1,125.93
Total Revenue	3,748.69	3,028.91	2,837.80
Total Expense (Exclude Tax & Interest Expense)	3,625.02	2,905.60	2,627.56
Net Profit – (After Tax & Interest Expense)	94.41	110.59	185.20
Financial Ratio			
Gross Profit Margin	10.38%	12.96%	17.00%
Net Profit Margin	2.52%	3.65%	6.52%
Return on Assets	4.73%	5.80%	9.28%
Return on Equities	10.65%	11.50%	16.45%
Net Debt Ratio* (Times)	0.72	0.54	0.41

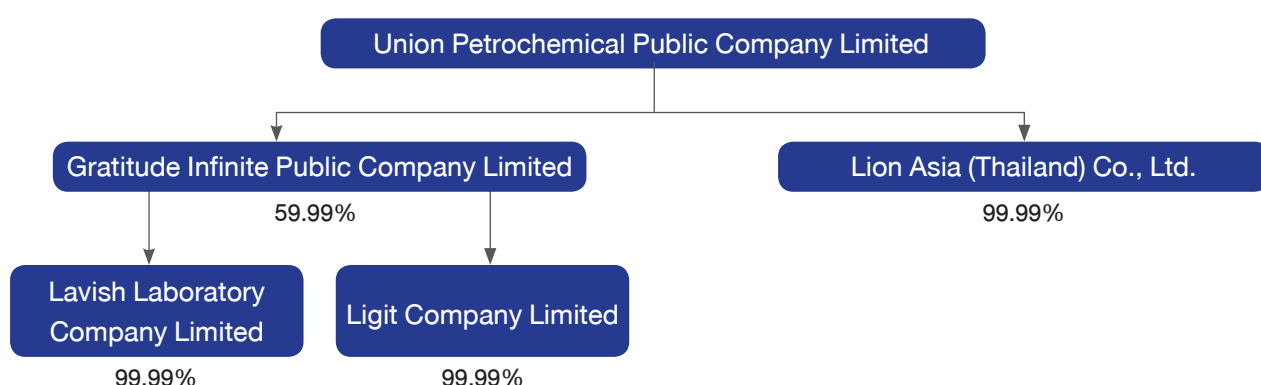
Remarks : Interest Burden Debt.



GROUP STRUCTURE

THE BUSINESS STRUCTURE OF THE GROUP

As of December 31, 2016



■ **Union Petrochemical Public Company Limited (“UKEM”)**

is the distributors of commodity solvents. These chemicals are used as raw materials in various industries. Target customers of the Company range from small to large industrial manufacturers. Most of them have long-term relationship with the Company.

■ **Gratitude Infinite Public Company Limited (“the Subsidiary”)**

A wholly-owned subsidiary of the Company is the distributor of specialty chemicals. As of December 31, 2016, the Gratitude has its registered capital at 454.03 Million Baht and paid-up capital at 302.69 Million Baht. Most of its products are sold directly to manufacturers. Gratitude Infinite is also responsible for sourcing new specialty chemicals in order to serve customers' needs.

■ **Lion Asia (Thailand) Company Limited (“the Subsidiary”)**

A wholly-owned subsidiary of the Company is the distributor of specialty solvents. As of December 31, 2016, the registered and the paid-up capital of Lion Asia were 30 Million Baht.

■ **Lavich Laboratory Company Limited.* (“the Subsidiary of Gratitude Infinite”)**

A 99.99% owned subsidiary of Gratitude Infinite Plc and As of December 31, 2016, Lavich Laboratory Co., Ltd. has its registered and paid-up capital at 33 Million Baht.

■ **Ligit Company Limited (“the Subsidiary of Gratitude Infinite”)**

A 99.99% owned subsidiary of Gratitude Infinite Plc and As of December 31, 2016, Ligit Co., Ltd. has its registered and paid-up capital at 5 Million Baht. At present it is not conducting any business.

REVENUE BREAKDOWN BY TYPE OF SOLVENTS

[In THB :Million]

Revenue By Products	2014	%	2015	%	2016	%
Commodity Solvents	2,629.82	70.15	2,139.25	70.63	2,059.46	72.57
Specialty Solvents / Others	1,118.87	29.85	889.65	29.37	778.34	27.43
Total*	3,748.69	100.00	3,028.90	100.00	2,837.80	100.00

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



RISK FACTORS

1. Risks from Change in Prices of Raw Materials

Solvents are products in upstream petrochemical industry, which uses liquid natural gas (NGL), naphtha, and condensates for its raw materials. Since the raw materials for solvents come from refinery plants, their prices fluctuate with the prices of crude oil and the supply and demand situation of the petrochemical industry. As a major distributor of solvents, the Company has been able to manage the price fluctuation of its products through the well-established relationship with its suppliers.

2. Risks from Dependence on the Small Number of Suppliers

The Company imports and distributes solvents from major manufacturers and distributors, including

1. Thai-MC Co., Ltd., an affiliate of Mitsubishi Corporation of Japan (The Company has been its authorized distributor since 1985)
2. Esso (Thailand) Public Company Limited, an affiliate of ExxonMobil Group of the US (The Company has been its authorized distributor since 1986)
3. PTT Group such as IRPC Plc., PTT Phenol Co., Ltd, PTT Chemical Plc., TOC Glycol Co., Ltd.

There are risks from dependence on the above suppliers. However, the Company has continuously added new import suppliers.

3. Risks from Failure to Extend Supply Contracts with Major Suppliers

Major suppliers include,

1. Thai-MC Co., Ltd. (The Company has been its authorized distributor since 1985)

2. Esso (Thailand) Public Company Limited (The Company became its authorized distributor in 1986 and has become its Non-exclusive Branded Distributor since 2005)
3. PTT Group such as IRPC Plc., PTT Phenol Co., Ltd, PTT Chemical Plc., TOC Glycol Co., Ltd.

Even though the Company may encounter risks from not being able to renew the contracts with its major suppliers, the Company has established long-term relationship with its suppliers and never had a problem renewing supply contracts.

4. Risks from Payment Default from Customers

The Company offers credit terms on average of 90-120 days to its customers. The amount of payment default from the customers was very small and the amount of loan default under legal process is immaterial. The Company plans to reduce the amount of loan default by implementing credit evaluation processes before granting credit approval to each customer.

5. Risks from Increased Competition

There are 5-6 major distributors of solvents, whose aggregate market share has been increasing as competition within the industry has recently been intensified. The Company has been one of the top three largest distributors in terms of sales. Due to its 35-year experiences in the business, the Company has built up its marketing expertise and effective inventory management, which enable the Company to be able to anticipate industrial trends and plan relevant business strategies.

6. Foreign Exchange Risks

The Company is exposed to foreign exchange risks as it imports a significant amount of its products. It is the Company's policy to fully hedge such risks through the purchase of forward contracts.

7. Risks from Having One Major Shareholder with Interests Exceeding 50%

Even though the Suwannaphasri Family holds a majority stake of 57%, according to the Company's policies, one-third of shareholders' votes is required to pass resolutions on special subjects. In addition, in order to achieve the balancing of power for the minority shareholders, the Company has implemented the following procedures;

1. Appoint an Audit Committee with three members with the authorities to review operations
2. Appoint four independent members (including four members from the Audit Committee) to the Board of Directors
3. Implement a transparent organizational structure in which decentralization system is utilized
4. The Company has appointed an Internal Control consulting company to set up and monitor its internal control system since February 2006, which reports directly to the Audit Committee



MAJOR SHAREHOLDERS

SHAREHOLDER STRUCTURE AND MANAGEMENT

■ Capital Structure

Registered and Paid up Capital (December 31, 2016) as follows:

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

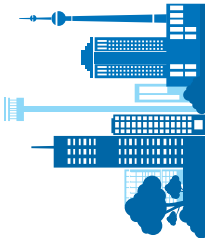
MAJOR SHAREHOLDERS

As of December 31, 2016

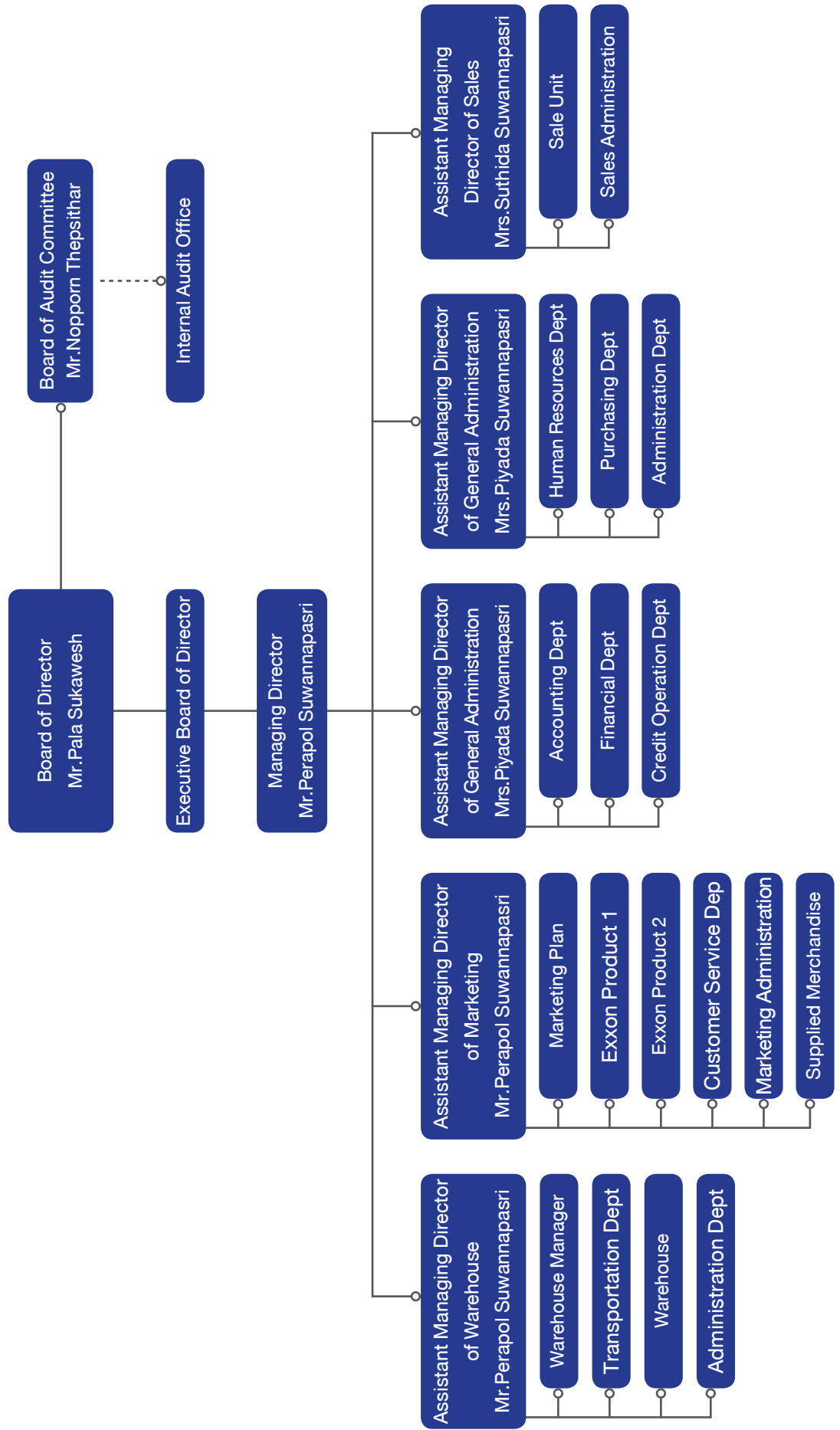
No.	Name		As of December 31, 2016	
			of Share held by shareholder	(%)
1	Mrs.Kanjana	Suwannapasri	367,750,000	44.62
2	Ms.Chatprapa	Suwannapasri	34,803,100	4.22
3	Mr.Perajade	Suwannapasri	12,250,000	1.49
4	Ms. Junjira	Julthira	11,185,100	1.36
5	Ms.Piyanan	Suwannapasri	9,250,000	1.12
6	Mr.Perapol	Suwannapasri	9,250,000	1.12
7	Ms.Suthida	Suwannapasri	9,250,000	1.12
8	Ms.Piyada	Suwannapasri	9,250,000	1.12
9	Thai NVDR Co., Ltd		8,269,100	1.00
10	Mr.Samlit	Pitaksemakul	6,050,000	0.73

DIVIDEND POLICY

The Company has dividend policy which not lower than 40% of net profit after tax. And the dividend payment should not impact to its liquidity and others factor related to the company's operation plan. The dividend payment must be approved by the Shareholder Meetings.



ORGANIZATION CHART



STRUCTURE OF THE BOARD

The Boards of the Company consist of Board of Directors, Audit Committee, and the Executive Board.

■ Board of Director

As of December 31, 2016 the company has 12 directors and 1 Company Secretary as follows:

Name	Title	% of Shareholding in Company (In Million Shares)		
		1 Jan 16*	31 Dec.16*	Change
1 Mr. Pala Sukhawej	Chairman	0	0	-
2 Mr. Virat Suwannapasri	Director	0	0	-
3 Mrs.Kanjana Suwannapasri	Deputy Managing Director	367.75	367.75	-
4 MissSuthida Suwannapasri	Assistant Managing Director	9.25	9.25	-
5 MissPiyanan Suwannapasri	Assistant Managing Director	9.25	9.25	-
6 MissPiyada Suwannapasri	Assistant Managing Director	9.25	9.25	-
7 Mr.Perapol Suwannapasri	Assistant Managing Director	9.25	9.25	-
8 Mr.Perajed Suwannapasri	Deputy Managing Director	12.25	12.25	-
9 Dr.Khien Vongsuree	Director	0	0	-
10 Mr.Nopporn Thepsithar	Chairman of Audit Committee	0	0	-
11 Mr.Poolsak Tansitthipun	Audit Committee	0	0	-
12 Mr.Vorapote Uchupaiboovong	Audit Committee	0	0	-
13 Ms.Waraporn Thongpho	Company Secretary	0	0	-

AUTHORIZED DIRECTOR

The Director who are authorized to sign on behalf of the company are Mr.Wirat Suwannapasri and Ms.Kanchana Suwannapasri with the Company Seal, or Mr. Wirat Suwannapasri or Ms. Kanchana Suwan-

napasri and two of the followings: Ms.Suthida Suwannapasri, Ms.Piyanan Suwannapasri, Ms.Piyada Suwannapasri, Mr.Perapol Suwannapasri together with the Company Seal.

■ Audit Committee

As Dec 31, 2016 The Company has 3 audit committees as follows:

No.	Name	Title
1	Mr.Nopporn Thepsithar	Chairman of Audit Committee
2	Mr.Poolsak Tansitthipun	Audit Committee
3	Mr.Vorapote Uchupaiboovong	Audit Committee

■ Executive Board of Director

As Dec 31, 2016 The Company has 5 members for the executive board of committees as follows:

No.	Name		Title
1	Mr.Perajade	Suwannapasri	Chairman of Executive Board
2	Mr.Peraphol	Suwannapasri	Executive Director
3	Ms.Suthida	Suwannapasri	Executive Director
4	Ms.Piyanan	Suwannapasri	Executive Director
5	Ms.Piyada	Suwannapasri	Executive Director

■ Management

As Dec 31, 2016 The Company has 6 persons who are on the management levels as follows:

No.	Name		Title
1	Mr.Perapol	Suwannapasri	Managing Director
2	Ms.Piyanan	Suwannapasri	Assistant Managing Director
3	Ms.Suthida	Suwannapasri	Assistant Managing Director
4	Ms.Piyada	Suwannapasri	Assistant Managing Director

CRITERIA FOR THE SELECTION OF DIRECTORS AND MANAGEMENT

Even though the members of the Board of Directors and management team will not come from the procedures of the Nominating Committee, the Company has set criteria for the selection of directors and members of the management team as followed;

- The Executive Committee will consider candidates according to their relevant experiences, culture compatibility, and etc. and proposes the chosen candidate for the approval at the Shareholders' Meeting
- For every Annual Shareholders' Meeting, one-third of the members of the Board of Directors must resign.

For the first two years after the listing, the method of a coin toss will be employed to decide which director will resign. From the third year on, the director who holds his position for the longest time shall resign. However, the director who must resign is eligible to be reelected again. Procedures for shareholders to elect a new director are as followed;

- One share is equivalent to one vote,
- One shareholder can only vote for one candidate, and
- The candidate with the highest votes will be elected and, if there is more than one position to be filled, the second highest votes will be elected and so on until all the positions are filled. If candidates have equal votes and only one appointment is needed, the Chairman will be the person to decide which candidate will be elected.

Even though the members of the Audit Committee will also not come from the procedures of the Nominating Committee, the Company has set the criteria for the members of the Audit Committee that at least one member will be a specialist in the field of accounting or finance and another member in the field of laws. Each Audit Committee member will serve for a two-year term.

Name		No. of Attendant (Audit Committee)		No. of Attendant (Board of Director)	
		2015	2016	2015	2016
1. Mr.Pala	Sukhawej	6/6	5/5	-	-
2. Mr.Virat	Suwannapasri	3/6	4/5	-	-
3. Mrs.Kanjana	Suwannapasri	5/6	4/5	-	-
4. MissSuthida	Suwannapasri	6/6	5/5	-	-
5. MissPiyanan	Suwannapasri	6/6	5/5	-	-
6. MissPiyada	Suwannapasri	5/6	5/5	-	-
7. Mr.Perapol	Suwannapasri	4/6	4/5	-	-
8. Mr.Perajed	Suwannapasri	2/6	5/5	-	-
9. Dr.Khien	Vongsuree	6/6	5/5	-	-
10. Mr.Nopporn	Thepsithar*	4/6	5/5	4/4	2/4
11. Mr.Poolsak	Tansithipun*	6/6	5/5	4/4	4/4
12. Mr.Vorapote	Uchupaiboonvong*	5/6	5/5	4/4	4/4

Remark : (*) Director & Audit Committee

C ■ compensation

a) Director

Name		Year 2016 (Baht)
1. Mr.Pala	Sukhawej	2,100,000
2. Mr.Virat	Suwannapasri	-
3. Mrs.Kanjana	Suwannapasri	-
4. MissSuthida	Suwannapasri	-
5. MissPiyanan	Suwannapasri	-
6. MissPiyada	Suwannapasri	-
7. Mr.Perapol	Suwannapasri	-
8. Mr.Perajed	Suwannapasri	-
10. Dr.Khien	Vongsuree	280,000
11. Mr.Nopporn	Thepsithar	290,000
12. Mr.Poolsak	Tansithipun	320,000
13. Mr.Vorapote	Uchupaiboonvong	320,000
Total		3,310,000

b. Management

Management Compensation	Year 2016 (Million Baht)
No. of Management (persons)	6
Total Amount	11,250,000

OTHER BENEFITS

The Company has established the provident fund for the employees at the rate of 2% of their salary. The employees who are work with company not less than 3 years and retired or resigned will benefit from this provident fund.

CORPORATE GOVERNANCE POLICY

A corporate governance policy of Union Petrochemical Public Company Limited is based on guideline formulated by the Stock Exchange of Thailand (SET) in 2007, which is applied from the 15 principles of best practice for corporate governance of SET announced in March 2002. The Company's corporate governance policy consists of these 4 components:

1. Rights and Equal Treatment to Shareholders.
2. Role of Stakeholders
3. Disclosure and Transparency
4. Responsibilities of the Board of Directors

1. Rights and Equal Treatment to Shareholders.

The Company has assigned the Company Secretary to coordinate with the shareholders in matters relating to the equal protection of the rights of all shareholders. These include the right to buy and sell securities, the right to receive dividends, the right to attend and participate in discussions and voting on important issues at shareholders' meetings and the right to appoint a proxy in the event that a shareholder is unable to attend a meeting. The Company informs shareholders of the time, place and agenda for each shareholders' meeting, together

with additional information intended to assist shareholders in making informed decisions about important issues under discussion. This information is sent to shareholders and the registrar not less than 7 days prior to the scheduled date of the meeting. Notices appear in newspapers over a period of 3 consecutive days not less than 3 days prior to the date of the meeting. Invitations are sent to shareholders in Thailand by registered mail, while foreign shareholders are notified by fax or by email. Acknowledgement of receipt is to be made by registered airmail.

2. Role of Stakeholders

The Company has outlined policy guidelines for dealing with various groups of stakeholders which included the insiders as well as the outsiders. The guideline instructs Board members, senior executives and staff at all levels. The stakeholders consists of shareholders, customers, trading partners, employees, competitors, creditors, the local community and society in general. The details are as follows:

- **Shareholders** : The Company represents the best interest of shareholders through its commitment to transparency, increasing the Company's value over the long-run and good return of investment.
- **Customers** : The Company realizes the importance of customers and consumers' rights to receive good quality products and delivery its on time and keeping the customer's information.

- **Trading Partners** : The Company builds good relationships for mutual benefit and honors fully all obligations to its partners.
- **Employees** : The Company recognizes the value of developing staff potential and creating a pleasant working environment, including the provision of remuneration and fair treatment to employees.
- **Creditors** : The Company complies strictly with the terms of all agreements with creditors
- **Competitors** : The Company is committed to fair competition.
- **Community and Society** : Recognizing the importance of safety, environmental responsibility, and quality of life for the local community and the society at large. All its business decisions are made with a view to minimizing the impact on society, the environment, and the public's quality of life.

3. Disclosure and Transparency

The Board of Directors has an obligation to make full disclosure of important Company-related information in a reliable and timely manner through a variety of media such as the Company newsletters and notices to the Stock Exchange of Thailand in both Thai and English versions, the public relations news and the Company's website. This information, which concerns both financial and non-financial matters, is carefully checked and presented in language that is clear, concise, and easy to understand.

The Company has assigned Ms.Piyanan Suwannapasri as "Investor Relations" to provide clear, equal and accurate information to all interested members of the public including the respond to the inquiries of the shareholders, the investors and the securities analysts. The "investor relations" is also

responsible for coordinating with the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) to ensure the Company's full compliance with the latest rules and regulations and the principles of corporate governance.

In 2008, the Company joined the "Opportunity Day Program" which is arranged by SET, in order to meet the investors and securities analyst and provide them the information of company results from operations and its future directions.

4. Responsibilities of the Board of Directors

The scope of authority of the Board of Directors is determined by law, the Company' regulation, the resolution of shareholders meeting and the principles of corporate governance. Members perform their duties with honesty, integrity, and a high degree of responsibility. The Board discloses information in a transparent manner and ensures that Company management operates in line with the goals and objectives, as well as the best interest of shareholders and all of the Company's stakeholders.

The Company separates the role and duties of chairman and the managing director clearly and completely. The Board is charged with appointing the task-specific committee; the Audit Committee, which oversees the Company operations and considered the conflicts of interest in order to maintain the good and efficiency internal control and ensure that the Company's accounting practices are complete and accurate in order to protect the property of the Company as well as to identify the weak points of the Company in order to protect the fraud operations and/or the uncommon situations. At least One of the Audit Committee members must have knowledge of accounting so that he/she can help the Board to review and ensure that the Company's financial statement is complied with Thailand's general accounting standards and The Company chooses the proper accounting policy including to provide sufficient information in the footnotes.

The Structure of the Company's Board of Directors is composed of the number

of Independent Directors of no fewer than that is required by law and/or notifications and The Structure of the Board of Director must balance the powers of

As of December 31, 2016 The Company's Board of Directors consists of 12 directors, comprising as follows:

- Executive Director 4 persons
- Non-Executive Director 8 persons
- Independent Director 4 persons

The independent director is accounted for 33.33% of the Board of Directors where is seven directors come from Suwannapasri's family. five of the Board of Directors, which accounting for 41.67 percent of the Board of Directors, are persons who have no relation with Suwannapasri's family and It is sufficient in the balancing of power. Besides, The Board of Directors approved a clear manual authorities to which all employees must comply with.

5. Supervision on the Use of Internal Information

The Company sets out the policy on a supervision on the use of internal information which hasn't yet been disclosed to the public by directors and/or management and/or any related person and complied with a policy in a strictly manner. Details of the policy are as follows:

1. Notification must be made to all directors and management of the Company pertaining their duty and responsibility in providing the a report on holding of the Company's securities by themselves, by their spouse, minority and by other related to directors and/or management. Such requirement is in compliance with Section 59 and 275 of the Securities and Exchange Act B.E. 1992.

2. Directors, management and employee in the division receiving internal information are recommended to avoid or suspend their trading of the Company's securities for a period of 1 month prior to the disclosure of the financial statement to the public.

Disciplinary penalty is determined should the policy be violated. Punishment will be determined based on the intention of the action and severity of such wrongdoing.

6. Corporate Social Responsibilities (CSR)

6.1 Overview Policy

Board of Directors It is committed to developing the organization by conducting business under the principles of good corporate governance, along with the implementation of corporate social responsibility (CSR) in accordance with the corporate social responsibility of the business. Prepared by the Stock Exchange of Thailand. Therefore, social responsibility is important. It is listed as part of the company's ethical business practices. Under the heading "Care and Social Responsibility"

The Company recognizes that the Company The petrochemical and chemical products distribution business. Must have the trust and confidence in maximum security. By the company. It is a policy to strictly comply with the relevant laws, standards, and regulations. Including business conduct with integrity, transparency, and social responsibility.

6.2. CSR-in process

Board of Directors Focused on social responsibility. Therefore, a corporate social responsibility policy has been established in the business process. For guidance on how to do this.

1) business operations with fairness

The Company treats its competitors under the relevant laws. And the business ethics of the company. According to the fair competition framework. Based on a fair return on both sides.

- No advantage to business competitors. By distorting business information. That may affect the reputation of competitors.
- Avoid agreeing or talking with competitors' employees. About marketing Business plans that will affect the business.

- Maintain confidentiality or partner information. Not used for the benefit of themselves or those who are wrong.
- Do not take any action related to intellectual property infringement. Including encouraging the management. Employees use their resources and assets efficiently. Use copyrighted products and services that are legitimate. It is clearly defined in the company's business ethics.

2) *Anti-Corruption Corruption*

The company operates with transparency. Fight corruption inside and outside the organization. By collaborating with organizations to combat corruption of all kinds. Including the promotion of management, employees, compliance with applicable laws and regulations. Do not encourage the achievement of the task by fraudulent means.

In 2015, Thai Pat Institute Supported by the Securities and Exchange Commission (SEC), the Sustainability Assessment Program Prevention of involvement with corruption The Anti-Corruption Progress Indicators of the Thai Listed Companies in 2015 under the Sustainable Development Plan for Listed Companies using the Anti-Corruption Data that the Company discloses or makes available to the public in the annual disclosure form (Form 56-1) Or Annual Report (Form 56-2) or in other reports as the case may be.

By 2015, the company received the second level of Declared results, demonstrating its commitment to the organization. By announcing its intention to become a Collective Action Coalition of the Thai private sector in the fight against corruption. Or join the anti-corruption program The organization requires the same process to show that the Board intends to take action against corruption in society.

3) *respect for human rights*

The Company has a policy to ensure fairness to all stakeholders. By following the relevant

laws and regulations and following basic international human rights principles. It does not discriminate on the basis of race, sex, age, color, religion, disability, financial status, nationality, education or any other status not directly related to the work. Including keeping work environment free of personal infringement. Have respect for each other As well as cooperation Suggest ideas and solve common problems in work.

4) *Fair labor practices*

The Company recognizes that employees are a valuable asset to the Company. Therefore, the Company is committed to supporting the development of human resources. To make the most benefit to the company. It also encourages employees to be involved in creating a culture and working environment that is good and promotes teamwork. Listen to comments and suggestions from all levels of employees equally. Provide appropriate and fair compensation and benefits.

The Company encourages employees to have the knowledge, skills, skills and experience. To lead effectively. By training staff in various departments. Employees are also sent to outside training to increase their knowledge of the various aspects related to the operation and bring knowledge back to the trainer to transmit to colleagues to gain such knowledge, such as training accounting standards. Released Training on computer network systems.

5) *customer and consumer responsibility*

The company is committed to excellence in delivering standardized products. Safe And quality to satisfy customer satisfaction. As well as adhering to honesty and ethical conduct in business. It is defined as part of the Code of Conduct for employees and for products that the Company Be a dealer It comes from large manufacturers both nationally and globally. These companies are widely recognized companies in terms of product quality and in the social consciousness.

6) Environmental protection

The Company operates in the form of Trading and Trading. Therefore, the Company has policy to select and purchase products from standard suppliers / suppliers and environmental consciousness. Include caution and consideration for the environmental impact at every stage of the business process. The Company attaches great importance to the environment that is changing society as a whole. Both affect health and the safety of employees and people in society, taking into account the impact rather than the business return. The policy has been set in the business environment.

- Encourage employees of the company consciously And environmental responsibility
- Comply with the written requirements And the intent of the relevant law. Of the various agencies related to the environment.
- Maintain the workplace to meet safety standards. Health and the environment. By adhering to the standards of best practice as a guideline in practice.
- The Company will take care of every step of delivery to prevent potential harm to employees, employees in both safety and health.
- The company will effectively manage the use of natural resources and energy. By promoting energy saving in the company's activities. And try to alleviate global warming. Coupled with creating an environmentally friendly

7) Community and Social Development

The Company has a policy to develop and build good relationships with the community and society. Acting in accordance with the culture, traditions and traditions of the neighboring communities in which the company operates.

And cooperate with all parties in the community to create a sustainable society.

8) innovation and innovation This is due to the responsible corporate social responsibility, the environment and the stakeholders.

The company has a policy to focus on new products that are environmentally friendly to add value to all stakeholders as well as to bring about sustainable business growth.

6.3 Occupational Safety, Occupational Health and Working Environment

The Company has been doing business with regard to safety in work and environment both inside and around the establishment strictly. The company has adopted the principle of occupational management. Health and safety Be part of the implementation guidelines for efficiency. By setting a policy on safety, occupational health and working environment.

- The Company will operate and develop a proper occupational health and safety management system. In accordance with the law And other requirements set by the company.
- The Company will encourage the improvement of working conditions. And the working environment is safe in the body and conducive to good mental health. To make the operation more efficient.
- The Company assumes security operations. It is the responsibility of management and staff at all levels. Take into account their own safety. Workmate The Company's assets are important throughout the duration of the operation.
- The Company provides sanitary facilities such as toilets, drinking water dispensers that meet the standard (checked every month) and standard warehouses.

- The Company will always monitor the environment in and around the Company in order to comply with the legal standard.

6.4 Guidelines for Prevention of Corruption Involvement

Board of Directors He is committed to operating under the principles of good corporate governance and social responsibility for sustainable development. And the perception that corrupt corruption is. It is a serious disaster that undermines the organization. Therefore, the Board of Directors' Meeting No. 4/2557 held on August 8, 2014 has approved the Company. Thailand's Private Sector Collective Action Coalition against Corruption (CAC)

By Mr. Plas Suksawat, Chairman of the Board Signed the Collective Action Coalition of the Thai Private Sector on Anti-Corruption on November 12, 2014, and Dr. Panas Simasathien, Chairman of the Thai Private Sector Anti-Corruption Working Group. It was signed on January 16, 2015. The company is currently in the process of developing a self-assessment on anti-corruption measures. To apply for certification as a member of the Certification Process (Certification Process)

So from the company's approach. Clearly, to cooperate and support the public and private sectors, the Company has established a policy against corrupt corruption. By the way. The "Thai Private Sector Anti-Corruption Action Plan" is considered a clear business practice. All directors, executives and employees must comply with the following policies:

- Directors, executives and employees are prohibited from offering or offering to provide property. Or other benefits to outsiders To induce the person to act or to refrain from any wrongdoing or illegality of his duties.
- Provide effective and efficient internal control. There is an effective check and balance of power. To prevent employees from being dishonest. Or involved in corruption and corruption.

- Create a sense of values, attitudes to employees in compliance with regulations. With honesty

6.5 CSR-after process

The Company takes into account its corporate social responsibility and its business operation. In 2015, the Company has taken the following actions:

- Activities for the maintenance of Buddhism by the Company to co-host the construction of religious sites as well as other related buildings. In addition, the company has participated in the activities. Kathin with various temples in Bangkok. And the provinces
- Energy conservation activities such as employee awareness building activities. To participate in environmental conservation. Within the office / warehouse:
- Office Paper Reuse Campaign (Reuse Paper)
- Employees are encouraged to use the ladder instead of the lift. For health and energy saving.
- Campaign off the air conditioner Turn off the light and turn off the computer screen during lunch breaks. And the time away from the office. For energy saving
- Promoting the use of containers that can be used. Without leaving behind to reduce global warming such as rice (Pinto), glass of water, etc.

7. Human Resources

As of December 31, 2016 the Company has total employees (Excluded 6 persons in the management level) by 116 persons. In the past 3 years, the Company has no any dispute of labor.

8. Employee Remuneration

Total remuneration of employees during the year 2016 (including the turnover during the year and excluding 6 persons in management level) which is breakdown into salary wages overtime Bonus and other benefits amounted to 33.58 Million Baht.

9. Human Resource Development

The Company sets out the policy on human resource development to increase the efficiency of employees. The Company recognize that the recruitment process is very important processes in obtaining the qualified people into the organization. The

Company set the program in Both internal and external training to develop people in organization and motivate them as well.

Such policies led to an efficient and efficiency work of employees which directly reduced the loss in working process and cost of sale as well.

The Company has established the provident fund for the employees at the rate of 2% of their salary. The employees who are work with company not less than 3 years and retired or resigned will benefit from this provident fund.



THE CONNECTED TRANSACTIONS

During year 2016 (1 January - 31 December) The Company has the connected transaction which can be summarized as follows:

Parties with potential Conflict / First Traco Co., Ltd

Type of Relationship	:	Same Major Shareholder / Director.		
Type of Transaction	:	The Company and Subsidiaries rent an office space and utilize a public utility (Electricity)		
Value of Transaction	:	Rental	2.42	Million Baht
	:	Public Utility	0.33	Million Baht

Parties with potential : Conflict / Lion Asia (Thailand) Co., Ltd.

Type of Relationship : Subsidiary of Company by holding 99.99% of its registered and paid up capital

Type of Transaction : Buy-Sell Goods / Buy Assets* / Others Expense** / Others Revenue***

Value of Transaction	:	Sell Goods	33.52	Million Baht
	:	Buy Goods	33.73	Million Baht
	:	Buy Assets *	0.24	Million Baht
	:	Other Expense**	0.23	Million Baht
	:	Others Revenue***	0.20	Million Baht

Remarks : *Package, Office Equipment and Others Equipment

** Vehicle Cost and Miscellaneous

***Transportation Service and Warehouse Rental

Parties with potential : Conflict / Gratitude Infinite Public Company Limited.

Type of Relationship : Subsidiary of Company by holding 59.99% of its registered and paid up capital

Type of Transaction : Buy/Sell Goods / Inventory Space Rental / Transportation

Value of Transaction	:	Buy Goods	0.00	Million Baht
	:	Sell Goods	10.56	Million Baht
	:	Transportation Service	0.04	Million Baht
	:	Inventory Space	0.48	Million Baht
	:	Dividend Income	12.71	Million Baht

Remarks : • The transaction of buy and sell of solvents from/to subsidiaries is higher than the cost of sale and comparable with the market price.

• The transaction of selling office equipment is the agree price which can compare to the current market rate.

• The transaction of office space rental is reviewed and considered by audit committee and provided opinion that the rental rate charged is similar to the market rate.

MANAGEMENT DISCUSSION AND ANALYSIS



OVERVIEW OF OPERATING PERFORMANCE

In year 2016, the Company and its subsidiaries' net profit amounted to Baht 185.20 Million, increased by Baht 74.61 Million or by 67.47%. However, Total Revenue of the group was lower than that of the previous year by amount of Baht 191.10 Million or decreasing by 6.31%. In 2016, the Gross profit margin of the Company and its subsidiaries is at 17.00% compared to 12.96% that of the previous year, an increase in a number of 4.04% from the last year or increased by a growth rate of 24.85%. Meanwhile the selling and administrative expensed as percentage of sale has a slightly increased to 9.43%. However, the Company and its subsidiaries has lower financial expenses by decreasing Baht 2.02 Million and having foreign exchange loss in amount of Baht 3.30 Million, this made the net profit margin of the Company and its subsidiaries higher from 3.45% in 2015 to 6.53% in 2016 or increased in a number of 3.08% or increased by a growth rate of 89.28%

REVENUES

In year 2016, The Company and its subsidiaries' revenues from sale of solvents amounted to Baht 2,837.80 Million or decreasing by Baht 191.10 Million or by 6.31% when compared to the same period of year 2015. This was mainly due to the quantities of solvent sale had been highly dropped down in accordance with the economic condition especially in the production and export sector and property sector in which had a strong relationship with the Company's performance. However, the average price of solvents was going up because the world major suppliers began to limit a quantities of supply productions. The other revenues in year 2016 was Baht 35.13 Million a slightly lower than that of 2015

by amount of Baht 0.44 Million. The Others revenue composed of the gain from selling of investment in marketable securities and the dividend income.

EXPENSES

■ Cost of Sales

In Year 2016, The Company and its subsidiaries' cost of sales amounted to Baht 2,355.30 Million or decreasing by Baht 281.09 Million or by 10.66% when compared to the same period of year 2015. The gross profit margin of 2016 and 2015 is at 17.00% and 12.96% respectively. The higher in gross margin was mainly due to the increasing in average selling price of solvents which retrieved from the limited supply.

■ Selling & Administration Expenses (S&A)

In Year 2015, The Company and its subsidiaries' S&A expenses amounted to Baht 267.60 Million or a slightly decreased by Baht 1.61 Million or by 0.60% when compared to the same period of year 2015. The S & A expenses was 9.43% and 8.89% of total selling revenues in year 2016 and 2015 respectively or increasing at the rate of 0.54%.

■ Interest Expenses

In Year 2016 the Company and its subsidiaries' Interest expenses amounted to Baht 10.09 Million or decreasing by Baht 2.02 Million or by 16.68% when compared to the same period of year 2015. This was mainly due to the reduced in the solvent price led to the lower in amount of financial cost the Company have to bear for the sale volume and the cash flow received from the exercise of warrant since the late of 2014. The Interest Expenses was 0.36% and 0.40% of total sale revenues in year 2016 and 2015 respectively.

■ Net Profit

In Year 2016, The Company and its subsidiaries' net profit amounted to Baht 185.20 Million or increasing by Baht 74.61 Million or by 67.47% when compared to the same period of year 2015. The Earning per Share (EPS) increased from 0.091 in Year 2015 to 0.110 in Year 2016. The return on equity (ROE) of the year 2016 and the year 2015 was 16.45% and 11.50% respectively.

FINANCIAL STATUS

■ Assets

As the end of the year 2016, the total assets of the Company and its subsidiaries equals to Baht 1,995.94 Million, rose by Baht 87.78 Million or by 4.60% from the end of the year 2015. The assets that had the highest improvement during the year is the marketable securities from Baht 73.20 Million to Baht 113.90 Million or increasing by 55.47%. The total assets of the Company and its subsidiaries can be divided into the current assets of Baht 1,673.68 Million and Fixed assets of Baht 322.26 Million or in the portion of 83.85% and 16.15% respectively. The top 3 assets that have higher value is "account/ note receivable", which accounting for Baht 775.25 Million or 38.75% of total assets and the second highest amount of assets is cash and its equivalent which accounted for Baht 571.99 Million or 28.66% and the third was inventory which accounted for Baht 316.67 Million or 15.87%. The above mentioned asset contributed to 83.26% of the total assets.

■ Liabilities

As the end of the year 2016, the total liabilities of the Company and its subsidiaries equals to Baht 870.00 Million, decreased by 8.06% or by Baht 76.27 Million from the end of the year 2015. The total current liabilities equals to Baht 844.83 Million and the long-term liabilities equals to Baht 25.18 Million. The 2 largest component of liabilities is the "Bank Overdraft and Short term loan and the note or account payable", in which accounting for Baht 459.36 Million or 52.80% and Baht 351.95 Million or 40.45% of the total liabilities. The most 2 largest liabilities had a 93.25% contribution to the total liabilities.

SHAREHOLDERS' EQUITY

In 2016, the Company and its subsidiaries' shareholder equity increased by Baht 164.04 Million or by 17.05% from the end of the Year 2015 to Bht 1,125.93 Million at the end of year 2015. This is belong to the Company in amount of Baht 654.18 Million.

AUDIT'S FEE

In year 2016, The Company and its subsidiaries remuneration to the auditors can be summarized below:

a. Auditing Fee to :

- The office employing such auditor in the previous financial period for auditing service totaling Baht 2,260,000 and there's other expense related to auditing service in amount of Baht 900,000

b. Fee from other services

- To the office employing Baht 250,000

FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Union Petrochemical Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Union Petrochemical Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Union Petrochemical Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Petrochemical Public Company Limited and its subsidiaries and of Union Petrochemical Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue Recognition

Revenue from sales is one of the Group's significant accounts because it directly impacts on the Group's annual profit or loss. During 2016, the Group recognised revenue from sales of Baht 2,838 million, representing 99 percent of the Group's total revenue. I therefore focused on the amount and timing of the Group's revenue recognition.

I have examined the revenue recognition of the Group by assessing and testing the Group's internal controls with respect to the revenue cycle. This involved making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I also examined supporting documents for actual sales transactions, on a sampling basis, occurring during the year and near the end of the accounting period to assess whether the revenue recognition is in accordance with the Group's accounting policy on revenue recognition, reviewed credit notes that the Group issued to their customers after the period-end, and performed analytical procedures to detect possible irregularities in sales transactions throughout the period.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Chonlaros Suntiasvaraporn.



Chonlaros Suntiasvaraporn

Certified Public Accountant (Thailand) No. 4523

EY Office Limited

Bangkok: 22 February 2017

Union Petrochemical Public Company Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December 2559

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>31 December 2016</u>	<u>31 December 2015</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Assets					
Current assets					
Cash and cash equivalents	7	571,994,889	538,467,835	262,589,582	311,432,935
Trade and other receivables	8	773,248,319	775,302,255	615,436,171	564,354,620
Inventories	9	316,669,311	301,830,626	188,273,325	156,012,334
Other current assets	10	11,770,460	6,643,882	5,289,799	3,984,541
Total current assets		<u>1,673,682,979</u>	<u>1,622,244,598</u>	<u>1,071,588,877</u>	<u>1,035,784,430</u>
Non-current assets					
Available-for-sale investments	11	113,896,956	73,264,000	-	-
Investments in subsidiaries	12	-	-	92,993,000	78,560,205
Intangible assets	13	5,604,097	6,487,860	2,349,844	2,805,418
Investment properties		13,959,000	13,959,000	13,959,000	13,959,000
Property, plant and equipment	14	181,071,921	184,549,235	67,933,559	67,022,666
Deferred tax assets	21	3,348,679	4,677,145	2,832,188	4,145,654
Other non-current assets		4,375,795	2,980,839	3,994,285	2,331,677
Total non-current assets		<u>322,256,448</u>	<u>285,918,079</u>	<u>184,061,876</u>	<u>168,824,620</u>
Total assets		<u>1,995,939,427</u>	<u>1,908,162,677</u>	<u>1,255,650,753</u>	<u>1,204,609,050</u>

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

Union Petrochemical Public Company Limited
STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2559

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	15	459,362,652	521,130,204	265,316,335	278,754,759
Trade and other payables	16	351,946,539	388,678,924	311,626,981	329,445,923
Current portion of liabilities under		-	-	-	-
hire purchase agreements	17	772,657	544,090	-	-
Income tax payable		22,782,886	15,430,195	9,632,490	3,656,922
Other current liabilities		9,963,433	3,016,105	1,651,220	856,824
Total current liabilities		844,828,167	928,799,518	588,227,026	612,714,428
Non-current liabilities					
Liabilities under hire purchase agreements - net					
of current portion	17	1,455,398	964,768	-	-
Provision for long-term employee benefits	18	20,713,674	16,024,213	13,229,040	11,424,053
Deferred tax liabilities	21	3,007,197	484,214	-	-
Total non-current liabilities		25,176,269	17,473,195	13,229,040	11,424,053
Total liabilities		870,004,436	946,272,713	601,456,066	624,138,481
Shareholders' equity					
Share capital					
Registered					
825,000,000 ordinary shares of Baht 0.25 each		206,250,000	206,250,000	206,250,000	206,250,000
Issued and fully paid up					
824,227,596 ordinary shares of Baht 0.25 each		206,056,899	206,056,899	206,056,899	206,056,899
Share premium		87,736,899	87,736,899	87,736,899	87,736,899
Retained earnings					
Appropriated - statutory reserve	19	20,625,000	20,625,000	20,625,000	20,625,000
Unappropriated		575,028,341	450,218,312	339,775,889	266,051,771
Other components of shareholders' equity		12,576,235	5,885,632	-	-
Equity attributable to owners of the Company		902,023,374	770,522,742	654,194,687	580,470,569
Non-controlling interests of the subsidiaries		223,911,617	191,367,222	-	-
Total shareholders' equity		1,125,934,991	961,889,964	654,194,687	580,470,569
Total liabilities and shareholders' equity		1,995,939,427	1,908,162,677	1,255,650,753	1,204,609,050

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

Directors

Union Petrochemical Public Company Limited
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2559

(Unit: Baht)				
	Consolidated financial statements		Separate financial statements	
Note	2016	2015	2016	2015
Profit or loss:				
Revenues				
Sales	2,837,798,971	3,028,900,076	2,059,460,437	2,139,250,458
Other income				
Gains from sales of available-for-sale investments	25,575,644	24,554,117	-	
Gains on exchange	-	1,130,574	-	1,270,761
Dividend received from a subsidiary	-	-	12,711,753	-
Others	9,546,896	9,885,106	2,865,533	2,662,389
Total revenues	2,872,921,511	3,064,469,873	2,075,037,723	2,143,183,608
Expenses				
Cost of sales	2,355,295,749	2,636,387,721	1,759,778,563	1,907,243,837
Selling expenses	92,302,066	85,404,768	62,741,404	53,947,763
Administrative expenses	175,302,775	183,807,004	132,818,963	123,413,510
Other expenses				
Impairment loss of investment in subsidiaries	-	-	-	15,000,000
Loss on exchange	3,299,213	-	1,189,178	-
Provision for doubtful debts	1,324,984	-	51,288	-
Others	36,509	-	-	-
Total expenses	2,627,561,296	2,905,599,493	1,956,579,396	2,099,605,110
Profit before finance cost and income tax expenses	245,360,215	158,870,380	118,458,327	43,578,498
Finance cost	(10,087,177)	(12,114,274)	(4,583,490)	(5,551,036)
Profit before income tax expenses	235,273,038	146,756,106	113,874,837	38,027,462
Income tax expenses	21 (50,075,348)	(36,162,630)	(22,940,102)	(12,022,012)
Profit for the year	185,197,690	110,593,476	90,934,735	26,005,450
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Gain (loss) on change in value of available-for-sale investments	15,395,577	(4,435,681)	-	-
Less: Income tax effect	21 (3,079,115)	887,136	-	-
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>	12,316,462	(3,548,545)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial loss	(3,385,706)	(3,212,830)	(907,706)	(1,847,933)
Less: Income tax effect	21 677,141	622,173	181,541	369,587
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>	(2,708,565)	(2,590,657)	(726,165)	(1,478,346)
Other comprehensive income for the year	194,805,587	104,454,274	90,208,570	24,527,104

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

Union Petrochemical Public Company Limited

STATEMENT OF COMPREHENS INCOME (CONTINUED)

For the year ended 31 December 2559

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit attributable to:					
Equity holders of the Company		143,209,858	75,345,881	90,934,735	26,005,450
Non-controlling interests of the subsidiary		41,987,832	35,247,595		
		<u>185,197,690</u>	<u>110,593,476</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		148,683,599	71,030,690	90,208,570	24,527,104
Non-controlling interests of the subsidiary		46,121,988	33,423,584		
		<u>194,805,587</u>	<u>104,454,274</u>		
Earnings per share	22				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.174</u>	<u>0.091</u>	<u>0.110</u>	<u>0.032</u>

The accompanying notes are an integral part of the statements.

Union Petrochemical Public Company Limited

CASH FLOW STATEMENT

For the year ended 31 December 2559

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities				
Profit before tax	235,273,038	146,756,106	113,874,837	38,027,462
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	18,361,414	15,979,909	9,413,014	7,308,317
Allowance for doubtful accounts (reversal)	1,324,984	(806,444)	51,288	(663,547)
Impairment loss of assets	-	7,307,033	-	-
Reduce cost of inventories to net realisable value (reversal)	(995,754)	3,247,592	(241,583)	(1,764,457)
Gain on sales of available-for-sale investments	(25,575,644)	(24,554,117)	-	-
Gains (Losses) on sales of vehicle and equipment	(620,091)	(12,020)	123,182	-
Write-off equipment	-	1,273,529	-	198
Impairment loss of investment in subsidiary	-	-	-	15,000,000
Provision for long-term employee benefits	1,303,755	1,226,809	897,281	733,299
Unrealised loss from forward exchange contracts	29,118	-	-	-
Unrealised loss (gain) on exchange	139,678	(3,397,830)	(98,569)	(5,228)
Dividend income	-	-	(12,711,753)	-
Interest revenues	(2,963,477)	(1,333,415)	(1,009,729)	(864,855)
Interest expenses	10,087,177	12,114,274	4,583,490	5,551,036
Profit from operating activities before changes in operating assets and liabilities	236,364,198	157,801,426	114,881,458	63,322,225
Operating assets (increase) decrease				
Trade and other receivables	281,964	208,103,266	(51,132,839)	189,264,967
Inventories	(13,842,931)	85,192,961	(32,019,408)	43,699,742
Other current assets	(5,128,518)	2,247,130	(1,305,258)	(1,096,539)
Other non-current assets	(1,394,839)	3,688,037	(1,662,608)	395,375
Operating liabilities increase (decrease)				
Trade and other payables	(36,644,954)	(44,122,722)	(17,153,167)	(31,398,046)
Other current liabilities	7,197,431	(6,322,644)	772,304	(430,836)
Other non-current liabilities	-	622,369	-	-
Cash flows from (used in) operating activities	186,832,351	407,209,823	12,380,482	263,756,888
Cash paid for interest expenses	(10,366,398)	(12,178,829)	(4,561,399)	(5,598,977)
Cash paid for income tax expenses	(41,273,182)	(30,903,621)	(15,469,527)	(9,171,401)
Net cash flows from (used in) operating activities	135,192,771	364,127,373	(7,650,444)	248,986,510

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

Union Petrochemical Public Company Limited
CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 December 2559

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from investing activities				
Proceed from sales of available-for-sale investments	(104,130,422)	(66,341,883)	-	-
Increase in investment in subsidiary	-	-	(15,000,000)	-
Increase in available-for-sale investments	104,468,698	68,939,930	-	-
Acquisition of vehicle and equipment	(19,273,602)	(27,147,175)	(14,509,665)	(6,174,906)
Proceed from sales of vehicle and equipment	7,253,009	19,544	4,518,150	-
Cash paid for intangible assets	-	(1,570,264)	-	(1,570,264)
Interest income	2,965,416	1,331,495	1,009,729	864,855
Dividend received from a subsidiary	-	-	12,711,753	-
Net cash flows from (used in) investing activities	(8,716,901)	(24,768,353)	(11,270,033)	(6,880,315)
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(61,547,673)	(115,068,429)	(13,438,424)	(57,899,826)
Repayment of liabilities under hire purchase agreements	(640,457)	(321,384)	-	-
Dividend payment to the Company's shareholders	(16,484,452)	(20,601,073)	(16,484,452)	(20,601,073)
Dividend paid to non-controlling interests of the subsidiary	(8,476,234)	-	-	-
Investment in subsidiary company	(5,800,000)	-	-	-
Proceed from exercised warrants of the subsidiary	-	168	-	-
Cash received from non-controlling interests of the subsidiary	-	1,000,000	-	-
Net cash flows used in financing activities	(92,948,816)	(134,990,718)	(29,922,876)	(78,500,899)
Net increase (decrease) in cash and cash equivalents	33,527,054	204,368,302	(48,843,353)	163,605,296
Cash and cash equivalents at beginning of year	538,467,835	334,099,533	311,432,935	147,827,639
Cash and cash equivalents at end of year	571,994,889	538,467,835	262,589,582	311,432,935
	-	-	-	-
Supplemental cash flow information				
Non-cash transactions				
Purchase of assets under hire purchase agreement	1,440,000	1,000,000	-	-

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

Union Petrochemical Public Company Limited

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY (CONTINUED)

For the year ended 31 December 2559

	Separate financial statements				(Unit: Baht)
	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
Balance as at 1 January 2015	206,056,899	87,736,899	20,625,000	262,125,740	576,544,538
Profit for the year	-	-	-	26,005,450	26,005,450
Other comprehensive income for the year	-	-	-	(1,478,346)	(1,478,346)
Total comprehensive income for the year	-	-	-	24,527,104	24,527,104
Dividend payment (Note 25)	-	-	-	(20,601,073)	(20,601,073)
Balance as at 31 December 2015	206,056,899	87,736,899	20,625,000	266,051,771	580,470,569
Balance as at 1 January 2016	206,056,899	87,736,899	20,625,000	266,051,771	580,470,569
Profit for the year	-	-	-	90,934,735	90,934,735
Other comprehensive income for the year	-	-	-	(726,165)	(726,165)
Total comprehensive income for the year	-	-	-	90,208,570	90,208,570
Dividend payment (Note 25)	-	-	-	(16,484,452)	(16,484,452)
Balance as at 31 December 2016	206,056,899	87,736,899	20,625,000	339,775,889	654,194,687
	-	-	-	-	-

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

Union Petrochemical Public Company Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2559

1. General information

Union Petrochemical Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the import and distribution of chemical products. The registered office of the Company is at 728 Union House Building, Boromrachachonnee Road, Kwang Bangbumru, Khet Bangplad, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- (a) The consolidated financial statements include the financial statements of Union Petrochemical Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Paid-up capital		Percentage of shareholding	
			2016 (Thousand Baht)	2015 (Thousand Baht)	2016 (Percent)	2015 (Percent)
Gratitude Infinite Public Company Limited	Import and distribution of chemical products	Thailand	302,687	302,687	59.99	59.99
Lavish Laboratory Company Limited*	Production and distribution of supplementary	Thailand	33,000	25,000	99.99	79.99
Ligit Company Limited*	Selling oil-refinery equipment and power plant equipment	Thailand	5,000	-	99.99	-
Lion Asia (Thailand) Company Limited	Distribution of chemical lubricant products and electronic equipment	Thailand	30,000	15,000	99.99	99.99
UKEM Tech Company Limited	Production and distribution of ethanol (ceased its operations)	Thailand	-	8,750	-	99.99

* Held by a subsidiary: Gratitude Infinite Public Company Limited

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Rendering of services

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

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade and other receivables

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

4.4 Inventories

Finished goods are valued at the lower of cost (under the first-in, first-out method) and net realisable value and include all production costs and attributable factory overheads.

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

4.5 Investments

- (a) Investments in money market fund, which are classified as cash and cash equivalents, are stated at fair value. Changes in the fair value of these investments are recorded in profit or loss.
- (b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- (c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

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

In the event the Company and its subsidiaries reclassify investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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

4.6 Investment properties

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

No depreciation is provided to investment properties.

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

4.7 Property, plant and equipment / Depreciation

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

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

Buildings and leasehold improvement	-	10 and 20 years
Machinery, tools and factory equipment	-	3 - 10 years
Furniture and office equipment	-	3 - 5 years
Motor vehicles	-	5 and 10 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

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

4.8 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment loss (if any).

Intangible assets are computer software and the operation licenses.

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	Useful lives
Computer software	3 - 5 years
Operation licenses	10 years

4.9 Related party transactions

Related parties comprise individuals or enterprises 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 or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.10 Long-term leases

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

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

4.11 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.14 Provisions

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

4.15 Income tax

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

Current tax

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

Deferred tax

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

5. Use of accounting estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

6. Related party transactions

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	44,039	74,331	As mutual agreement
Other income	-	-	718	796	As mutual agreement
Purchases of goods	-	-	37,564	6,541	As mutual agreement
Purchases of assets	-	-	244	1,996	As mutual agreement
Other expenses	-	-	2,230	31	As mutual agreement
<u>Transactions with related companies</u>					
Rental expenses	2,819	2,819	2,423	2,150	Contract price
Other expenses	362	375	327	312	As mutual agreement

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade and other receivables - related parties (Note 8)</u>				
<i>Subsidiaries</i>				
Gratitude Infinite Public Company Limited	-	-	1,915	2,038
Lion Asia (Thailand) Company Limited	-	-	19,837	34,061
Total trade and other receivables - related parties	-	-	21,752	36,099

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade and other payables - related parties (Note 16)</u>				
<i>Subsidiaries</i>				
Lion Asia (Thailand) Company Limited	-	-	16,986	1,873
UKEM Tech Company Limited	-	-	-	538
<i>Related companies</i>				
Firsttraco Company Limited	255	427	243	422
Director	120	543	-	-
Total trade and other payables - related parties	<u>375</u>	<u>970</u>	<u>17,229</u>	<u>2,833</u>

Directors and management's remuneration

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	25,709	22,954	14,164	14,047
Post-employment benefits	491	455	153	141
Total	<u>26,200</u>	<u>23,409</u>	<u>14,317</u>	<u>14,188</u>

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash	262	350	220	250
Bank deposits	571,733	374,717	262,370	311,183
Money market fund - at cost	-	162,500	-	-
Add: Unrealised gain on changes in value of investment	-	901	-	-
Money market fund - at fair value	-	163,401	-	-
Total	<u>571,995</u>	<u>538,468</u>	<u>262,590</u>	<u>311,433</u>

As at 31 December 2016, bank deposits in saving accounts and fixed deposits carried interests between 0.125 and 1.380 percent per annum (2015: between 0.250 and 2.500 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trade receivables - related parties (Note 6)				
Aged on the basis of due dates				
Not yet due	-	-	6,657	26,106
Past due up to 3 months	-	-	1,725	9,993
Past due up to 3 - 6 months	-	-	13,151	-
Total trade receivables - related parties	-	-	21,533	36,099
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	621,251	569,137	504,005	394,460
Past due				
Up to 3 months	148,773	204,770	86,542	132,867
3 - 6 months	4,075	305	3,049	53
6 - 12 months	220	18	-	-
Over 12 months	705	788	57	-
Total	775,024	775,018	593,653	527,380
Add: Returned cheques	254	881	88	881
Total trade receivables - unrelated parties	775,278	775,899	593,741	528,261
Total trade receivables	775,278	775,899	615,274	564,360
Less: Allowance for doubtful accounts	(2,118)	(793)	(57)	(5)
Total trade receivables - net	773,160	775,106	615,217	564,355
Other receivables				
Other receivables - related parties (Note 6)	-	-	219	-
Other receivables - unrelated parties	88	196	-	-
Total other receivables	88	196	219	-
Total trade and other receivables - net	773,248	775,302	615,436	564,355

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Raw materials	81	511	-	-	81	511
Finished goods	283,183	259,907	(6,384)	(7,380)	276,799	252,527
Goods in transit	37,490	48,447	-	-	37,490	48,447
Packing materials	1,270	241	-	-	1,270	241
Work in process	-	4	-	-	-	4
Supplies	1,029	101	-	-	1,029	101
Total	<u>323,053</u>	<u>309,211</u>	<u>(6,384)</u>	<u>(7,380)</u>	<u>316,669</u>	<u>301,831</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Finished goods	169,372	126,171	(875)	(1,117)	168,497	125,054
Goods in transit	18,217	30,958	-	-	18,217	30,958
Packing materials	831	-	-	-	831	-
Supplies	728	-	-	-	728	-
Total	<u>189,148</u>	<u>157,129</u>	<u>(875)</u>	<u>(1,117)</u>	<u>188,273</u>	<u>156,012</u>

During the year 2016, the Company and its subsidiaries reduced cost of inventories by Baht 1.0 million (The Company only: Baht 0.2 million), to reflect the net realisable value. This was included in cost of sales. During the year 2015, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 5.8 million (The Company only: Baht 0.8 million), and reduced the amount of inventories recognised as cost of sales during the year.

10. Other current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenue department receivable	1,033	1,203	-	96
Prepaid expenses	6,030	287	2,197	-
Undue input VAT	3,206	2,670	1,834	2,471
Others	1,501	2,484	1,259	1,418
Total other current assets	<u>11,770</u>	<u>6,644</u>	<u>5,290</u>	<u>3,985</u>

11. Available-for-sale investments

Type of investments	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Unrealised gain on changes in value of investments		Carrying amount	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Available-for-sale securities	90,683	65,445	23,214	7,819	113,897	73,264
Total	<u>90,683</u>	<u>65,445</u>	<u>23,214</u>	<u>7,819</u>	<u>113,897</u>	<u>73,264</u>

Available-for-sale investments are stated at fair value using inputs of Level 1 which is use of quoted market prices in an observable active market for such assets or liabilities. Such fair value of Available-for-sale investment has been determined by using the last bid price of the last working day of the year from the Stock Exchange of Thailand.

During the year ended 31 December 2016 and 2015, the movement of available-for-sale investments is as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2016</u>	<u>2015</u>
Book value as at 1 January - net	73,264	55,743
Acquisition during the period	104,130	66,342
Disposal during the period	(78,893)	(44,385)
Unrealised gain on changes in value of available-for-sale securities	<u>15,396</u>	<u>(4,436)</u>
Book value as at 31 December - net	<u>113,897</u>	<u>73,264</u>

During the year ended 31 December 2016 and 2015, the Company's subsidiary has realised gain on available-for-sale investments and unrealised gain (loss) on changes in value of available-for-sale investments as follow:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the year ended 31 December	
	<u>2016</u>	<u>2015</u>
Realised gain on available-for-sale investments	25,576	24,554
Unrealised gain (loss) on changes in value of available-for-sale investments	15,396	(4,436)

12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)						
Company's name	Separate financial statements					
	Cost		Allowance		Carrying amounts based on cost method-net	
			for impairment of			
			investments			
<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
Gratitude Infinite Public Company Limited	77,993	77,993	-	-	77,993	77,993
Lion Asia (Thailand) Company Limited	30,000	15,000	(15,000)	(15,000)	15,000	-
UKEM Tech Company Limited	-	8,750	-	(8,183)	-	567
Total	107,993	101,743	(15,000)	(23,183)	92,993	78,560

12.1 Investment in subsidiary - Gratitude Infinite Public Company Limited

Warrants for purchase ordinary shares of Gratitude Infinite Public Company Limited No.1 ("Warrants")

On 30 April 2015, the Company received an allocation of 90,798,233 warrants from Gratitude Infinite Public Company Limited, a subsidiary, free of charge. These are transferable, registered warrants that can be exercised for a period of 3 years from the issue date (30 April 2015) with an exercise ratio of 1 warrant per ordinary share and an exercise price of Baht 2 per share. Warrant holders can exercise the warrants on the last working day of October and April in each calendar year until the maturity date, with the first exercise date on 30 October 2015 and the last exercise date on 29 April 2018.

As at 30 October 2015, 84 warrants (GIFT-W1) have been exercised. The subsidiary registered the resulting increase in capital of Baht 84 with the Ministry of Commerce on 10 November 2015 and the Stock Exchange of Thailand listed the additional shares on 27 November 2015. However, the equity interest of the Company in this subsidiary has not changed significantly as a result of the exercise of these warrants.

As at 31 December 2016, the Company holds 90,798,233 warrants. There are no exercised and sold during the year.

12.2 Investment in subsidiary - Lion Asia (Thailand) Company Limited

On 8 December 2016, the Company's Board of directors' meeting had approved the additional investment in a subsidiary, Lion Asia (Thailand) Company Limited amounting to Baht 15 million to maintain the existing shareholding since the subsidiary increased its registered capital from Baht 15 million (150,000 ordinary shares of Baht 100 each) to Baht 30 million (300,000 ordinary shares of Baht 100 each).

12.3 Dissolution and deregistration of UKEM Tech Company Limited

On 14 August 2013, Meeting of the Board of Directors No. 4/2013 approved the dissolution of a subsidiary company, UKEM Tech Company Limited. On 3 August 2015, the subsidiary's liquidator registered the subsidiary's dissolution with the Ministry of Commerce and the subsidiary is completely liquidated in the third quarter of this year.

12.4 Details of investments in subsidiary that have material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Percent)	(Percent)						
Gratitude Infinite Public Company Limited	40.01	40.01	223.9	191.4	42.0	35.2	8.5	-

(Unit: Million Baht)

12.5 Summarised financial information that based on amounts before inter-company elimination about subsidiary that has material non-controlling

Summarised information about financial position

(Unit: Million Baht)

	Gratitude Infinite Public Company Limited	
	<u>2016</u>	<u>2015</u>
Current assets	613.4	533.0
Non-current assets	231.7	196.5
Current liabilities	273.4	253.0
Non-current liabilities	11.9	5.7

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December	
	Gratitude Infinite Public Company Limited	
	<u>2016</u>	<u>2015</u>
Revenue	784.6	753.2
Profit	105.5	89.3
Other comprehensive income	10.3	(4.6)
Total comprehensive income	115.9	84.7

Summarised information about cash flow

(Unit: Million Baht)

	For the year ended 31 December	
	Gratitude Infinite Public Company Limited	
	<u>2016</u>	<u>2015</u>
Cash flow from operating activities	103.1	95.3
Cash flow used in investing activities	-	(14.9)
Cash flow used in financing activities	(16.1)	(29.9)
Net increase in cash and cash equivalents	<u>87.0</u>	<u>50.5</u>

13. Intangible assets

The intangible assets are comprised of computer software and the operation licenses.

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net book value at beginning of year	6,488	5,436	2,805	1,335
Acquisition of computer software	-	1,570	-	1,570
Amortisation	(884)	(518)	(455)	(100)
Net book value at end of year	<u>5,604</u>	<u>6,488</u>	<u>2,350</u>	<u>2,805</u>

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

	(Unit: Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	Computer software	Operating licenses	Total	Computer software	Operating licenses	Total
As at 31 December 2016						
Cost	2,805	4,282	7,087	3,266	-	3,266
Less: Accumulated amortisation	(455)	(1,028)	(1,483)	(916)	-	(916)
Net book value	<u>2,350</u>	<u>3,254</u>	<u>5,604</u>	<u>2,350</u>	<u>-</u>	<u>2,350</u>
As at 31 December 2015						
Cost	3,323	4,282	7,605	3,266	-	3,266
Less: Accumulated amortisation	(517)	(600)	(1,117)	(461)	-	(461)
Net book value	<u>2,806</u>	<u>3,682</u>	<u>6,488</u>	<u>2,805</u>	<u>-</u>	<u>2,805</u>

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land	Buildings and leasehold improvement	Machinery, tools and factory equipment	Furniture and office equipment	Motor vehicles	Assets under installation and under construction	
Cost							
1 January 2015	65,985	84,569	52,432	22,029	112,520	13,463	350,998
Additions	-	384	2,143	7,113	5,839	12,668	28,147
Disposals/write-off	-	(10,051)	(901)	(2,359)	(3,415)	-	(16,726)
Transfers in (out)	-	21,687	-	420	-	(22,107)	-
31 December 2015	65,985	96,589	53,674	27,203	114,944	4,024	362,419
Additions	-	-	862	1,649	9,713	7,049	19,273
Disposals/write-off	-	-	(241)	(504)	(13,772)	-	(14,517)
Transfers in (out)	-	1,961	59	-	-	(2,020)	-
31 December 2016	65,985	98,550	54,354	28,348	110,885	9,053	367,175
Accumulated depreciation							
1 January 2015	-	41,929	35,505	16,609	83,808	-	177,851
Depreciation for the year	-	4,678	5,770	2,067	2,946	-	15,461
Depreciation on disposals/write-off	-	(10,051)	(893)	(2,357)	(2,142)	-	(15,443)
31 December 2015	-	36,556	40,382	16,319	84,612	-	177,869
Depreciation for the year	-	5,450	7,843	1,547	2,638	-	17,478
Depreciation on disposals/write-off	-	-	(235)	(467)	(8,543)	-	(9,245)
31 December 2016	-	42,006	47,990	17,399	78,707	-	186,102
Allowance for impairment loss							
31 December 2015	1	-	-	-	-	-	1
31 December 2016	1	-	-	-	-	-	1
Net book value							
31 December 2015	65,984	60,033	13,292	10,884	30,332	4,024	184,549
31 December 2016	65,984	56,544	6,364	10,949	32,178	9,053	181,072
Depreciation for the year							
2015							15,461
2016							17,478

(Unit: Thousand Baht)

Separate financial statements							
	Land	Buildings and leasehold improvement	Tools	Furniture and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost							
1 January 2015	16,942	51,785	26,060	9,847	91,219	-	195,853
Additions	-	384	-	383	2,605	2,803	6,175
Disposals	-	(10,051)	(403)	(2,315)	-	-	(12,769)
Transfer in (out)	-	2,482	-	284	-	(2,766)	-
31 December 2015	16,942	44,600	25,657	8,199	93,824	37	189,259
Additions	-	-	206	529	6,726	7,049	14,510
Disposals	-	-	-	-	(6,982)	-	(6,982)
Transfer in (out)	-	1,961	-	-	-	(1,961)	-
31 December 2016	16,942	46,561	25,863	8,728	93,568	5,125	196,787
Accumulated depreciation							
1 January 2015	-	32,361	14,207	7,614	73,615	-	127,797
Depreciation for the year	-	2,556	3,535	967	150	-	7,208
Depreciation on disposals /write off	-	(10,051)	(403)	(2,315)	-	-	(12,769)
31 December 2015	-	24,866	17,339	6,266	73,765	-	122,236
Depreciation for the year	-	2,516	3,225	672	2,544	-	8,957
Depreciation on disposals/write off	-	-	-	-	(2,340)	-	(2,340)
31 December 2016	-	27,382	20,564	6,938	73,969	-	128,853
Net book value							
31 December 2015	16,942	19,734	8,318	1,933	20,059	37	67,023
31 December 2016	16,942	19,179	5,299	1,790	19,599	5,125	67,934
Depreciation for the year							
2015							7,208
2016							8,957

As at 31 December 2016, the subsidiaries had vehicles under hire purchase agreements with net book values amounting to Baht 6.5 million (2015: Baht 4.4 million).

As at 31 December 2016, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 112.3 million (2015: Baht 129.1 million) (Separate financial statement: Baht 84.8 million (2015: Baht 94.2 million)).

15. Short-term loans from financial institutions

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
<u>Interest rate</u>		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
(percent per annum)					
Short-term loans from financial institutions					
Trust receipt	Market rate plus/minus	379,363	407,630	185,316	198,755
	Stipulated margin				
Promissory notes	2.29 - 2.45	80,000	113,500	80,000	80,000
Total		459,363	521,130	265,316	278,755

As at 31 December 2016, the non-secured credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 3,982 million (2015: Baht 4,246 million) (The Company only: Baht 2,783 million (2015: Baht 3,125 million)).

16. Trade and other payables

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
Trade and other payables - related parties					
(Note 6)		375	970	17,229	2,833
Trade payables - unrelated parties		317,748	350,104	274,341	304,182
Other payables - unrelated parties		18,016	22,062	15,380	17,030
Accrued expenses		15,808	15,543	4,677	5,401
Total trade and other payables		351,947	388,679	311,627	329,446

17. Liabilities under hire purchase agreements

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2016	2015
Liabilities under hire purchase agreements	2,415	1,669
Less: Deferred interest expenses	(187)	(160)
Total	2,228	1,509
Less: Portion due within one year	(773)	(544)
Liabilities under hire purchase agreements - net of current portion	1,455	965

The subsidiary has entered into the hire purchase agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	As at 31 December 2016			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	868	1,547	-	2,415
Deferred interest expenses	(95)	(92)	-	(187)
Present value of future minimum lease payments	773	1,455	-	2,228

	(Unit: Million Baht)			
	Consolidated financial statements			
	As at 31 December 2015			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	611	1,058	-	1,669
Deferred interest expenses	(67)	(93)	-	(160)
Present value of future minimum lease payments	544	965	-	1,509

18. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Provision for long-term employee benefits				
at beginning of year	16,024	11,584	11,424	8,843
Included in profit or loss:				
Current service cost	1,376	924	705	544
Interest cost	327	303	192	189
Reversal of provision for long-term employee benefits	(399)	-	-	-
Included in other comprehensive income:				
Actuarial loss arising from				
Financial assumptions changes	2,742	1,803	(88)	938
Experience adjustments	644	1,410	996	910
Provision for long-term employee benefits				
at end of year	<u>20,714</u>	<u>16,024</u>	<u>13,229</u>	<u>11,424</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Selling and administrative expenses	1,304	1,227	897	733

The Company and its subsidiaries expect to pay Baht 5.9 million of long-term employee benefits during the next year (Separate financial statements: Baht 5.9 million).

As at 31 December 2016, the weighted average duration of liabilities for long-term employee benefit is 16 years (Separate financial statement: 13 years) (2015: 17 years, (Separate financial statements: 17 years)).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.3	3.1	3.2	3.1
Future salary increase rate (depending on age)	5.0 - 10.0	5.0 - 8.0	5.0	5.0
Staff turnover rate (depending on age)	0.5 - 30.0	0.5 - 50.0	3.0 - 20.0	3.0 - 15.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 are summarised below:

	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1.95)	2.32	(0.81)	0.94
Salary increase rate	2.19	(1.89)	0.92	(0.80)

(Unit: Million Baht)

19. Statutory reserve

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

20. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Salaries and wages and other employee benefits	103,106	102,002	65,246	62,270
Depreciation and amortisation	18,361	15,980	9,413	7,308
Transportation expenses	42,700	43,989	39,985	33,597
Rental expenses from operating lease agreements	29,592	23,451	20,929	20,386
Purchase raw materials and finished goods	2,377,763	2,630,408	1,804,781	1,855,547
Changes in inventories of raw materials and finished goods	25,680	84,685	44,761	53,461

21. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Current income tax charge	48,626	35,430	21,445	11,683
Deferred tax:				
Relating to origination and reversal of temporary differences	1,449	733	1,495	339
Income tax expenses reported in the statement of comprehensive income	<u>50,075</u>	<u>36,163</u>	<u>22,940</u>	<u>12,022</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax relating to gain (loss) on revaluation of available-for-sale investments	3,079	(887)	-	-
Deferred tax relating to actuarial losses	(677)	(622)	(182)	(370)
Total	<u>2,402</u>	<u>(1,509)</u>	<u>(182)</u>	<u>(370)</u>

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounting profit before tax	<u>235,273</u>	<u>146,756</u>	<u>113,875</u>	<u>38,027</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	47,055	29,351	22,775	7,605
Effects of:				
Exempted dividend income	-	-	(2,542)	-
Allowance for doubtful accounts	379	-	-	-
Loss from investments in subsidiaries	1,636	-	1,636	-
Non-deductible expenses	1,459	3,249	1,118	6,038
Additional expenses deductions allowed	(20)	(1,662)	(11)	(1,662)
Effect of unused tax losses	187	4,609	-	-
Others	(621)	616	(36)	41
Total	<u>3,020</u>	<u>6,812</u>	<u>165</u>	<u>4,417</u>
Income tax expenses reported in the statement of comprehensive income	<u>50,075</u>	<u>36,163</u>	<u>22,940</u>	<u>12,022</u>

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

(Unit: Thousand Baht)				
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax assets				
Allowance for doubtful accounts	44	37	11	1
Allowance for diminution in value of inventories	281	421	175	224
Allowance for impairment loss of investment	-	1,636	-	1,636
Provision for long-term employee benefits	4,143	3,131	2,646	2,285
Unrealised intercompany gain on sales				
of fixed assets	417	527	-	-
Unrealised gain on intercompany trading transaction	100	5	-	-
Total	4,985	5,757	2,832	4,146
Deferred tax liabilities				
Surplus on changes in value of available-for-sale				
investments	4,643	1,564	-	-
Total	4,643	1,564	-	-
The presentation in financial statements				
Deferred tax assets	3,349	4,677	2,832	4,146
Deferred tax liabilities	3,007	484	-	-

As at 31 December 2016, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 72.7 million (2015: Baht 38.3 million). No deferred tax assets have been recognised on these amounts as the Company believes that such temporary difference will not reverse in the foreseeable future and the Company and its subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

22. Earnings per share

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

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

Consolidated financial statements						
Profit for the year		Weighted average number		Earnings per share		
		of ordinary shares				
<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)	
Basic earnings per share						
Profit attributable to equity holders of the parent						
143,210	75,346	824,228	824,228	0.174	0.091	
Separate financial statements						
Profit for the year		Weighted average number		Earnings per share		
		of ordinary shares				
<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)	
Basic earnings per share						
Profit attributable to equity holders of the parent						
90,935	26,005	824,228	824,228	0.110	0.032	

23. Segment information

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

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

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

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

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

For the year 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

The following tables present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2016 and 2015:

	(Unit: Thousand Baht)									
	Commodity chemicals segment		Specialty chemicals segment		Other segments ¹⁾		Total segments		Adjustments and eliminations	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue										
External customers	1,912,209	2,064,919	817,550	811,876	108,040	152,105	2,837,799	3,028,900	-	2,837,799
Inter-segment	43,859	74,331	37,744	10,165	1,502	276	83,105	84,772	(83,105)	(84,772)
Total revenue	1,956,068	2,139,250	855,294	822,041	109,542	152,381	2,920,904	3,113,672	(83,105)	(84,772)
							2,837,799	3,028,900		
Results										
Segment profit	265,423	232,007	193,162	153,401	25,620	7,671	484,205	393,079	(1,702)	(567)
Other income									35,123	35,570
Selling expenses									(92,302)	(85,405)
Administrative expenses									(175,303)	(183,807)
Other expenses									(4,661)	-
Financial expenses									(10,087)	(12,114)
Profit before income tax expenses									235,273	146,756
Income tax expenses									(50,075)	(36,163)
Profit for the year									185,198	110,593

¹⁾ Other segments included the distribution of plastic pellets, distribution of lubricant, distribution of computer equipment and the provision of computer system services, among others.

The Company and its subsidiaries are principally operated in Thailand. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively this geographical reportable segment.

24. Provident fund

The Company, its subsidiaries, and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The employees, the Company and its subsidiaries contribute to the fund monthly at the rate of 2 percent of basic salary. The fund, which is managed by Krungsri Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the years 2016 and 2015, amounting to Baht 1.2 million and Baht 1.0 million, respectively (Separate financial statements: Baht 0.3 million and Baht 0.3 million, respectively) were recognised as expenses.

25. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividends per share (Baht)
Dividend for 2015	The Annual General Meeting of the Company's shareholders on 25 April 2016	16.48	0.02
Total for the year 2016		16.48	0.02
Dividend for 2014	The Annual General Meeting of the Company's shareholders on 20 April 2015	20.60	0.03
Total for the year 2015		20.60	0.03

26. Commitments and contingent liabilities**26.1 Operating lease commitments**

The Company and subsidiary companies have entered into several lease agreements in respect of the lease of building space and warehouse and provision of related services. The terms of the agreements are between 1 and 3 years.

As at 31 December 2016 and 2015, future minimum lease payments required under these operating leases contracts were as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Payable:				
In up to 1 year	20	19	18	15
In over 1 year and up to 3 years	9	13	9	11

26.2 Guarantees

As at 31 December 2016, the Company and its subsidiaries had the following outstanding significant letters of guarantee:

26.2.1 Outstanding bank guarantees of Baht 44 million (2015: Baht 42 million) have been issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company, to guarantee payments of goods to suppliers.

26.2.2 Outstanding bank guarantees of Baht 11 million (2015: 23 million) have been issued by banks on behalf of the subsidiaries in respect of certain performance bonds as required in the normal course of business of its subsidiaries.

26.3 Other commitments

As at 31 December 2016, the Company had commitments to banks under outstanding letters of credit amounting to approximately USD 1.89 million (2015: USD 2.31 million).

26.4 Other service agreement

A subsidiary company has entered into an agreement to participate in an “intelligent meeting room” project (Agreement for supply of equipment, software and services for intelligent meeting solution) with True Universal Convergent Company Limited (TUC) and Dosanet Company Limited, located in South Korea, (Dosanet). The agreement has a term of 2 years, from 1 February 2010 to 1 February 2012, and automatically renews for another year if no party gives notice of its intention to cancel the agreement. To date, none of the parties have announced their intention to cancel. Under the agreement, the subsidiary company has invested in the hardware and equipment for the project, together with insurance coverage for the equipment of Baht 5 million, and is required to pay Baht 0.1 million per year to TUC and training expenses of Baht 0.2 million to Dosanet. TUC is responsible for costs of internet connections for installing the I-Meeting Solution system and for finding customers, while Dosanet is to source the software and provides expertise for the I-Meeting Solution system. Revenue from this project will be shared among the parties in proportions specified in the agreement.

27. Fair value hierarchy

As at 31 December 2016, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)				
Consolidated Financial Statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments	114	-	-	114
Assets disclosed at fair value				
Investment properties	-	16	-	16
Foreign currency forward contracts	-	4	-	4

(Unit: Million Baht)				
Separate Financial Statements				
	Level 1	Level 2	Level 3	Total
Assets disclosed at fair value				
Investment properties	-	16	-	16
Foreign currency forward contracts	-	4	-	4

28. Financial instruments**28.1 Financial risk management**

The financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, available-for-sale investments, bank overdrafts and short-term loan from financial institutions, trade and other payables and liabilities under hire purchase agreements. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

Interest rate risk

The exposure of the Company and its subsidiaries to interest rate risk relates primarily to its cash at banks, bank overdrafts and short-term borrowings. Most of financial assets and liabilities of the Company and its subsidiaries bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimum.

As at 31 December 2016, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2016						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum.)
	Within 1 year	1 - 5 years				
Financial Assets						
Cash and cash equivalents	-	-	567.8	4.2	572.0	0.13 - 1.38
Trade and other receivables	-	-	-	773.2	773.2	-
Available-for-sale investments	-	-	-	113.9	113.9	-
	-	-	567.8	891.3	1,459.1	
Financial liabilities						
Short-term loans from financial institutions	80.0	-	379.4	-	459.4	1.30 - 3.10
Trade and other payables	-	-	-	351.9	351.9	-
Liabilities under hire purchase agreement	0.6	1.4	-	0.2	2.2	4.01 - 7.50
	80.6	1.4	379.4	352.1	813.5	

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2015					
	Fixed interest rates					
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum.)
Financial Assets						
Cash and cash equivalents	-	-	506.5	32.0	538.5	0.25 - 2.50
Trade and other receivables	-	-	-	775.3	775.3	-
Available-for-sale investments	-	-	-	73.3	73.3	-
	-	-	506.5	880.6	1,387.1	
Financial liabilities						
Short-term loans from financial institutions	113.5	-	407.6	-	521.1	0.95 - 3.20
Trade and other payables	-	-	-	388.7	388.7	-
Liabilities under hire purchase agreement	0.2	0.8	-	0.5	1.5	7.50
	113.7	0.8	407.6	389.2	911.3	

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2016					
	Fixed interest rates					
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum.)
Financial Assets						
Cash and cash equivalent	-	-	262.4	0.2	262.6	0.13 - 0.75
Trade and other receivables	-	-	-	615.4	615.4	-
	-	-	262.4	615.6	878.0	
Financial liabilities						
Short-term loans from financial institutions	80.0	-	185.3	-	265.3	2.29 - 2.45
Trade and other payables	-	-	-	311.6	311.6	-
	80.0	-	185.3	311.6	576.9	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2015						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum.)
	Within 1 year	1 - 5 years				
Financial Assets						
Cash and cash equivalent	-	-	311.1	0.3	311.4	0.25 - 2.50
Trade and other receivables	-	-	-	564.4	564.4	-
	-	-	311.1	564.7	875.8	
Financial liabilities						
Short-term loans from financial institutions	80.0	-	198.8	-	278.8	0.95 - 3.04
Trade and other payables	-	-	-	329.4	329.4	-
	80.0	-	198.8	329.4	608.2	

Foreign currency risk

The exposure to foreign currency risk of the Company and its subsidiaries arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2016, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	As at 31 December		As at 31 December		As at 31 December	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	0.02	7.89	6.72	36.0025	36.0886
Euro	-	0.02	0.09	0.25	38.1362	39.4388

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	As at 31 December		As at 31 December		As at 31 December	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	-	5.83	6.22	36.0025	36.0886

As at 31 December 2016 and 2015, foreign exchange contracts outstanding are summarised below.

Consolidated financial statements						
Foreign currency	Bought amount		Contractual exchange rate Bought		Contractual maturity date	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Million)	(Million)	(Baht per 1 foreign currency unit)	(Baht per 1 foreign currency unit)		
US dollar	6.43	9.58	34.63 - 36.27	34.42 - 36.91	Feb 17 - Jul 17	Jan 16 - Jul 16
Euro	0.02	0.30	37.99 - 38.02	40.63 - 40.91	Jan 17 - Feb 17	Jan 16 - Apr 16

Separate financial statements						
Foreign currency	Bought amount		Contractual exchange rate Bought		Contractual maturity date	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Million)	(Million)	(Baht per 1 foreign currency unit)	(Baht per 1 foreign currency unit)		
US dollar	5.46	4.51	34.63 - 36.27	34.42 - 36.88	Feb 17 - Jul 17	Jan 16 - Jun 16

28.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature and loans bear interest rates which are close to market rate, their fair value is not expected to be materially different from the amounts presented in statements of financial position. Except investments in money market fund of which amount are both presented at cost and at fair value in Note 7 to the financial statements, and the fair value of foreign exchange contracts are presented in Note 27 to the financial statements.

29. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.8:1 (2015: 1.0:1) and the Company's was 0.9:1 (2015: 1.0:1).

30. Events after the reporting period

On 21 February 2017, the Board of Directors Meeting No. 1/2017 of Gratitude Infinite Public Company Limited approved the resolutions to propose to the Annual General Meeting of the Company's shareholders for the year 2017 for approval to pay a dividend of Baht 0.135 per share, or a total of Baht 40.86 million, to the shareholders in respect of the 2016 earnings.

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2017.