



Annual Report
2018

Union Petrochemical Public Company Limited



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Message from the Chairman of the Board of Directors

In the passed-year 2018, GDP increased by 4.1%, the highest level in 6 years. The export in term of value increase by 7.7% the private consumption and investment expanded by 4.6% and 3.8% respectively. In term of country's production, we saw the growth in the industrial production sector, whole sale and retail trading, hotel and restaurant and transportation. However we saw the decline in agriculture and construction.

The Company operating results, which has the direct relationship with the Country's overall economic conditions and the pattern of global oil price movement and the demand-supply of the solvent products. The Company were shown an increase in sale revenue by 6.28% standing at THB 2,473.11 Million when compare to the same period of the year before. However, the Company has the lower gross profit margin to 7.96% dropped from 13.03% of the earlier year. The decline in gross profit margin mainly results in the negative impact to the company performance of the year 2018. The Company's net profit stand at THB 20.18 Million dropped by 82.96%. This is mainly due to the decline in the price of solvents throughout the year 2018. However we recognize the small recovery in the 4th quarter of 2018.

For the overall performance, the Company and its subsidiaries have a THB 3,219.98 Million in total revenue increased from the earlier year by 5.24% and have a net profit of THB 82.81 Million or decreasing by 52.12% when compare to the same period of the previous year. This was mainly due to the reason mentioned above. I hope that in 2019 the situation of the solvents price will continue to recover from the last quarter of 2018 and Thailand economy will continue to expand as the general election will create the confidence to investors and from the government investment in major project and from Eastern Economic Corridor (ECC).

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.

(Mr.Pala Sukawesh)
Chairman



Audit Committee's report

To shareholders,

Audit Committee of Union Petrochemical Public Company Limited consisted of three independent directors namely, Mr.Poolsak Tansitthiphun Chairman of the Audit Committee, Mr. Vorapote Uchupaiboonvong and Dr.Tharapong Withitsan 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 2018, The audit committee met 9 times; which each members attained the meetings as the detail described belows:

1	Mr. Poolsak Tansitthiphun	9	times
2	Mr. Vorapote Uchupaiboonvong	8	times
3	Dr. Tharapong Withitsan	9	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 proceed 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.

A handwritten signature in blue ink, consisting of stylized cursive letters, is centered above the printed name.

(Poolsak Tansitthiphun)
Chairman of the Audit Committee

Board of Directors



Mr. Pala Sukhaweij

Chairman of the Board
of Directors and Independent Director

79 years old

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

Experience in the past 5 years

2012 - Present

Chairman : Union Petrochemical Public Company Limited

2011 - Present

Advisor : PTT Chemical Public Company Limited

Advisor : Empire Asia Group 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 Suwannaphasri

Chairman of the Advisory Board and Director of Authorization sign

75 years old

Qualification

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

Experience in the past 5 years

Present

Chairman of the Advisory Board and Director Union Petrochemical Public Company Limited

1981 - 2016

Managing Director Union Petrochemical Public Company Limited

2010 - Present

Director Gratitude Infinite Public Company Limited

2000 - Present

Director Lion Asia (Thailand) Co., Ltd.



Dr. Kanjana Suwannaphasri

Dputy of the Advisory Board and Director of Authorization sign

78 years old

Qualification

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

Experience in the past 5 years

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





Miss Suthida Suwannaphasri

Assistant Managing Director and Director of Authorization sign

49 years old

Qualification

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

Experience in the past 5 years

2005 - Present

Assistant Managing Director Union Petrochemical Public Company Limited

2010 - Present

Director Gratitude Infinite Public Company Limited

1993 - 2005

General Manager Union Petrochemical Co.,Ltd.

Miss Piyanan Suwannaphasri

Assistant Managing Director and Director of Authorization sign

48 years old

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)

Experience in the past 5 years

2005 - Present

Assistant Managing Director Union Petrochemical Public Company Limited

2010 - Present

Director Gratitude Infinite Public Company Limited

2002 - 2005

Accounting and Financial Manager Union Petrochemical Public Company Limited





Miss Piyada Suwannaphasri

Assistant Managing Director and Director of Authorization sign

45 years old

Qualification

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

Experience in the past 5 years

2005 - Present

Assistant Managing Director Union Petrochemical Public Company Limited

2002 - 2005

General Manager Lion Asia (Thailand) Co.,Ltd.

Mr.Perapol Suwannaphasri

41 years old

Qualification

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

Experience in the past 5 years

2016 - Present

Managing Director Union Petrochemical Public Company Limited

2005 - 2016

Assistant Managing Director Union Petrochemical Public Company Limited

2010 - Present

Director Gratitude Infinite Public Company Limited

2003 - 2005

Business Development Manager Union Petrochemical Co.,Ltd.





Mr. Perajed Suwannaphasri

Executive Chairman and Director of authorization sign

47 years old

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)

Experience in the past 5 years

2016 - Present

Assistant Managing Director Union Petrochemical Public Company Limited

2010 - Present

Board of Director Gratitude Infinite Public Company Limited

2005 - 2010

Deputy Managing Director (Development Business Unit)
Union Petrochemical Public Company Limited

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

80 years old

Qualification

- Ph.D (Electrical Engineering) The University of British Columbia, Canada

- Certificate in Directors Certification Program (DCP) Class 6/2001

Experience in the past 5 years

2005 - Present

Executive Director Union Petrochemical Public Company Limited

Director Bangkok Dec - Con Public Company Limited

1998 - 2001

Director Electricity Generating Public Company Limited

Mr.Poolsak Tansitthipun

Chairman of Audit Committee and Independent Director

61 years old

Qualification

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

Experience in the past 5 years

2015 - Present

The Chairman of the Audit Committee FN Factory Outlet Co.,Ltd.

Vice Chairman and Chairman of the Audit Committee Ananda Development Public Company Limited

2014 - 2015

Chairman and Chairman of the Audit Committee Ananda Development Public Company Limited

2009 - Present

Audit Committee Ananda Development Public Company Limited

2005 - 2016

Audit Committee Union Petrochemical Public Company Limited

2016 - Present

Chairman of Audit Committee and Independent Director Union Petrochemical Public Company Limited

Present

Director Suphakit Dhurakarn Co.,Ltd.

Director B-Brothers Co.,Ltd.





Mr. Vorapote Uchupaiboonvong

Audit Committee and Independent Director

58 years old

Qualification

- Master of Business Administration (Finance and International Banking, University of Birmingham, England
- Master of Cost Accounting Chulalongkorn University
- Bachelor Degree of Accounting Thammasat University
- Certificate in Directors Certification Program (DCP) Class 61/2005
- Certificate in Audit Committee Program (ACP) Class 10/2005
- Certificate in Company Secretary Program (CSP) Class 25/2008

Experience in the past 5 years

2008 - Present

Executive Vice President Accounting and Finance CH - Karnchang Public Company Limited

2014 - Present

Audit Committee Ananda Development Public Company Limited

2009 - Present

Director Bangpa-in Cogeneration Limited

2010 - Present

Director Chiangrai Solar Co.,Ltd.

2010 - Present

Director Nakhonratchasima Solar Co.,Ltd.

2011 - Present

Director Bangkhen Chai Co.,Ltd.

2005 - Present

Audit Committee Independent Director Union Petrochemical Public Company Limited



Dr. Tharapong Vitisant

Audit Committee and Independent Director

63 years old

Qualification

- PhD. Engineering Chemistry, Institute Nationale Polytechnique Toulouse France
- Master of Technical Chemistry Chulalongkorn University
- Bachelor Degree of Engineering chemistry Chulalongkorn University

Experience in the past 5 years

2017 - Present

Audit Committee Union Petrochemical Public Company Limited
Independent Director

2015 - Present

Chairman of the board SHUN THAI RUBBER GLOVES
INDUSTRY PUBLIC CO., LTD

2015 - Present

Professor Level 2 in Chemistry Chulalongkorn University

2013 - 2557

Director Energy Research Institute of Chulalongkorn
University

Mr. Somjate Saifon

Director

61 years old

Qualification

- Bachelor of Engineering (Chemical Engineering), Chulalongkorn University
- Master of Engineering (Industrial Engineering), Asian Institute of Technology

Experience in the past 5 years

2018 - Present

Director Union Petrochemical Public Company Limited

2008 - 2017

Director Esso (Thailand) Public Company Limited





GENERAL INFORMATION

Company Name	: Union Petrochemical Public Company Limited
Location	: 728 Union House Bldg., Boromratchonnee Rd., Bangbunru, Bangplad, Bangkok 10700
Homepage	: http://www.unionpetrochemical.com
Business Registration No.	: 0107548000391
Type of Business	: Chemical Distributor
Registered Capital	: 334,842,461.00 Baht. (As of December 31, 2018)
Paid-Up Capital	: 309,070,184.75 Baht. (As of December 31, 2018)
Number of Share Issued and Paid Up Capital	: Common Stock 1,236,280,739 Shares (As of December 31, 2018)
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	: Manufacturing, Sourcing, Developing, and Distributing Chemical Ingredients
Registered Capital	: 454,029,949 Baht (As of December 31, 2018)
Paid-Up Capital	: 412,811,723 Baht (As of December 31, 2018)
Par Value	: 1.00 Baht per share
% of Shareholding	: 55.25% (As of December 31, 2018)

Company Name	: Lion Asia (Thailand) Company Limited
Location	: 728 Union House Bldg., Boromratchonnee Rd, Bangbunru, Bangplad, Bangkok 10700
Type of Business	: Trader of Solvents
Registered Capital	: 30,000,000 Baht (As of December 31, 2018)
Paid-Up Capital	: 30,000,000 Baht (As of December 31, 2018)
Par Value	: 100.00 Baht per share
% of Shareholding	: 99.99% (As of December 31, 2018)

INVESTMENT OF COMPANY

Company Name : Five Loop Co.,Ltd.
Location : 129 Rama 9 Road, Huai Khwang Subdistrict, Huai Khwang District, Bangkok 10310
Type of Business : Operate the business of providing ready-made software programs And providing E-Commerce services
Registered Capital : 1,234,570 บาท (As of December 31, 2018)
Paid-Up Capital : 1,234,570 Baht (As of December 31, 2018)
Par Value : 5.00 Baht per share
% of Shareholding : 19.00% (As of December 31, 2018)

REFERENCE DATA

Securities Registration : Securities Depository Co., Ltd.
Location : 93 Ratchadaphisek Road, Dindaeng Bangkok 10400, Thailand
Tel : +66 (0)2-009-9000
Fax : +66 (0)2-009-9991

Auditors : EY Office Limited
Location : 33rd Floor Lake Ratchada Office Complex No. 193/136-137 Ratchadapisek Road Klong Toey Bangkok 10110
Tel : +66 (0)2-264-0077



FINANCIAL HIGHLIGHTS OF THE COMPANY AND ITS SUBSIDIARIES



Unit : Million Baht	2016	2017	2018
Total Assets	1,995.94	2,189.51	2,329.92
Total Liabilities	870.00	893.23	1,035.14
Shareholders' Equity	1,125.93	1,296.28	1,294.79
Total Revenues	2,837.80	3,038.73	3,204.10
Total Expenses (Exclude Tax & Finance Cost)	2,627.56	2,830.68	3,102.83
Net Profit – (After Tax & Finance Cost)	185.20	172.95	82.81
Financial Ratio			
Gross Profit Margin	17.00%	16.43%	12.27%
Net Profit Margin	6.52%	5.69%	2.58%
Return on Assets	9.28%	7.90%	3.55%
Return on Equity	16.45%	13.34%	8.00%
Debt to Equity Ratio*(Time)	0.41	0.37	0.46

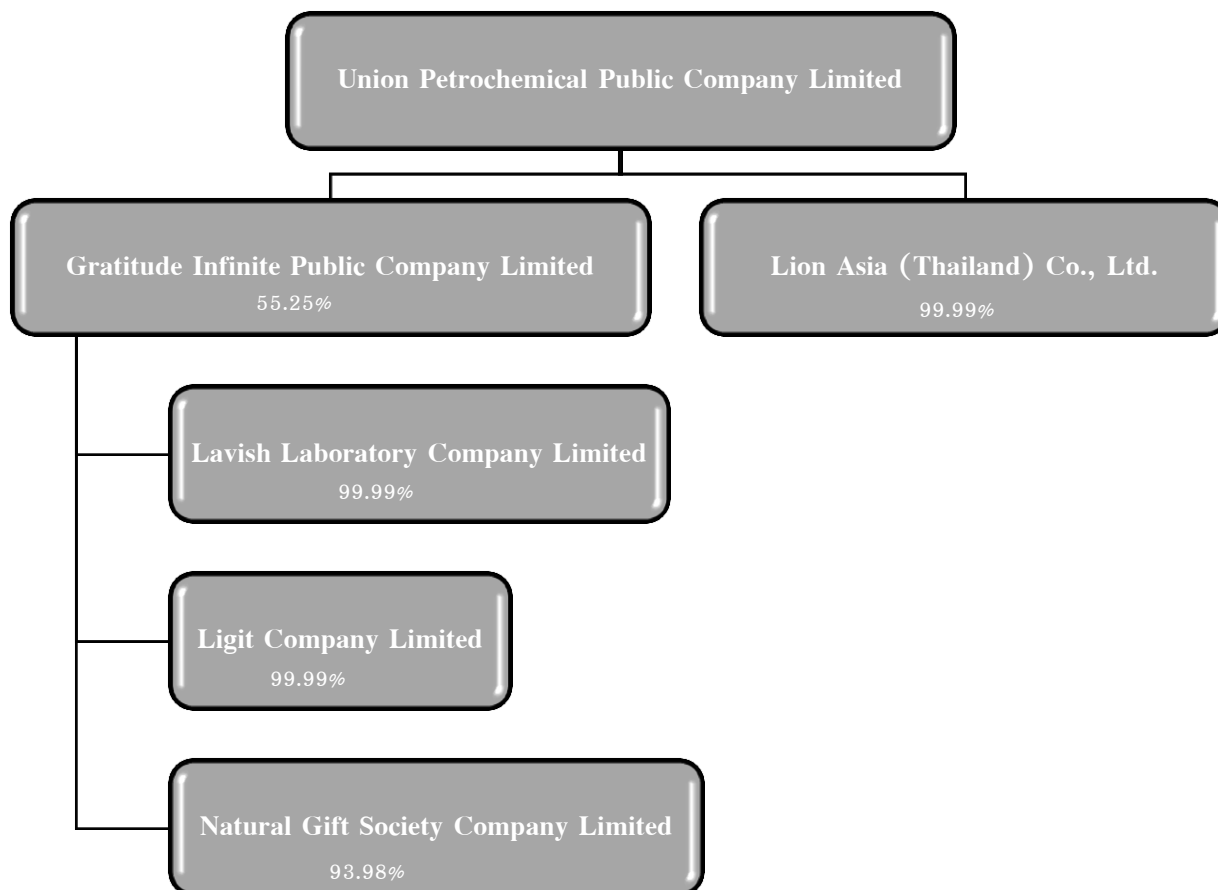
Remark : * Interest Burden Debt.

GROUP STRUCTURE



THE BUSINESS STRUCTURE OF THE GROUP

As of December 31, 2018



❖ Union Petrochemical Public Company Limited (“UKEM”)

Is the distributor of commodity solvent. 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, 2018 the Gratitude has its registered capital at 454.03

Million Baht and paid-up capital at 412.81 Million Baht, held by UKEM 55.25%. 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, import and export of specialty solvents. As of December 31, 2018, the registered and the paid-up capital of Lion Asia were 15 Million Baht, held by UKEM 99.99%



❖ **Lavish Laboratory Company Limited.* (“the Subsidiary of Gratitude Infinite”)**

A 99.99% owned subsidiary of Gratitude Infinite Plc and As of December 31, 2017, Lavish Laboratory Co., Ltd. has its registered and paid-up capital at 50 Million Baht. By conducting the business of producing and selling food supplements

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

A 99.99% owned subsidiary of Gratitude Infinite Plc and As of December 31, 2018, Ligit Co., Ltd. has its registered and paid-up capital at 5 Million Baht. By

operating the business of selling equipment used in oil refineries and power plants

❖ **Natural Gift Society Company Limited (“the Subsidiary of Gratitude Infinite”)**

A 93.98% owned subsidiary of Gratitude Infinite Plc and As of December 31, 2017, Ligit Co., Ltd. has its registered and paid-up capital at 5 Million Baht The paid-up capital is Baht 5 million, which is held by the Company. Distribution and marketing of products, perfumes and cosmetic products, nutritional supplements.

REVENUE BREAKDOWN BY TYPE OF SOLVENTS

Million Baht

Revenue By Products	2016	%	2017	%	2018	%
Commodity Solvents	2,059.46	72.57	2,326.91	76.58	2,473.11	77.19
Specialty Solvents & Others	778.34	27.43	711.82	23.42	730.99	22.81
Total*	2,837.80	100.00	3,038.73	100.00	3,204.10	100.00

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

Commodity Solvents Operate by Union Petro Chemical Public Company Limited

Special Solvents & Others Operate by Gratitude Infinite Public Company Limited & Lion Asia (Thailand) Company Limited

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. In the past 3 years (2016–2018), the Company's raw material cost accounted for more than 85% of cost of goods sold. 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 37-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 54.81%, according to the Company's policies, three-fourths of shareholders' votes are 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 five 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, 2018) as follows:

Registered Capital	334,842,461.00	Baht
Paid Up Capital	306,070,184.75	Baht
No. of Ordinary Shares issued	1,339,369,844	Shares
No. of Share paid-up shares	1,236,280,739	Shares
Par Value	0.25	Baht Per Share

MAJOR SHAREHOLDERS

List of major shareholders of the Company as of December 31, 2018

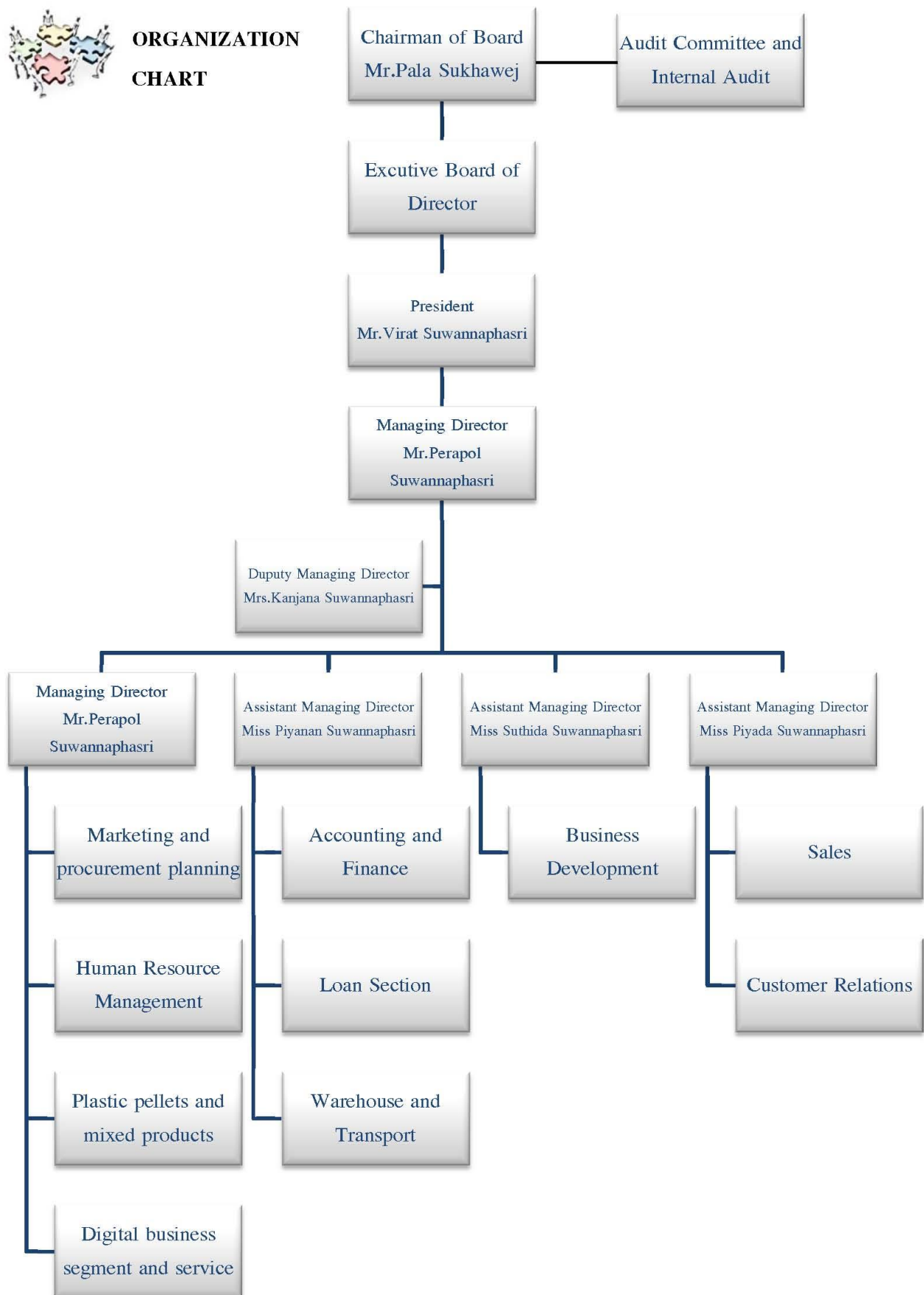
No.	Name		As of December 31, 2018	
			Of Share held shareholder	(%)
1	Mrs.Kanjana	Suwannaphasri	551,625,000	44.62
2	Ms.Chatprapa	Suwannaphasri	52,204,650	4.22
3	Mr.Luecha	Pho-ob	39,076,450	3.16
4	Mr.Waris	Pho-ob	26,000,000	2.10
5	Mr.Perajade	Suwannaphasri	18,375,000	1.49
6	Ms. Junjira	Julthira	16,777,650	1.36
7	Ms.Piyanan	Suwannaphasri	13,875,000	1.12
8	Mr.Perapol	Suwannaphasri	13,875,000	1.12
9	Ms.Suthida	Suwannaphasri	13,875,000	1.12
10	Ms.Piyada	Suwannaphasri	13,875,000	1.12
11	Thai NVDR Co., Ltd.		13,229,580	1.07

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 Company has three committees: Board of Directors Audit Committee and Executive Committee The Board of Directors and the management of the Company are fully qualified. In accordance with Section 68 of the Public Limited Companies Act BE 1992 and the Notification of the Securities and Exchange Commission No. KorChor. 12/2000 Re: Application for and Approval of Offer for Sale of Newly Issued Shares, dated 22nd March 2000 The Board of Directors of the Company is as follows:

Board of Director

As of December 31, 2018 the Company has 13 directors and 1 Company Secretary as follows:

	Name		Title	% of Shareholding in Company (In Million Shares)		
				1 Jan 18	31 Dec 18	Change
1	Mr. Pala	Sukhawej	Chairman and Independent Director	0	0	–
2	Mr. Virat	Suwannaphasri	Chairman of Executive Committee	0	0	–
3	Mrs. Kanjana	Suwannaphasri	Deputy Managing Director	367.75	551.63	–
4	Miss. Suthida	Suwannaphasri	Director	9.25	13.88	–
5	Miss. Piyanan	Suwannaphasri	Director	9.25	13.88	–
6	Miss. Piyada	Suwannaphasri	Director	9.25	13.88	–
7	Mr. Perapol	Suwannaphasri	Managing Director	9.25	13.88	–
8	Mr. Perajed	Suwannaphasri	Executive Vice President	12.25	18.38	–
9	Dr. Khien	Vongsuree	Director and Independent Director	0	0	–
10	Mr. Poolsak	Tansitthipun	Chairman of the Audit Committee and Independent Director	0	0	–
11	Mr. Vorapote	Uchupaiboonvong	Audit Committee and Independent Director	0	0	–
12	Dr. Tharapong	Vitidsant	Audit Committee and Independent Director	0	0	–
13	Mr. Somjed	Saifon	Director	0.0585	0.0585	
14	Ms. Waraporn	Thongpho	Company Secretary	0	0	–

AUTHORIZED DIRECTOR

The Director who are authorized to sign on behalf of the company are Mr. Virat Suwannaphasri and Ms. Kanchana Suwannaphasri with the Company Seal, or Mr. Virat Suwannaphasri or Ms. Kanjana Suwannaphasri and two of the followings: Miss Suthida Suwannaphasri, Miss Piyanan Suwannaphasri, Mr. Perapol Suwannaphasri together with the Company Seal.



Audit Committee

As of Dec 31, 2018 The Company has 3 audit committee as follows:

No.	Name		Title
1	Mr. Poolsak	Tansitthipun	Chairman of Audit Committee
2	Mr. Vorapote	Uchupaiboonvong	Audit Committee
3	Dr. Tharapong	Vitidsant	Audit Committee

Ms. Ladawan Inthravichai is the secretary of the Audit Committee.

Executive Board of Director

As of Dec 31, 2018 The Company has 6 members for the executive board of committees as follows:

No.	Name		Title
1	Mr. Virat	Suwannaphasri	Chairman of Executive Board
2	Mr. Perapol	Suwannaphasri	Managing Director
3	Mr. Perajed	Suwannaphasri	Executive Director
4	Miss Suthida	Suwannaphasri	Executive Director
5	Miss Piyanan	Suwannaphasri	Executive Director
6	Miss Piyada	Suwannaphasri	Executive Director

Management

As of Dec 31, 2018 The Company has 5 persons who are on the management levels as follows:

No.	Name		Title
1	Mr. Virat	Suwannaphasri	Chairman of Executive Board
2	Mr. Perapol	Suwannaphasri	Managing Director
3	Miss Suthida	Suwannaphasri	Assistant Managing Director ,Sales
4	Miss Piyanan	Suwannaphasri	Assistant Managing Director, Accounting and Finance
5	Miss Piyada	Suwannaphasri	Assistant Managing Director, Central Administration

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;

1. 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
2. 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;

- 1) One share is equivalent to one vote,
- 2) One shareholder can only vote for one candidate, and
- 3) 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.

Times of the Board of Directors and the Audit Committee for the year 2018

Name		No. of Attendant (Audit Committee)		No. of Attendant (Board of Director)	
		2017	2018	2017	2018
Mr. Pala	Sukhawej	6 / 6	4 / 4	–	–
Mr. Virat	Suwannaphasri	5 / 6	4 / 4	–	–
Mrs. Kanjana	Suwannaphasri	6 / 6	3 / 4	–	–
Miss Suthida	Suwannaphasri	5 / 6	4 / 4	–	–
Miss Piyanan	Suwannaphasri	6 / 6	4 / 4	–	–
Miss Piyada	Suwannaphasri	5 / 6	4 / 4	–	–
Mr. Perapol	Suwannaphasri	6 / 6	4 / 4	–	–
Mr. Perajed	Suwannaphasri	4 / 6	4 / 4	–	–
Dr. Khien	Vongsuree	6 / 6	4 / 4	–	–
Mr. Nopporn	Thepsithar**	2 / 6**	–	1 / 6**	–
Mr. Poolsak	Tansitthipun*	6 / 6	4 / 4	6 / 6	9 / 9
Mr. Vorapote	Uchupaiboonvong**	4 / 6	4 / 4	6 / 6	8 / 9
Dr. Tharapong	Vitidsant*	3 / 6**	4 / 4	2 / 6**	9 / 9
Mr. Somjed	Saifon	–	3 / 4	–	–

Remark : (*) Director & Audit Committee

(**) Mr. Nopporn Thepsithar Appointed as Chairman of the Audit Committee until May 2017.

Dr. Tharapong Vitidsant Appointed as the Audit Committee since May 2017.

Mr. Somjed Saifon Appointed as the Director since May 2018.



Compensation

A. Director

Name		Year 2018 (Baht)
1. Mr. Pala	Sukhawej	2,000,000
2. Mr. Virat	Suwannaphasri	-
3. Mrs. Kanjana	Suwannaphasri	-
4. Miss Suthida	Suwannaphasri	-
5. Miss Piyanan	Suwannaphasri	-
6. Miss Piyada	Suwannaphasri	-
7. Mr. Perapol	Suwannaphasri	-
8. Mr. Perajed	Suwannaphasri	-
9. Dr. Khien	Vongsuree	280,000
10. Mr. Somjed	Saifon	190,000
11. Mr. Poolsak	Tansitthipun	400,000
12. Mr. Vorapote	Uchupaiboonvong	350,000
13. Dr. Tharapong	Vitidsant	360,000
Total		3,580,000

Remark: Full-time directors are not eligible for this section.

B. Management

Management Compensation	Year 2018 (Million Baht)
Total (Person)	6
Total Amount	11,593,312

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 2006, 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 shareholders 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 Suwannaphasri 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 the past year 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's 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, 2017 The Company's Board of Directors consists of 12 directors, comprising as follows:

- Executive Director	7	persons
- Non-Executive Director	5	persons
- Independent Director	5	persons

The Company has four the independent directors are accounted for 33.33% of the Board of Directors where is seven directors come from Suwannaphasri's family. five of the Board of Directors, which accounting for 46.15 percent of the Board of Directors, are persons who have no relation with Suwannaphasri'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 report on holding of the Company's securities by themselves, their spouses, minority and 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 is committed to improving organizations by operating under the principles of good corporate governance and coupled with the implementation of its corporate social responsibility (CSR) guidelines on social responsibility of business conducted by the Stock Exchange of Thailand. It has been determined that social responsibility is an important issue by forming part of the ethics of the business under the Subject "Care and Social Responsibility"



The Company recognizes that company. Petrochemical and chemical products distribution business there. Must be trust and confidence in safety. The company Has a policy of complying with all laws, regulations, standards and codes that are strictly related. Including conducting business with integrity, transparency and social responsibility.

6.2 Operations and Reporting (CSR-in process).

Board of Directors It gives priority to social responsibility. It has set a policy of social responsibility in business processes. The guidelines are as follows.

1) The operation of the fair.

The Company treats competitors under the relevant laws and business ethics of the Company. According to the rules of fair competition. Situated on the basis of obtaining a fair return on both sides.

- ♣ There is no advantage to a business rival. By distorting business information that may affect the reputation of a competitor.
- ♣ Avoid agreements or talked with employees of competitors. About Marketing The business plan that will affect the business.
- ♣ Maintain confidentiality of information or partners. Not to apply for their own interests or those involving wrongful.
- ♣ Not taking any action relating to intellectual property infringement. Including encouraging executives Employees use company assets and resources more effectively. Products and services are used under license. It is clearly defined in the company's business ethics.

2) Anti-Corruption Court corruption.

The Company operates its business with transparency. Anti-Corruption Court corruption both inside and outside the organization. In cooperation with various organizations to combat corruption, corrupt kind. Including encouraging employees to comply with laws and regulations concerned. Does not support the creation of completion method of fraud.

In 2015 the Institute of Thaipat Institute This was supported by the Office of the Securities and Exchange Commission (SEC) to assess the implementation of the projects for sustainability. The defense has been involved in corrupt. (Anti-Corruption Progress Indicators) of listed companies in Thailand in 2558 under the plan for the sustainable development of listed companies by the Anti-Corruption, the Company disclosed or made public in the annual registration statement (Form 56-1) and Annual report (form 56-2) or, as the case in other reports.

By the year 2015, the company has been assessed at level 2 Declared which demonstrates the commitment of the organization. By announcing its intention to form a unified practice (Collective Action Coalition) Thailand's private sector in the fight against corruption. Or participating in anti-corruption functions. The organization must have a process in the same way that suggests that its Board of Directors intends to continue to oppose the corrupt in society.

3) Respect for human rights.

The Company's policy is to ensure fairness to all stakeholders by complying with laws and regulations and adhere to the basic principles of human rights according to international criteria without distinction of origin, race, color, religion, sex, age, disability, national ancestry, financial institution or other status that is not directly related to operations, including the right environment to work without violating privacy rights. There is mutual respect As well as provide assistance Comments, suggestions and resolve to work together.

4) To treat workers fairly.

The Company recognizes that employees are the most valuable asset of the company, the company aims to support the development of human resources to maximize the benefits to the Company. It also encourages employees to participate in creating a good working atmosphere and culture and promote teamwork. Hear comments and suggestions from all employees equally equality. Compensation and benefits, and fairness. The company encourages employees to have knowledge, skills and experience. To contribute to operational efficiency. By training employees in departments of the Company. Also sending staff to training outside to increase their knowledge in various fields related to the work and the knowledge gained from the training to convey to my colleagues to gain knowledge such as training standards. the new Training systems, computer networks, and so on.

5) Responsibility for customers and consumers.

The company is committed to excellence in the delivery of standard products. Secure And quality to meet customer satisfaction. As well as adherence to honesty and maintaining ethical business practices which is defined as a part of the code of conduct for its employees and the company. As dealers will come from the manufacturer with large, both nationally and globally. These companies, which are companies that have been widely accepted. In terms of quality of products And in good conscience to society.

6) Environmental care

The company engages in the purchase and disposition (Trading), the company has a policy to consider and purchase from the manufacturer / vendor standards. And environmental awareness As well as the care and consideration of environmental impact at every stage of the business process. The company's focus on the environment has changed society as a whole. Both affect health. And safety of employees and the society. Taking into account the impact over business outcomes. It has been the policy of the business with regard to the environment.

- ♣ Encouraging employees to have a conscience and environmental responsibility
- ♣ Comply with the written terms and intent of the law concerned. The various agencies involved in environmental issues.
- ♣ Maintain workplace safety standards, health and environment by adhering to the standards of the best practice guide.



- ♣ The company will oversee all stages of the product. To prevent potential harm to employees and customers both in terms of safety and health.

- ♣ The company will manage the use of natural resources and energy efficiency. By promoting energy efficiency in the company's activities. To try and alleviate the problem of global warming. Coupled with a friendly environment.

7) The Community and Social Development.

The Company's policy is to develop and build relationships in the community and society. Behave in accordance with the cultural traditions of neighboring communities where the company operates in and cooperate with all parties in the community. In order to create a sustainable society.

8) The innovation and innovation diffusion which was operating with social responsibility and environmental stakeholders.

The Company's policy is to focus on recruiting new products that are environmentally friendly. In order to create added value to all stakeholders. As well as to bring about sustainable business growth.

6.3 The safety, health and environment in the workplace.

The company has operations in consideration of the safety of the working environment inside and around the establishment the Company has adopted a strict management of occupational health and Safety As part of the operational guidelines for effectiveness. The policy on safety, health and environment in the works.

- ♣ The company will develop and implement management systems, occupational health and safety properly. In accordance with the Law And other requirements set forth by the Company.

- ♣ The company will support the improvement of working conditions. And the working environment is safe and conducive to physical and mental health in the workplace. To make the operation more efficient.

- ♣ The company is implementing security. It is the responsibility of the management and staff at all levels. By taking into account their own safety, colleague long with assets of the Company for the duration of the operation.

- ♣ The Company provides facilities such as adequate and hygienic toilet drinking water standards (check the filter every month) and a standard warehouse, etc.

- ♣ Company's new black supervised environment within and around the company is always to meet the standards required by law.

6.4 Guidelines on Prevention of an involvement in corruption.

Board of Directors Is committed to operate under the principles of corporate governance and social responsibility for sustainable development and perceives that corruption is threat that compromises sabotage and the nation as a whole. Therefore, the Board of Directors No. 1/2018 held on February 26, 2018, has approved the Company and announced its intention to join the alliance of private practice to work against corruption in Thailand (Thailand's Private Sector Collective Action Coalition Against Corruption: CAC).

By Khun Pala Sookawesh, Chairman of the Board of Directors Has signed a declaration of intention to be a collective action coalition of the Thai private sector in anti-corruption on 26 February 2018. At present, the company is in the process of preparing a self-evaluation form of anti-corruption measures. Corruption To apply for certification as a member of the Certification Process

Thus, from the Company's Clear to cooperate with and support public and private sector, the Company has established an anti-corruption court corruption. The guidelines "The alignment of private practice in the fight against corruption, Thailand" to a clear code of conduct in business by directors, management and all employees must comply with the policy.

- ♣ Prohibits Directors, management and staff or to offer to the property or any other benefits to third parties. To encourage that person acts or omissions which violate the law or wrongful act on its position.
- ♣ Provide a system of internal controls, efficient and effective. There are checks and balances of power appropriately. To prevent employee fraud Or have been involved in corruption and corrupt other.
- ♣ Awareness, values, attitudes to employees in compliance with the rules. With honesty

6.5 CSR activities of the organization (CSR-after process).

The company recognizes its social responsibility, together with the business of the Company in 2015 are as follows.

- ♣ Activities for the preservation of religious co-hosted by the company in the construction of places of worship, including other related buildings. The company also has been involved in the Offering. Ceremony with temples in Bangkok. And other provinces
- ♣ Energy conservation activities, such as organizing events to raise awareness of employees. To contribute to environmental conservation. Office / warehouse follows
 - A campaign of paper used in the office (Reuse Paper).
 - To encourage employees to use the stairs instead of the elevator. Healthy and can save energy.
 - A campaign off air conditioning Lighting off And turn off the computer screen during the lunch break. And the time to work outside the office. To save energy
 - The campaign uses containers that can be used against them. Without leaving In order to reduce global warming, such as the rice (Tiffin) mug identification and so on.

7. Human Resources

As of December 31, 2018 the Company has total employees (Excluded the management level) by 134 persons. In the past 3 years, the Company has no any dispute of labor.

8. Employee Remuneration

Total remuneration of employees during the year 2018 (excluding management level) which include the turnover during the year breakdown into salary wages overtime bonus and other benefits amounting to 53.33 Million Baht.

9. Human Resource Development



The Company sets out the policy on human resource development to increase the efficiency of employees. The Company recognized 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.

Related Party Transactions



For the year ended 31 December 2018, The Company has the related party transactions which can be summarized as follows:

Parties with potential	: Conflict / First Traco Co., Ltd		
Type of Relationship	: Mutual Major Shareholder / Director.		
Type of Transaction	: The Company and Subsidiaries rent an office space and utilize a public utility (Electricity)		
Value of Transaction	: Rental	2.82	Million Baht
	: Public Utility	0.18	Million Baht

MANAGEMENT DISCUSSION AND ANALYSIS



OVERVIEW OF OPERATING PERFORMANCE

In year 2018, the Company and its subsidiaries' net profit amounted to Baht 82.81 Million, decreased by Baht 90.14 Million or by 52.10%. However, Total Revenue of the group was higher than that of the previous year by amount of Baht 165.37 Million or increasing by 5.44%. In 2018, the Gross profit margin of the Company and its subsidiaries is at 12.26% compared to 16.43% that of the previous year, a decline in a number of 4.17% from the last year or decreased by a rate of 25.38%. Meanwhile the selling and administrative expensed as percentage of sale has an slightly decline to 9.10% or decreasing by a number of 0.49%. However, the Company and its subsidiaries has a small increasing in financial expenses by increasing Baht 3.28 Million. From the mentioned above made the net profit margin of the Company and its subsidiaries lower from 5.65% in 2017 to 2.58% in 2018 or decreased in a number of 3.07% or decreased by a rate of 54.34%

FINANCIAL STATUS

❖ Assets

As the end of the year 2018, the total assets of the Company and its subsidiaries equals to Baht 2,329.92 Million, rose by Baht 140.41 Million or by 6.41% from the end of the year 2017. The assets that had the highest improvement during the year is the inventory from Baht 357.95 Million to Baht 460.66 Million or increasing by 28.69%. The total assets of the Company and its subsidiaries can be divided into the current assets of Baht 1,941.75 Million and Fixed assets of Baht 388.18 Million or in the portion of 83.34% and 16.66% respectively. The top 3 assets that have higher value is “account/ note receivable”, which accounting for Baht 896.25 Million or 38.47% of total assets and the second highest amount of assets is cash and its equivalent which accounted for Baht 571.73 Million or 24.54% and the third was inventory which accounted for Baht 460.66 Million or 19.77%. The above mentioned asset contributed to 82.78% of the total assets.

❖ Liabilities

As the end of the year 2018, the total liabilities of the Company and its subsidiaries equals to Baht 1,035.14 Million, increased by 15.89% or by Baht 141.91 Million from the end of the year 2017. The total current liabilities equals to Baht 1,011.70 Million and the long-term liabilities equals to Baht 23.44 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 592.07 Million or 57.20% and Baht 402.06 Million or 38.84% of the total liabilities respectively. The most 2 largest liabilities had a 96.04% contribution to the total liabilities.



SHAREHOLDERS' EQUITY

In 2018, the Company and its subsidiaries' shareholder equity decreased by Baht 1.49 Million or by 0.11% from the end of the Year 2017 to Bht 1,294.79 Million at the end of year 2018. This is belong to the Company in amount of Baht 693.92 Million.

AUDIT FEE

In 2018, The Company and its subsidiaries remuneration to the auditors can be summarized below:

a. Audit Fee to :

The office employing such auditor in the previous financial period for auditing service totaling Baht 3,630,000 and there's other expense related to auditing service in amount of 1,180,000 Baht

b. Fee from other services:

To the Company's auditor in the previous financial period totaling Baht 350,000

Union Petrochemical Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2018



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 2018, 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 2018, 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 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.

Emphasis of matters

I draw attention to Note 26 to the consolidated financial statements regarding major customers of the subsidiaries. For the year ended 31 December 2018, the sales revenues of the subsidiaries amounting to Baht 211 million were derived from two major customers of the subsidiaries. Directors of these major customers are shareholders of the subsidiary who are on the list of first 30 shareholders. My opinion is not modified in respect of this matter.

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 to 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 2018, the Group recognised revenue from sales of Baht 3,204 million, representing 99.51 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.

Isaraporn Wisutthiyan

Certified Public Accountant (Thailand) No. 7480

EY Office Limited

Bangkok: 27 February 2019

Union Petrochemical Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	571,731,957	548,328,028	148,076,851	231,174,770
Trade and other receivables	6, 8	896,254,418	893,417,237	714,874,785	684,142,955
Inventories	9	460,657,226	357,952,004	278,944,909	228,664,429
Other current assets	10	13,103,730	9,976,089	6,368,478	5,991,150
Total current assets		1,941,747,331	1,809,673,358	1,148,265,023	1,149,973,304
Non-current assets					
Available-for-sale investments	11	82,925,000	87,110,000	-	-
Investments in subsidiaries	12	-	-	189,553,669	129,553,669
Other long-term investment	13	8,050,000	-	8,050,000	-
Investment properties		13,959,000	13,959,000	13,959,000	13,959,000
Property, plant and equipment	14	260,116,899	264,693,762	78,095,513	77,794,901
Intangible assets	15	3,857,733	4,608,679	1,459,861	1,782,617
Deferred tax assets	23	14,918,863	6,662,068	7,863,998	3,196,236
Other non-current assets		4,349,198	2,804,853	3,728,986	2,367,432
Total non-current assets		388,176,693	379,838,362	302,711,027	228,653,855
Total assets		2,329,924,024	2,189,511,720	1,450,976,050	1,378,627,159

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



Union Petrochemical Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	16	592,071,604	482,840,362	408,818,097	297,555,108
Trade and other payables	6, 17	402,061,383	363,410,346	329,210,517	318,423,030
Current portion of liabilities under					
hire purchase agreements	18	1,523,235	1,013,345	870,699	395,494
Income tax payable		12,482,403	21,024,566	-	8,903,141
Other current liabilities		3,557,185	3,619,582	1,400,646	2,689,719
Total current liabilities		<u>1,011,695,810</u>	<u>871,908,201</u>	<u>740,299,959</u>	<u>627,966,492</u>
Non-current liabilities					
Liabilities under hire purchase agreements - net					
of current portion	18	2,241,260	2,118,303	2,056,249	1,280,756
Provision for long-term employee benefits	19	21,199,314	19,207,791	14,704,318	13,838,312
Total non-current liabilities		<u>23,440,574</u>	<u>21,326,094</u>	<u>16,760,567</u>	<u>15,119,068</u>
Total liabilities		<u>1,035,136,384</u>	<u>893,234,295</u>	<u>757,060,526</u>	<u>643,085,560</u>

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

Union Petrochemical Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Shareholders' equity					
Share capital	20				
Registered					
1,339,369,844 ordinary shares of Baht 0.25 each		334,842,461	206,250,000	334,842,461	206,250,000
(2017: 825,000,000 ordinary shares of Baht 0.25 each)					
Issued and fully paid up					
1,236,280,739 ordinary shares of Baht 0.25 each		309,070,185	206,056,899	309,070,185	206,056,899
(2017: 824,227,596 ordinary shares of Baht 0.25 each)					
Share premium		87,738,274	87,736,899	87,738,274	87,736,899
Other surpluses (deficits)					
Surplus on reorganisation of business					
under common control		3,116,269	3,116,269	-	-
Surplus on change in the					
shareholding percentage in subsidiaries		1,068,585	17,655,850	-	-
Retained earnings					
Appropriated - statutory reserve	21	21,735,000	20,625,000	21,735,000	20,625,000
Unappropriated		536,288,005	665,633,071	275,372,065	421,122,801
Other components of shareholders' equity		(10,728,281)	(3,162,051)	-	-
Equity attributable to owners of the Company		948,288,037	997,661,937	693,915,524	735,541,599
Non-controlling interests of the subsidiaries		346,499,603	298,615,488	-	-
Total shareholders' equity		1,294,787,640	1,296,277,425	693,915,524	735,541,599
Total liabilities and shareholders' equity		2,329,924,024	2,189,511,720	1,450,976,050	1,378,627,159
		-	-	-	-

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



Union Petrochemical Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Profit or loss:					
Revenues					
Sales		3,204,097,584	3,038,732,244	2,473,112,489	2,326,909,194
Other income					
Gain from sales of available-for-sale investments	11	931,293	10,328,848	-	-
Gain on exchange		6,832,354	1,591,320	4,073,879	-
Gain on sales of investments in subsidiary		-	-	-	41,470,719
Dividend income from subsidiary		-	-	45,626,712	23,165,523
Others		8,116,230	8,942,191	2,662,461	5,346,711
Total revenues		3,219,977,461	3,059,594,603	2,525,475,541	2,396,892,147
Expenses					
Cost of sales		2,810,995,284	2,539,531,940	2,276,151,169	2,023,725,353
Selling and distribution expenses		99,553,582	92,548,285	72,851,406	67,194,592
Administrative expenses		192,098,920	198,585,762	151,643,902	154,034,668
Other expenses					
Loss on exchange		-	-	-	257,345
Others		178,415	12,413	-	-
Total expenses		3,102,826,201	2,830,678,400	2,500,646,477	2,245,211,958
Profit before finance cost and income tax revenues (expenses)		117,151,260	228,916,203	24,829,064	151,680,189
Finance cost		(13,398,853)	(10,158,710)	(9,080,891)	(6,206,764)
Profit before income tax revenues (expenses)		103,752,407	218,757,493	15,748,173	145,473,425
Income tax revenues (expenses)	23	(20,946,322)	(45,808,354)	4,620,241	(27,486,738)
Profit for the year		82,806,085	172,949,139	20,368,414	117,986,687
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Loss on changes in value of available-for-sale investments	11	(15,278,777)	(32,209,008)	-	-
Less: Income tax effect	23	3,055,755	6,441,802	-	-
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>		<i>(12,223,022)</i>	<i>(25,767,206)</i>	<i>-</i>	<i>-</i>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss)	19	(237,605)	3,973,039	(237,605)	560,098
Less: Income tax effect	23	47,521	(794,608)	47,521	(112,020)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>		<i>(190,084)</i>	<i>3,178,431</i>	<i>(190,084)</i>	<i>448,078</i>
Total comprehensive income for the year		70,392,979	150,360,364	20,178,330	118,434,765

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

Union Petrochemical Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2018

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit attributable to:					
Equity holders of the Company		36,774,084	125,728,850	20,368,414	117,986,687
Non-controlling interests of the subsidiary		46,032,001	47,220,289		
		<u>82,806,085</u>	<u>172,949,139</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		29,583,082	113,388,872	20,178,330	118,434,765
Non-controlling interests of the subsidiary		40,809,897	36,971,492		
		<u>70,392,979</u>	<u>150,360,364</u>		
Earnings per share	25				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.030</u>	<u>0.102</u>	<u>0.016</u>	<u>0.095</u>
Diluted earnings per share					
Profit attributable to equity holders of the Company		<u>0.029</u>	<u>0.102</u>	<u>0.016</u>	<u>0.095</u>

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



Union Petrochemical Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit before tax	103,752,407	218,757,493	15,748,173	145,473,425
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	19,805,964	21,844,142	10,700,224	12,439,832
Allowance for doubtful accounts (reversal)	184,912	(137,830)	134,913	64,823
Reduce cost of inventories to net realisable value (reversal)	7,841,897	(683,508)	10,027,070	1,146,142
Gain on sales of available-for-sale investments	(931,293)	(10,328,848)	-	-
Gain on sales of investments in subsidiary	-	-	-	(41,470,719)
Gain on sales of vehicle and equipment	(199,979)	(1,136,256)	(310,644)	(936,029)
Write-off equipment	181	290,500	181	290,500
Provision for long-term employee benefits	2,237,118	2,467,157	1,111,600	1,169,370
Unrealised loss from forward exchange contracts	212,217	12,413	-	-
Unrealised loss (gain) on exchange	(294,519)	(660,950)	10,583	(169,232)
Dividend income	-	-	(45,626,712)	(23,165,523)
Interest income	13,398,853	10,158,710	9,080,891	6,206,764
Interest expenses	(4,429,954)	(3,254,351)	(616,919)	(1,123,441)
Profit from operating activities before changes in operating assets and liabilities	141,577,804	237,328,672	259,360	99,925,912
Operating assets (increase) decrease				
Trade and other receivables	(3,022,093)	(119,583,362)	(30,866,743)	(68,771,607)
Inventories	(110,547,119)	(40,599,185)	(60,307,550)	(41,537,246)
Other current assets	1,044,270	1,794,775	3,369,950	(701,350)
Other non-current assets	(1,544,345)	1,570,942	(1,361,554)	1,626,854
Operating liabilities increase (decrease)				
Trade and other payables	38,616,272	11,524,742	10,282,211	6,723,190
Other current liabilities	1,067,360	(6,356,262)	130,359	1,038,499
Provision for long-term employee benefits	(483,200)	-	(483,200)	-
Cash flows from (used in) operating activities	66,708,949	85,680,322	(78,977,167)	(1,695,748)
Cash paid for interest expenses	(13,160,700)	(10,004,705)	(8,586,198)	(5,964,673)
Cash paid for income tax expenses	(38,816,001)	(56,534,213)	(12,650,419)	(28,692,157)
Net cash flows from (used in) operating activities	14,732,248	19,141,404	(100,213,784)	(36,352,578)

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

Union Petrochemical Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities				
Acquisition of available-for-sale investments	(24,537,485)	(102,801,978)	-	-
Proceed from sales of available-for-sale investments	14,375,000	107,708,774	-	-
Increase in investments in a subsidiary				
from exercised warrants of a subsidiary	-	-	(60,000,000)	(40,000,000)
Increase in other long-term investments	(8,050,000)	-	(8,050,000)	-
Acquisition of property, plant and equipment	(15,685,590)	(104,134,597)	(11,445,765)	(20,348,204)
Proceed from sales of vehicle and equipment	2,312,325	2,186,037	1,905,781	936,037
Acquisition of intangible assets	(286,650)	-	(286,650)	-
Interest income	4,432,041	3,253,948	616,919	1,123,440
Dividend income received from a subsidiary	-	-	45,626,712	23,165,523
Net cash flows used in investing activities	<u>(27,440,359)</u>	<u>(93,787,816)</u>	<u>(31,633,003)</u>	<u>(35,123,204)</u>
Cash flows from financing activities				
Increase in short-term loans from financial institutions	109,322,372	23,475,995	111,262,989	32,238,773
Repayment of liabilities under hire purchase agreements	(1,327,568)	(772,657)	(709,716)	-
Dividend payment to the Company's shareholders	(61,807,155)	(37,087,853)	(61,807,155)	(37,087,853)
Dividend payment to non-controlling interests of a subsidiary	(39,364,839)	(17,697,184)	-	-
Proceeds from sales of investments in a subsidiary	-	44,910,050	-	44,910,050
Proceed from exercised warrants	2,750	-	2,750	-
Proceed from exercised warrants of the subsidiary	82,159,012	38,091,000	-	-
Cash received from non-controlling interests of a subsidiary	240,800	60,200	-	-
Cash paid for purchase of treasury shares	(53,113,332)	-	-	-
Net cash flows from financing activities	<u>36,112,040</u>	<u>50,979,551</u>	<u>48,748,868</u>	<u>40,060,970</u>
Net increase (decrease) in cash and cash equivalents	<u>23,403,929</u>	<u>(23,666,861)</u>	<u>(83,097,919)</u>	<u>(31,414,812)</u>
Cash and cash equivalents at beginning of year	<u>548,328,028</u>	<u>571,994,889</u>	<u>231,174,770</u>	<u>262,589,582</u>
Cash and cash equivalents at end of year	<u>571,731,957</u>	<u>548,328,028</u>	<u>148,076,851</u>	<u>231,174,770</u>
	-	-	-	-
Supplemental cash flow information				
Non-cash transactions				
Acquisition of assets through hire purchase agreement	540,982	1,676,250	540,982	1,676,250
Payable from purchase of equipment	77,460	-	-	-

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



Union Petrochemical Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company									
	Other surpluses (deficits)			Other components of shareholders' equity						
	Issued and paid-up share capital	Share premium	Surplus on reorganisation of business under common control	Surplus (deficit) on change in the shareholding percentage in subsidiaries	Retained earnings	Unappropriated	Surplus (deficit) on changes in value of available-for-sale investments	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the shareholders' equity
Balance as at 1 January 2017	206,056,899	87,736,899	3,116,269	(1,681,694)	20,625,000	575,028,341	11,141,660	11,141,660	902,023,374	223,911,617
Profit for the year	-	-	-	-	-	125,728,850	-	-	125,728,850	47,220,289
Other comprehensive income for the year	-	-	-	-	-	1,963,733	(14,303,711)	(14,303,711)	(12,339,978)	(10,248,797)
Total comprehensive income for the year	-	-	-	-	-	127,692,583	(14,303,711)	(14,303,711)	113,388,872	36,971,492
Dividend payment (Note 28)	-	-	-	-	-	(37,087,853)	-	-	(37,087,853)	-
Dividend paid to equity attributable to non-controlling interests of the subsidiary	-	-	-	-	-	-	-	-	-	-
Sales of investments in subsidiary	-	-	-	17,842,325	-	-	-	-	17,842,325	18,773,582
Increase in equity attributable to non-controlling interests from warrant exercise	-	-	-	1,495,219	-	-	-	-	1,495,219	36,595,781
Increase in non-controlling interests of subsidiary from acquisition of investment in subsidiary	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	206,056,899	87,736,899	3,116,269	17,655,850	20,625,000	665,633,071	(3,162,051)	(3,162,051)	987,661,937	298,615,488
Balance as at 1 January 2018	206,056,899	87,736,899	3,116,269	17,655,850	20,625,000	665,633,071	(3,162,051)	(3,162,051)	987,661,937	298,615,488
Profit for the year	-	-	-	-	-	36,774,084	-	-	36,774,084	46,032,001
Other comprehensive income for the year	-	-	-	-	-	(190,084)	(7,000,918)	(7,000,918)	(7,191,002)	(5,222,104)
Total comprehensive income for the year	-	-	-	-	-	36,584,000	(7,000,918)	(7,000,918)	29,583,082	40,809,897
Dividend payment (Note 28)	-	-	-	-	-	-	-	-	-	-
Cash dividend	103,011,911	-	-	-	-	(61,807,155)	-	-	(61,807,155)	-
Stock dividend	-	-	-	-	-	(103,011,911)	-	-	-	-
Dividend paid to equity attributable to non-controlling interests of the subsidiary	-	-	-	-	-	-	-	-	-	-
Ordinary shares issuance from exercised warrants of the Company (Note 24)	1,375	1,375	-	-	-	-	-	-	2,750	-
Increase in equity attributable to non-controlling interests from warrant exercise of the subsidiary (Note 12.1.2)	-	-	-	(606,043)	-	-	-	-	(606,043)	82,765,055
Increase in share capital of the subsidiary	-	-	-	-	-	-	-	-	-	240,800
Treasury shares purchased of the subsidiary (Note 12.1.3)	-	-	-	(15,981,222)	-	-	(565,312)	(565,312)	(16,546,534)	(36,566,798)
Statutory reserve (Note 21)	-	-	-	-	1,110,000	(1,110,000)	-	-	-	-
Balance as at 31 December 2018	309,070,185	87,736,274	3,116,269	1,068,665	21,735,000	536,288,005	(10,728,281)	(10,728,281)	948,288,037	346,499,603

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

Union Petrochemical Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (Continued)

For the year ended 31 December 2018

	Separate financial statements					(Unit: Baht)
	Issued and paid-up share capital	Share premium	Retained earnings	Unappropriated	Total shareholders' equity	
			Appropriated			
Balance as at 1 January 2017	206,056,899	87,736,899	20,625,000	339,775,889	654,194,687	
Profit for the year	-	-	-	117,986,687	117,986,687	
Other comprehensive income for the year	-	-	-	448,078	448,078	
Total comprehensive income for the year	-	-	-	118,434,765	118,434,765	
Dividend payment (Note 28)	-	-	-	(37,087,853)	(37,087,853)	
Balance as at 31 December 2017	206,056,899	87,736,899	20,625,000	421,122,801	735,541,599	
Balance as at 1 January 2018	206,056,899	87,736,899	20,625,000	421,122,801	735,541,599	
Profit for the year	-	-	-	20,368,414	20,368,414	
Other comprehensive income for the year	-	-	-	(190,084)	(190,084)	
Total comprehensive income for the year	-	-	-	20,178,330	20,178,330	
Dividends payment (Note 28)						
Cash dividends	-	-	-	(61,807,155)	(61,807,155)	
Stock dividends	103,011,911	-	-	(103,011,911)	-	
Ordinary shares issuance from exercised warrants of the Company (Note 24)	1,375	1,375	-	-	2,750	
Statutory reserve (Note 21)	-	-	1,110,000	(1,110,000)	-	
Balance as at 31 December 2018	309,070,185	87,738,274	21,735,000	275,372,065	693,915,524	

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



Union Petrochemical Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2018

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 11 October 2016, 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	
			2018 (Thousand Baht)	2017 (Thousand Baht)	2018 (Percent)	2017 (Percent)
Gratitude Infinite Public Company Limited	Import and distribution of chemical products	Thailand	412,812	341,732	55.25	56.07
Lavish Laboratory Company Limited*	Production and distribution of supplementary	Thailand	50,000	50,000	99.99	99.99
Ligit Company Limited*	Selling oil-refinery equipment and power plant equipment	Thailand	5,000	5,000	99.99	99.99
Natural Gift Society Company Limited*	Selling pharmaceutical and medical products, fragrances and skincare-cosmetics, and supplements	Thailand	5,000	1,000	93.98	93.98
Lion Asia (Thailand) Company Limited	Distribution of chemical lubricant products and electronic equipment	Thailand	30,000	30,000	99.99	99.99

* Held by a subsidiary: Gratitude Infinite Public Company Limited

- (b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
 - (c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - (d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - (e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
 - (f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.



(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.



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.

Dividend income

Dividend income is 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 (first-in, first-out basis) and net realisable value and include all production costs and attributable factory overheads.

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

4.5 Investments

- (a) 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.
- (b) 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 installation and 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:

	<u>Useful lives</u>
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 motor vehicles 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 motor vehicles 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 motor vehicles acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or equipment and motor vehicles 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 defined benefit plans 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.

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

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

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.16 Fair value measurement

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

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

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

5. Significant accounting judgements and estimates

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

Post-employment benefits under defined benefit plans

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



6. Related party transactions

During the years, the Company 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, subsidiaries and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	54,684	37,776	As mutual agreement
Other income	-	-	1,514	1,399	As mutual agreement
Dividend income	-	-	45,627	23,166	Declared rate
Purchases of goods	-	-	83,163	74,087	As mutual agreement
Purchases of assets	-	-	408	1,135	As mutual agreement
Other expenses	-	-	-	1,181	As mutual agreement
<u>Transactions with related companies</u>					
Rental expenses	2,819	2,819	2,696	2,696	Contract price (close to market price)
Utilities expenses	181	185	165	168	As mutual agreement

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other receivables - related parties (Note 8)</u>				
Subsidiaries				
Gratitude Infinite Public Company Limited	-	-	2,130	3,218
Lion Asia (Thailand) Company Limited	-	-	18,866	13,355
Directors	6	-	-	-
Total trade and other receivables - related parties	<u>6</u>	<u>-</u>	<u>20,996</u>	<u>16,573</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other payables - related parties (Note 17)</u>				
Subsidiaries				
Gratitude Infinite Public Company Limited	-	-	7	-
Lion Asia (Thailand) Company Limited	-	-	8,144	7,729
Lavish Laboratory Company Limited	-	-	-	397
Related companies				
Firsttraco Company Limited	17	473	15	472
Director	683	328	-	20
Total trade and other payables - related parties	<u>700</u>	<u>801</u>	<u>8,166</u>	<u>8,618</u>

Directors and management's remuneration

During the years ended 31 December 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	29,623	31,757	15,173	15,336
Post-employment benefits	873	847	169	174
Total	<u>30,496</u>	<u>32,604</u>	<u>15,342</u>	<u>15,510</u>

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	486	234	210	190
Bank deposits	571,246	548,094	147,867	230,985
Total	<u>571,732</u>	<u>548,328</u>	<u>148,077</u>	<u>231,175</u>

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interests between 0.125 and 1.500 percent per annum (2017: between 0.100 and 1.750 percent per annum).



8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade receivables - related parties (Note 6)				
Aged on the basis of due dates				
Not yet due	-	-	20,443	11,972
Past due				
up to 3 months	6	-	420	4,345
Total trade receivables - related parties	6	-	20,863	16,317
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	720,385	639,239	577,354	508,295
Past due				
Up to 3 months	173,624	253,341	114,463	158,964
3 - 6 months	89	526	-	-
6 - 12 months	197	-	197	-
Over 12 months	1,818	757	1,092	122
Total	896,113	893,863	693,106	667,381
Add: Returned cheques	1,030	311	1,030	311
Total trade receivables - unrelated parties	897,143	894,174	694,136	667,692
Total trade receivables	897,149	894,174	714,999	684,009
Less: Allowance for doubtful accounts	(942)	(757)	(257)	(122)
Total trade receivables - net	896,207	893,417	714,742	683,887
Other receivables				
Other receivables - related parties (Note 6)	-	-	133	256
Other receivables - unrelated parties	47	-	-	-
Total other receivables	47	-	133	256
Total trade and other receivables - net	896,254	893,417	714,875	684,143

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Raw materials	3,958	1,164	-	-	3,958	1,164
Finished goods	408,436	307,545	(13,542)	(5,700)	394,894	301,845
Goods in transit	58,623	53,358	-	-	58,623	53,358
Packing materials	2,989	1,489	-	-	2,989	1,489
Work in process	174	74	-	-	174	74
Supplies	19	22	-	-	19	22
Total	<u>474,199</u>	<u>363,652</u>	<u>(13,542)</u>	<u>(5,700)</u>	<u>460,657</u>	<u>357,952</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	272,001	197,320	(12,048)	(2,021)	259,953	195,299
Goods in transit	18,783	32,929	-	-	18,783	32,929
Packing materials	209	436	-	-	209	436
Total	<u>290,993</u>	<u>230,685</u>	<u>(12,048)</u>	<u>(2,021)</u>	<u>278,945</u>	<u>228,664</u>

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 7.8 million (The Company only: Baht 10.0 million), to reflect the net realisable value. This was included in cost of sales. (2017: the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 0.7 million (The Company only: Baht 1.1 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue department receivable	4,993	1,072	3,674	-
Prepaid expenses	6,915	2,695	1,779	1,038
Undue input VAT	777	3,594	602	2,977
Others	419	2,615	313	1,976
Total other current assets	<u>13,104</u>	<u>9,976</u>	<u>6,368</u>	<u>5,991</u>

11. Available-for-sale investments

Type of investments	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Unrealised loss on changes in value of investments		Carrying amount	
			<u>2018</u>	<u>2017</u>		
Available-for-sale securities	<u>107,198</u>	<u>96,105</u>	<u>(24,273)</u>	<u>(8,995)</u>	<u>82,925</u>	<u>87,110</u>
Total	<u>107,198</u>	<u>96,105</u>	<u>(24,273)</u>	<u>(8,995)</u>	<u>82,925</u>	<u>87,110</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 2018 and 2017, the movements of available-for-sale investments are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2018</u>	<u>2017</u>
Book value as at 1 January - net	87,110	113,897
Acquisition during the year	24,537	102,802
Disposal during the year	(13,443)	(97,380)
Loss on changes in value of available-for-sale investments	<u>(15,279)</u>	<u>(32,209)</u>
Book value as at 31 December - net	<u>82,925</u>	<u>87,110</u>

During the year ended 31 December 2018 and 2017, the Company's subsidiary has realised gain on available-for-sale investments and unrealised 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>2018</u>	<u>2017</u>
<u>Profit or loss:</u>			
Realised gain on sales of available-for-sale investments		931	10,329
		<u>931</u>	<u>10,329</u>
<u>Other comprehensive income:</u>			
Loss on changes in value of available-for-sale investments			
Loss recognised in shareholders' equity		(14,348)	(21,880)
Transferred to profit or loss due to disposals		(931)	(10,329)
		<u>(15,279)</u>	<u>(32,209)</u>

12. Investments in subsidiaries

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

				(Unit: Thousand Baht)	
		Separate financial statements			
Company's name	Cost		Allowance for impairment of investments	Carrying amounts based on cost method- net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Gratitude Infinite Public Company Limited	174,554	114,554	-	-	174,554 114,554
Lion Asia (Thailand) Company Limited	30,000	30,000	(15,000)	(15,000)	15,000 15,000
Total	<u>204,554</u>	<u>144,554</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>189,554 129,554</u>



12.1 Investments in subsidiary - Gratitude Infinite Public Company Limited

12.1.1 Sales of investments in Gratitude Infinite Public Company Limited

On 23 February 2017, the Company sold 10 million ordinary shares of the subsidiary at a price of Baht 4.50 per share. The accounting records are detailed below.

	(Unit: Thousand Baht)
	Consolidated
	financial statements
Selling price of investments in the subsidiary	45,000
Less: Selling expenses relating to the sales of investments in the subsidiary	(90)
Cash receipt from sales of investments in the subsidiary	44,910
Less: Income tax expenses	(8,294)
Cash receipt from sales of investments in the subsidiary - net of tax	36,616
Less: Non-controlling interests of subsidiary	(18,774)
Surplus from change in the shareholding percentage in a subsidiary	17,842

	(Unit: Thousand Baht)
	Separate
	financial statements
Selling price of investments in the subsidiary	45,000
Less: Selling expenses relating to the sales of investments in the subsidiary	(90)
Cash receipt from sales of investments in the subsidiary	44,910
Less: Cost of investments in the subsidiary	(3,439)
Gain on sales of investments in subsidiary	41,471

As a result of sales of ordinary shares of the subsidiary in 2017, the Company's shareholding in the subsidiary decreased from 59.99% to 56.69%.

12.1.2 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 27 April 2018.

On 28 April 2017, the subsidiary received subscriptions of Baht 2 per share for the additional ordinary shares arising from the exercise of 17,462,305 warrants (GIFT-W1), for a total of Baht 34,924,610. The subsidiary registered the resulting increase of Baht 17,462,305 in its capital with the Ministry of Commerce on 17 May 2017 and the Stock Exchange of Thailand listed the shares on 19 May 2017. As a result of exercise of these warrants, the Company's shareholding in Gratitude Infinite Public Company Limited decreased from 56.69% to 53.60%.

On 31 October 2017, the subsidiary received subscriptions of Baht 2 per share for the additional ordinary shares resulting from the exercise of 21,583,195 warrants (GIFT-W1), or a total of Baht 43,166,390. The Company exercised 20,000,000 of these warrants and, following the exercise, its shareholding in Gratitude Infinite Public Company Limited has increased from 53.60% to 56.07%. The subsidiary registered the resulting increase of Baht 21,583,195 in its capital with the Ministry of Commerce on 9 November 2017 and the Stock Exchange of Thailand listed the shares on 14 November 2017.

On 27 April 2018, the subsidiary received subscriptions of Baht 2 per share for the additional ordinary shares resulting from the last exercise of 71,079,506 warrants (GIFT-W1), or a total of Baht 142,159,012. The Company exercised 30,000,000 of these warrants, and following the last exercise its shareholding in Gratitude Infinite Public Company Limited has decreased from 56.07% to 53.68%. The subsidiary registered the resulting increase of Baht 71,079,506 in its capital with Ministry of Commerce on 4 May 2018 and the Stock Exchange of Thailand listed the shares on 10 May 2018.



12.1.3 Treasury shares and appropriated retained earnings for treasury shares of Gratitude Infinite Public Company Limited

On 3 July 2018, the Board of Directors' Meeting of Gratitude Infinite Public Company Limited, a subsidiary, passed a resolution to approve a program to repurchase up to 12 million shares (par value of Baht 1 each), or 2.91% of the total number of the subsidiary's issued shares, with a budget of Baht 60 million, for surplus liquidity management purposes. The subsidiary's shares are to be repurchased through the Stock Exchange of Thailand over a period of 6 months, from 18 July 2018 to 17 January 2019, and can be resold for a period of 6 months after the completion of the share repurchase process.

During the year, the subsidiary had purchased back 11.71 million ordinary share (par value of Baht 1 each) of the subsidiary, or 2.84% of the total number of issued and fully paid up shares, for a total of Baht 53.11 million from the subsidiary, and following the treasury shares purchased its shareholding in Gratitude Infinite Public Company Limited has increased from 53.68% to 55.25%.

According to letter No. Gor Lor Tor. Chor Sor. (Vor) 2/2548 of the Office of the Securities and Exchange Commission concerning the acquisition of treasury shares, dated 14 February 2005, a public limited company may purchase back treasury shares in an amount not exceeding the amount of its retained earnings and is to appropriate an equal amount of retained earnings to a reserve for treasury shares, which must be maintained until the subsidiary either sells the treasury shares or reduces its paid-up share capital by an amount equal to the value of the treasury shares which it was unable to sell.

As at 31 December 2018, the subsidiary allocated unappropriated retained earnings to a reserve for treasury shares amounting to Baht 53.11 million.

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

(Unit: Million Baht)								
Company's name	Proportion of equity interest held by		Accumulated balance of		Profit allocated to		Dividend paid to non-	
	non-controlling interests		non-controlling interests		non-controlling interests		controlling interests	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Percent)	(Percent)						
Gratitude Infinite Public								
Company Limited	44.75	43.93	346.5	298.6	46.0	47.2	39.4	17.7

12.3 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>31 December 2018</u>	<u>31 December 2017</u>
Current assets	780.8	657.3
Non-current assets	275.4	281.7
Current liabilities	275.6	253.2
Non-current liabilities	6.7	6.2

Summarised information about comprehensive income

	(Unit: Million Baht)	
	For the year ended 31 December	
	Gratitude Infinite Public Company Limited	
	<u>2018</u>	<u>2017</u>
Revenues	793.6	764.8
Profit	102.2	105.6
Other comprehensive income	(12.2)	(23.0)
Total comprehensive income	90.0	82.6

Summarised information about cash flow

	(Unit: Million Baht)	
	For the year ended 31 December	
	Gratitude Infinite Public Company Limited	
	<u>2018</u>	<u>2017</u>
Cash flow from operating activities	103.6	47.8
Cash flow used in investing activities	(10.3)	(76.7)
Cash flow from financing activities	1.7	27.7
Net increase (decrease) in cash and cash equivalents	95.0	(1.2)

13. Other long-term investment

On 30 August 2018, the Board of Executive Committees' Meeting of the Company passed a resolution approving the investment by the Company in 46,914 ordinary shares of Fiveloop Company Limited, representing 19% of the registered capital of such company. Fiveloop Company Limited is principally engaged in the software package services and E-Commerce.



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 2017	65,985	98,550	62,655	24,259	111,511	5,125	368,085
Additions	74,540	920	6,669	2,737	15,574	5,371	105,811
Transfers in (out)	-	7,554	-	1,399	-	(8,953)	-
Disposals/write-off	-	-	(229)	-	(9,756)	(290)	(10,275)
31 December 2017	140,525	107,024	69,095	28,395	117,329	1,253	463,621
Additions	-	2,080	2,210	1,592	10,120	302	16,304
Transfers in (out)	-	(4,469)	-	5,179	-	(710)	-
Disposals/write-off	-	-	(3,042)	(20)	(10,461)	-	(13,523)
31 December 2018	140,525	104,635	68,263	35,146	116,988	845	466,402
Accumulated depreciation							
1 January 2017	-	42,005	44,593	19,020	81,394	-	187,012
Depreciation for the year	-	5,603	5,622	2,410	7,214	-	20,849
Depreciation on disposals/write-off	-	-	(224)	-	(8,711)	-	(8,935)
31 December 2017	-	47,608	49,991	21,430	79,897	-	198,926
Depreciation for the year	-	5,099	5,230	2,684	5,755	-	18,768
Transfers in (out)	-	(4,580)	-	4,580	-	-	-
Depreciation on disposals/write-off	-	-	(3,038)	(20)	(8,352)	-	(11,410)
31 December 2018	-	48,127	52,183	28,674	77,300	-	206,284
Allowance for impairment loss							
31 December 2017	1	-	-	-	-	-	1
31 December 2018	1	-	-	-	-	-	1
Net book value							
31 December 2017	140,524	59,416	19,104	6,965	37,432	1,253	264,694
31 December 2018	140,524	56,508	16,080	6,472	39,688	845	260,117
Depreciation for the year							
2017 (Baht 4.5 million included in cost of sales, and the balance in selling and administrative expenses)							20,849
2018 (Baht 5.8 million included in cost of sales, and the balance in selling and administrative expenses)							18,768

(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 2017	16,942	46,561	25,863	8,728	93,568	5,125	196,787
Additions	-	-	456	1,778	15,574	4,216	22,024
Transfer in (out)	-	7,554	-	1,399	-	(8,953)	-
Disposals/write-off	-	-	-	-	(6,838)	(290)	(7,128)
31 December 2017	16,942	54,115	26,319	11,905	102,304	98	211,683
Additions	-	-	926	794	10,120	147	11,987
Transfer in (out)	-	(5,179)	-	5,179	-	-	(10,984)
Disposals/write-off	-	-	(2,237)	-	(8,747)	-	-
31 December 2018	-	48,936	25,008	17,878	103,677	245	212,686
Accumulated depreciation							
1 January 2017	-	27,382	20,564	6,938	73,969	-	128,853
Depreciation for the year	-	2,689	2,612	1,083	5,489	-	11,873
Depreciation on disposals /write off	-	-	-	-	(6,838)	-	(6,838)
31 December 2017	-	30,071	23,176	8,021	72,620	-	133,888
Depreciation for the year	-	2,179	2,045	1,388	4,479	-	10,091
Transfer in (out)	-	(4,580)	-	4,580	-	-	-
Depreciation on disposals/write off	-	-	(2,237)	-	(7,152)	-	(9,389)
31 December 2018	-	27,670	22,984	13,989	69,947	-	134,590
Net book value							
31 December 2017	16,942	24,044	3,143	3,884	29,684	98	77,795
31 December 2018	16,942	21,266	2,024	3,889	33,730	245	78,096
Depreciation for the year							
2017 (Included in selling and administrative expenses)							11,873
2018 (Included in selling and administrative expenses)							10,091



As at 31 December 2018, the Company and its subsidiaries had vehicles under hire purchase agreements with net book values amounting to Baht 8.0 million (2017: Baht 6.9 million) (The Company only: Baht 4.2 million, 2017: Baht 2.2 million).

As at 31 December 2018, certain items of plant and equipment of the Company and its subsidiaries were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 135.9 million (2017: Baht 133.3 million) (The Company only: Baht 104.3 million, 2017: Baht 103.8 million).

15. Intangible assets

The intangible assets are comprised of computer software and the operation licenses. A reconciliation of the net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	4,609	5,604	1,783	2,350
Acquisitions	286	-	286	-
Amortisation	(1,037)	(995)	(609)	(567)
Net book value at end of year	<u>3,858</u>	<u>4,609</u>	<u>1,460</u>	<u>1,783</u>

The net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements			Separate financial
	Computer software	Operating licenses	Total	statements
				Computer software
As at 31 December 2018				
Cost	3,553	4,282	7,835	3,553
Less: Accumulated amortisation	(2,093)	(1,884)	(3,977)	(2,093)
Net book value	<u>1,460</u>	<u>2,398</u>	<u>3,858</u>	<u>1,460</u>
As at 31 December 2017				
Cost	3,267	4,282	7,549	3,267
Less: Accumulated amortisation	(1,484)	(1,456)	(2,940)	(1,484)
Net book value	<u>1,783</u>	<u>2,826</u>	<u>4,609</u>	<u>1,783</u>

16. Short-term loans from financial institutions

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
Interest rate		2018	2017	2018	2017
(percent per annum)					
Trust receipt	Market rate plus/minus	512,072	482,840	328,818	297,555
	Stipulated margin				
Promissory notes	2.15 - 2.30	80,000	-	80,000	-
Total		592,072	482,840	408,818	297,555

As at 31 December 2018, the non-secured credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 2,683 million (2017: Baht 2,904 million) (The Company only: Baht 1,781 million, 2017: Baht 1,817 million).

17. Trade and other payables

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Trade and other payables - related parties					
(Note 6)		700	801	8,166	8,618
Trade payables - unrelated parties		373,583	325,635	306,476	286,984
Other payables - unrelated parties		14,937	22,899	12,159	19,792
Accrued expenses		12,841	14,075	2,410	3,029
Total trade and other payables		402,061	363,410	329,211	318,423

18. Liabilities under hire purchase agreements

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		Financial statements	
		2018	2017	2018	2017
Liabilities under hire purchase agreements		3,982	3,356	3,115	1,810
Less: Deferred interest expenses		(218)	(225)	(188)	(134)
Total		3,764	3,131	2,927	1,676
Less: Portion due within one year		(1,523)	(1,013)	(871)	(395)
Liabilities under hire purchase agreements - net of current portion		2,241	2,118	2,056	1,281



The Company and its subsidiaries have 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: Thousand Baht)

Consolidated financial statements			
As at 31 December 2018			
	Less than		
	1 year	1 - 4 years	Total
Future minimum lease payments	1,647	2,335	3,982
Deferred interest expenses	(124)	(94)	(218)
Present value of future minimum lease payments	1,523	2,241	3,764

(Unit: Thousand Baht)

Separated financial statements			
As at 31 December 2018			
	Less than		
	1 year	1 - 4 years	Total
Future minimum lease payments	967	2,148	3,115
Deferred interest expenses	(96)	(92)	(188)
Present value of future minimum lease payments	871	2,056	2,927

(Unit: Thousand Baht)

Consolidated financial statements			
As at 31 December 2017			
	Less than		
	1 year	1 - 4 years	Total
Future minimum lease payments	1,132	2,224	3,356
Deferred interest expenses	(119)	(106)	(225)
Present value of future minimum lease payments	1,013	2,118	3,131

(Unit: Thousand Baht)

	Separated financial statements		
	As at 31 December 2017		
	Less than 1 year	1 - 4 years	Total
Future minimum lease payments	452	1,358	1,810
Deferred interest expenses	(57)	(77)	(134)
Present value of future minimum lease payments	395	1,281	1,676

19. 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 financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Provision for long-term employee benefits				
at beginning of year	19,207	20,714	13,838	13,229
Included in profit or loss:				
Current service cost	1,863	1,985	899	935
Interest cost	374	481	212	234
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(501)	(2,920)	(501)	2
Financial assumptions changes	825	(129)	825	(451)
Experience adjustments	(86)	(923)	(86)	(111)
Benefits paid during the year	(483)	-	(483)	-
Provision for long-term employee benefits				
at end of year	<u>21,199</u>	<u>19,208</u>	<u>14,704</u>	<u>13,838</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Selling and administrative expenses	2,237	2,466	1,111	1,169

The Company expects to pay Baht 6.4 million of long-term employee benefits during the next year.



As at 31 December 2018, the weighted average duration of liabilities for long-term employee benefit is 18 years (2017: 18 years) (The Company only: 10 years, 2017: 11 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.6 - 3.0	2.7 - 3.0	2.6	2.7
Future salary increase rate (depending on age)	5.0 - 10.0	4.0 - 10.0	5.0	4.0
Staff turnover rate (depending on age)	2.8 - 34.4	2.4 - 34.4	2.9 - 34.4	2.4 - 28.7

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 are summarised below:

	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1.7)	2.0	(0.9)	1.0
Salary increase rate	2.0	(1.8)	1.0	(0.9)

(Unit: Million Baht)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the last wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 4.5 million (The Company only: Baht 2.8 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

20. Share capital

On 31 January 2018, the Extraordinary Meeting of the Company's shareholders No. 1/2018 approved the following resolution:

- a) Decrease the Company's registered share capital from Baht 206,250,000 (825,000,000 ordinary shares of Baht 0.25 each) to Baht 206,056,899 (824,227,596 ordinary shares of Baht 0.25 each), by eliminating the 772,404 ordinary shares of Baht 0.25 each with a total of Baht 193,101 that are not issued.
- b) Increase the Company's registered share capital from Baht 206,056,899 (824,227,596 ordinary shares of Baht 0.25 each) to Baht 334,842,461 (1,339,369,844 ordinary shares of Baht 0.25 each) to be reserved for the dividend and the exercise of warrants as mentioned in note 24 to the interim financial statements

21. 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.

22. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries and wages and other employee benefits	79,858	77,415	57,571	55,727
Directors and management's remuneration (Note 6)	30,496	32,604	15,342	15,510
Depreciation and amortisation	19,806	21,844	10,700	12,440
Purchase raw materials and finished goods	2,934,302	2,567,559	2,340,577	2,049,402
Changes in inventories of raw materials and finished goods	95,843	(26,129)	64,654	(26,802)
Rental expenses from operating lease agreements	27,595	23,751	24,964	21,586
Transportation expenses	55,561	53,807	46,301	44,593



23. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	26,100	46,482	-	27,963
Deferred tax:				
Relating to origination and reversal of temporary differences	(5,154)	(674)	(4,620)	(476)
Income tax expenses reported in the statement of comprehensive income	<u>20,946</u>	<u>45,808</u>	<u>(4,620)</u>	<u>27,487</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to loss on revaluation of available-for-sale investments	3,056	6,442	-	-
Deferred tax relating to actuarial (gain) loss	47	(795)	47	(112)
Total	<u>3,103</u>	<u>5,647</u>	<u>47</u>	<u>(112)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	<u>103,752</u>	<u>218,757</u>	<u>15,748</u>	<u>145,473</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	20,750	43,751	3,150	29,095
Temporary differences and tax loss which was unrecognised to deferred tax assets	(140)	(829)	-	-
Utilisation of previously unrecognised deferred tax assets	(363)	-	-	-
Effects of:				
Exempted dividend income	-	-	(9,125)	(4,633)
Allowance for doubtful accounts	-	(104)	-	-
Non-deductible expenses	1,703	3,340	1,373	3,041
Additional expenses deductions allowed	(804)	(337)	(18)	(16)
Others	(200)	(13)	-	-
Total	<u>699</u>	<u>2,886</u>	<u>(7,770)</u>	<u>(1,608)</u>
Income tax expenses reported in the statement of comprehensive income	<u>20,946</u>	<u>45,808</u>	<u>(4,620)</u>	<u>27,487</u>



The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Allowance for doubtful accounts	84	58	51	24
Allowance for diminution in value of inventories	2,662	466	2,410	404
Gain on intercompany trading transactions	205	147	-	-
Gain on intercompany sales of fixed assets	205	361	-	-
The difference from depreciation - buildings	216	-	-	-
Provision for long-term employee benefits	4,230	3,831	2,941	2,768
Loss on changes in value of available for-sale investments	4,855	1,799	-	-
Unused tax loss	2,462	-	2,462	-
Total	<u>14,919</u>	<u>6,662</u>	<u>7,864</u>	<u>3,196</u>

24. Warrants

On 31 January 2018, the resolution passed by the Extraordinary Meeting of the Company's shareholders No. 1/2018 approving the Company issued and offered 103,028,450 of transferable warrants (UKEM-W2) with registered holders to the existing shareholders free of charge, in a ratio of 1 warrant for every 8 existing shares. These warrants can be exercised for a period of 2 years from the issue date (15 March 2018) with an exercise ratio of 1 warrant per 1 ordinary share and an exercise price of Baht 0.50 per share. Warrant holders can exercise the warrants on the last working day of May and November in each calendar year until the maturity date, with the first exercise date on 31 May 2018 and the last exercise date shall be on the last business day the warrants reaches the 2 years period from the issuance date.

In May 2018, the Company received subscriptions of Baht 0.50 per share for the additional ordinary shares arising from the exercise of 5,500 warrants (UKEM-W2), for a total of Baht 2,750. The Company registered the resulting increase of Baht 1,375 in its capital with Ministry of Commerce on 12 June 2018 and the Stock Exchange of Thailand listed the 5,500 ordinary shares on 18 June 2018.

25. 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 after adjusting the number of ordinary shares to reflect the impact of the stock dividend as discussed in Note 28 to the financial statements. The prior period's basic earnings per share has been recalculated as if the stock dividend had been distributed at the beginning of the earliest period reported.

Diluted 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 plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

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

	Consolidated financial statements					
	Profit for the period		Weighted average number of ordinary shares		Earnings per share	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	<u>36,774</u>	<u>125,729</u>	1,236,278	1,236,342	<u>0.030</u>	<u>0.102</u>
Effect of dilutive potential ordinary shares						
Warrants (UKEM-W2)			<u>48,129</u>	<u>-</u>		
Diluted earnings per share						
Profit attributable to ordinary shareholders						
assuming the conversion of warrants to						
ordinary shares	36,774	125,729	1,284,407	1,236,342	0.029	0.102



	Separate financial statements					
	Profit for the period		Weighted average number of ordinary shares		Earnings per share	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	<u>20,368</u>	<u>117,987</u>	<u>1,236,278</u>	<u>1,236,342</u>	<u>0.016</u>	<u>0.095</u>
Effect of dilutive potential ordinary shares						
Warrants (UKEM-W2)			<u>48,129</u>	<u>-</u>		
Diluted earnings per share						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>20,368</u>	<u>117,987</u>	<u>1,284,407</u>	<u>1,236,642</u>	<u>0.016</u>	<u>0.095</u>

26. 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.

Major customers

For the year ended 31 December 2018, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

For the year ended 31 December 2018, the sales revenues of the subsidiaries amounting to Baht 211 million were derived from two major customers of the subsidiaries. Directors of these major customers are shareholders of the subsidiary who are on the list of first 30 shareholders (as at 31 December 2018). The selling prices, collections, and credit terms which the subsidiaries have with such major customers are similar to other customers of the subsidiaries.

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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.

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27. 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 - 10 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 2018 and 2017, amounting to Baht 1.3 million and Baht 1.5 million, respectively (The Company only: Baht 0.3 million and Baht 0.4 million, respectively) were recognised as expenses.

28. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividends per share (Baht)
Interim dividends	Extraordinary Meeting of the Company's Shareholders No.1/2018 held on 31 January 2018		
- Cash dividends		12.36	0.01
- Stock dividends of 412.05 million ordinary shares		103.01	0.13
Final dividends for 2017	The Annual General Meeting of the Company's Shareholders No.1/2018 held on 23 April 2018	49.45	0.04
Total for 2018		164.82	0.18
Final dividends for 2016	The Annual General Meeting of the Company's Shareholders No.1/2017 held on 20 April 2017	37.09	0.05
Total for 2017		37.09	0.05

29. Commitments and contingent liabilities

29.1 Operating lease commitments

The Company and subsidiaries 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 2018 and 2017, future minimum lease payments required under these operating leases contracts were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Payable:				
In up to 1 year	16	16	13	15
In over 1 and up to 3 years	5	16	4	16

29.2 Guarantees

As at 31 December 2018, the Company and its subsidiaries had the following outstanding significant letters of guarantee:

29.2.1 Outstanding bank guarantees of Baht 32 million (2017: Baht 43 million) have been issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of its business. These letters of guarantee are to guarantee payments of goods to suppliers.

29.2.2 Outstanding bank guarantees of Baht 11 million (2017: 11 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.

29.3 Other commitments

29.3.1 As at 31 December 2018, the Company had commitments to banks under letters of credit amounting to approximately USD 1 million (2017: USD 2 million).

29.3.2 As at 31 December 2018, a subsidiary company had commitments to banks under letters of credit amounting to approximately USD 1 million (2017: USD 1 million).



29.4 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 SaeheComms Company Limited, located in South Korea. The agreement has a term of 2 years, from 1 February 2012 to 31 January 2014, 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. TUC is responsible for costs of internet connections for installing the I-Meeting Solution system and for finding customers, while SaeheComms Company Limited 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.

30. Fair value hierarchy

As at 31 December 2018, 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 (Note 11)	83	-	-	83
Assets disclosed at fair value				
Investment properties	-	18	-	18
Liabilities disclosed at fair value				
Foreign currency forward contracts	-	3	-	3

(Unit: Million Baht)

	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets disclosed at fair value				
Investment properties	-	18	-	18
Liabilities disclosed at fair value				
Foreign currency forward contracts	-	3	-	3

30. Financial instruments

30.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, available-for-sale investments, bank overdrafts and short-term loans 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 Company and its subsidiaries' exposure to interest rate risk relates primarily to their 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 2018, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.



(Unit: Million Baht)

Consolidated financial statements

	Fixed interest rates										Effective interest rate (% per annum)	
	Within 1 year		1-5 years		Floating interest rate		Non-interest bearing		Total			
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017		
Financial Assets												
Cash and cash equivalents	-	-	-	-	569.5	537.0	2.2	11.4	571.7	584.4	0.13 - 1.50	0.10 - 1.75
Trade and other receivables	-	-	-	-	-	-	896.3	893.4	896.3	893.4	-	-
Available-for-sale investments	-	-	-	-	-	-	82.9	87.1	82.9	87.1	-	-
	-	-	-	-	569.5	537.0	981.4	991.9	1,550.9	1,528.9		
Financial liabilities												
Short-term loans from financial institutions	80.0	-	-	-	512.1	482.8	-	-	592.1	482.8	0.72 - 3.67	1.05 - 3.72
Trade and other payables	-	-	-	-	-	-	402.1	363.4	402.1	363.4	-	-
Liabilities under hire purchase agreements	1.5	1.1	2.2	2.2	-	-	-	-	3.7	3.3	3.81 - 7.50	3.81 - 7.05
	81.5	1.1	2.2	2.2	512.1	482.8	402.1	363.4	997.9	849.5		

(Unit: Million Baht)

Separate financial statements

	Fixed interest rates												Effective interest rate		
	Within 1 year		1-5 years		Floating interest rate		Non-interest bearing		Total						
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
	(% per annum)														
Financial Assets															
Cash and cash equivalents	-	-	-	-	147.9	231.0	0.2	0.2	148.1	231.2	0.13 - 1.50	0.10 - 1.75			
Trade and other receivables	-	-	-	-	-	-	714.9	684.1	714.9	684.1	-	-			
	-	-	-	-	147.9	231.0	715.1	684.3	863.0	915.3					
Financial liabilities															
Short-term loans from financial institutions	80.0	-	-	-	328.8	297.6	-	-	408.8	297.6	2.15 - 3.45	1.65 - 3.72			
Trade and other payables	-	-	-	-	-	-	329.2	318.4	329.2	318.4	-	-			
Liabilities under hire purchase agreements	0.9	0.4	2.0	1.4	-	-	-	-	2.9	1.8	3.81	3.81			
	80.9	0.4	2.0	1.4	328.8	297.6	329.2	318.4	740.9	617.8					



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 2018 and 2017, the balances of financial liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements				
Foreign currency	Financial liabilities		Average exchange rate	
	As at 31 December		As at 31 December	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	8.73	10.77	32.45	32.85
Euro	0.20	0.09	37.12	39.39

Separate financial statements				
Foreign currency	Financial liabilities		Average exchange rate	
	As at 31 December		As at 31 December	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	7.79	10.00	32.45	32.85

As at 31 December 2018 and 2017, foreign exchange contracts outstanding are summarised below.

Consolidated financial statements						
Foreign currency	Contractual exchange rate					
	Bought amount		Bought		Contractual maturity date	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Baht per 1 foreign currency unit)			
US dollar	7.62	9.48	31.31 - 33.19	32.45 - 33.51	January 2019 - September 2019	January 2018 - July 2018
Euro	0.10	0.04	37.55 - 38.40	38.55 - 39.01	January 2019 - March 2019	January 2018

Separate financial statements						
Foreign currency	Bought amount		Contractual exchange rate		Contractual maturity date	
			Bought			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Baht per 1 foreign currency unit)			
US dollar	7.02	9.16	32.19 - 33.19	32.45 - 33.51	January 2019 - September 2019	January 2018 - July 2018

As at 31 December 2018, the outstanding of option contracts of the Company are below:

Consolidated financial statements/Separate financial statement			
Foreign currency	Amount *	Contract exchange rate *	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.3 or 0.6	33.20 or 32.80	February 2019

*Amount and contract exchange rate depend on spot rate at contractual maturity date.

31.2 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 11 to the financial statements, and the fair value of foreign exchange contracts are presented in Note 30 to the financial statements.

32. 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 2018, the Group's debt-to-equity ratio was 0.8:1 (2017: 0.7:1) and the Company's was 1.1:1 (2017: 0.9:1).

33. Events after the reporting period

- 33.1 As described in Note 12.1.3 to the consolidated financial statements, after the reporting period, a subsidiary had purchased back 0.29 million ordinary share (par value of Baht 1 each), or 0.07% of the total number of issued and fully paid up shares, for a total of Baht 1.07 million. As a results, as at the auditor's report date, a subsidiary had totaling 12 million treasury shares (par value of Baht 1 each), or 2.91% of the total number of issued and fully paid up shares, for a total of Baht 54.18 million.



33.2 On 27 February 2019, the Board of Directors Meeting No. 1/2019 of Gratitude Infinite Public Company Limited (subsidiary) approved the following resolutions.

- To propose to the Annual General Meeting of the Company's shareholders for the year 2019 for approval to pay a dividend total of Baht 80.16 million, to the shareholders in respect of the 2018 earnings.
- To consider an approval for investment in the ordinary shares of TV Direct Public Company Limited amounting to Baht 50.54 million by purchasing ordinary shares from the existing shareholders of such company totaling 31,589,994 shares at an exercise price of 1.60 baht per share.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2019.