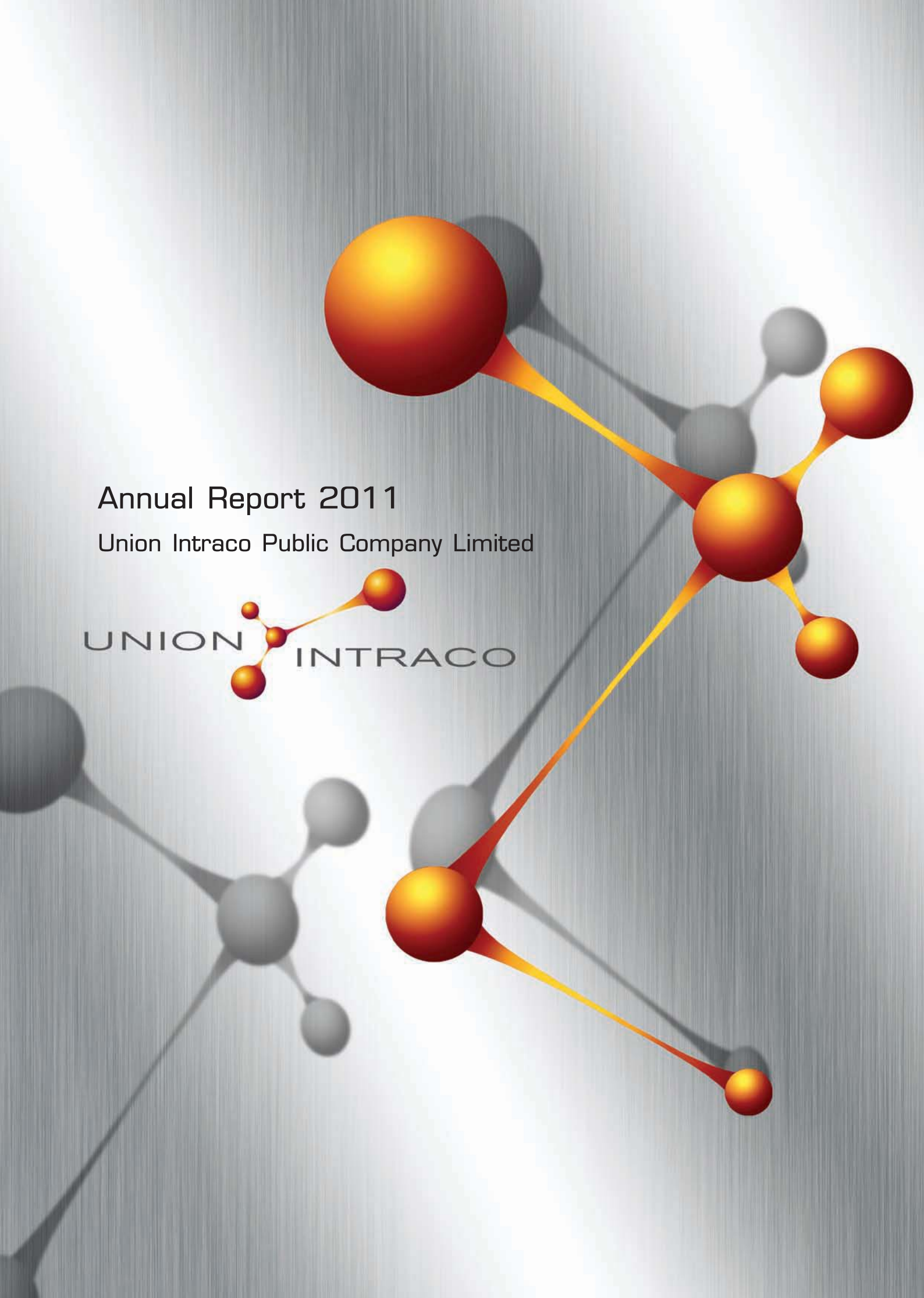




Annual Report 2011

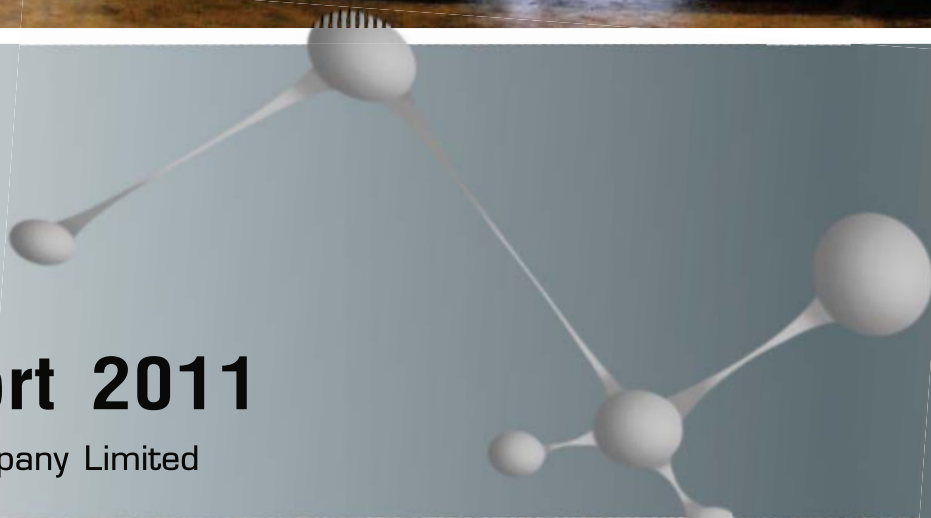
Union Intraco Public Company Limited





Annual Report 2011

Union Intraco Public Company Limited



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Message from the Chairman of the Board of Directors

Due to recession on world economy and government debt crisis in Europe and United States, world trade and business investment is slowdown, accompanied by the flood in Thailand last year, Thailand's economic growth rate in 2011 is only at 0.1%. Though it is projected that Thai economy will recover in 2012 and the economic growth will be at the rate of 4.5-5.5% driven by government spending as well as recovery of world economy which will stimulate more consumption and investment from private sector, Thai economy is still fragile since it is closely related to world economy which is still at risks.

Despite economic slowdown, our business has been expanded from total revenue of 303.02 million Baht in 2010 to 500.25 million Baht in 2011 and net profit ratio to total revenue rose from 5.63% to 7.12%. Profitability of the business is satisfactory.

Return on Equity (ROE) is increasing continuously from 14.03% in 2010 to 19.31% in 2011 resulted from the increase of net profit. However, the company also made more loans for working capital in response to higher sales volume. The progress of business performance in 2011 is due to our initiative business plan and development of specialty chemicals products which response to customer needs.

We would like to thank the shareholders for continuous support to our company and we will focus on our business plan to develop more products on specialty chemicals as mentioned. These business opportunities will bring us more market expansion and higher benefit to the shareholders and the operation will be executed with carefulness and well-prepared for the uncertainty that may occur. On behalf of the Board of Directors, I would like to tender my sincere thanks to the shareholders and all stakeholders for excellent support and hope for continuous support to the company.

(Mr. Jesadavat Priebjivat)
Chairman

Report of Audit Committee

Audit Committee of Union Intraco Plc. consists of Mr. Khan Akaworawit as chairman of audit committee, Asst. Prof. Dr. Kwansagool Tengamnuay as audit committee and Miss Siruswadi Suthiworapunchai as audit committee. All members in audit committee are knowledgeable on accounting.

The audit committee has been assigned to examine the accuracy and reliability of financial statement, review internal control and internal audit system, monitor if business practices is abided by laws and regulations, review connected transactions or any transactions that may incur conflict of interest, propose and appoint outsource auditor as well as determine remuneration for the auditor. In 2011, the key missions of audit committee are:

Review quarterly financial statement of year 2011 and perform the audit with consultation from accounting auditors to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit is conducted in accordance with the generally accepted auditing standards covering the regulation concerning employee's benefits, property, plant and equipment which has been imposed in this year.

Monitor if the company's business practices are abided by laws and regulations regulated by SET and SEC. Review inter-company transaction and any other transaction that may incur conflict of interest. Business transactions with parent company are in accordance with mutual agreement and avoid overlapping business practices. The audit committee will follow up if business practices are abided by such agreement.

Define scope of internal control to cover comprehensive range of business practice in the company as well as risk management system. So far there is no significant error found. The committee also gives suggestion to executives on the improvement of working process and keeping information updated.

Select and appoint accounting auditors namely Ms. Siraporn Ouaanunkun (Auditor's License no. 3844), Mr. Supachai Phanyawattano (Auditor's License No. 3930) or Mr.Khitsada Lerdwana (Auditors license No.4958) from Ernst & Young Co.,Ltd to audit the company's financial statement of fiscal year 2012. Audit fee is amounted to 615,000 Baht and has been submitted to Board of Director to be proposed for approval in shareholder's general meeting in 2012.

The audit committee implemented the mission as assigned independently and discussed with executive boards continually and with auditors quarterly to ensure reliabilities of financial statement presentation and proper internal control system. There is no significant error found so far.



(Mr. Khan Akaworawit)
Chairman of Audit Committee





The History Briefly of Board



Mr. Jesadavat Priebjivat

Title: Chairman of Board of Director / Independent Director

Age: 55 Years **Educational Background**

- MSc. in Finance, New York University
- MSc. in Engineering Management, George Washington University
- B.Eng. in Civil Engineering, Chulalongkorn University
- Certificate in Director Certification Program (DCP) Class of 2009
- Certificate in Advanced Audit Committee Program (AAP) Class of 2009
- Certificate in Role of Chairmanship Program (RCP) Class of 2010
- Certificate in FRM (Global Association of Risk Professional: GARP)

Working Experiences:

Period	Company	Title
Present	Union Intraco Plc. CAT Telecom Plc. Sansiri Plc	Chairman of Board Director Chief of Financial Department Independent Director/ Audit Committee
2004 – 2007	MFC Asset Management Plc.	Deputy Managing Director
2001 - 2004	KGI Securities (Thailand) Plc.	Deputy Managing Director

Mr. Khan Akaworawit

Educational Background

- MBA, Kasetsart University
- BA in Cooperative Economics, Kasetsart University
- Certificate in Director Certification Program (DCP) Class of 65/2005
- Certificate in Director Accreditation Program (DAP) Class of 34/2004
- Certificate in Audit Committee Program (ACP) Class of 2006

Title: Chairman of Audit Committee/
Independent Director

Age: 50 years

Working Experiences:

Period	Company	Title
Present	Union Intraco Plc.	Chairman of Audit Committee/ Independent Director
	T.M.C Industrial Plc.	Managing Director
	Kevin & Kurt Co.,Ltd	Managing Director
	Permsin Steel Works Plc	Audit Committee
	Crown Tech Advance Plc.	Managing Director
2008 - 2009	Bangpakok Hospital Group Co., Ltd.	CFO
2006 - 2008	CHU KAI Plc.	CFO
2003 - 2008	Black Ligor Co.,Ltd	Managing Director
2001 - present	Kevin & Kurt Co.,Ltd	Managing Director



Miss Kwansagool Tengamnuay

Title: Audit Committee/
Independent Director

Age: 44 years

Educational Background

- Ph.D in Accounting, University of Manchester, UK
- MBA in Finance, University of San Antonio, USA
- MSc. In Accounting, Chulalongkorn University
- Bachelor of Accounting, Thammasart University

Working Experiences:

Period	Company	Title
Present	Union Intraco Plc.	Audit Committee/ Independent Director
2008 - present	Health Look Co., Ltd.	Director
1998 - present	Kasetsart University	Lecturer at Accounting Department, Faculty of Business Administration
1991 - present	Thanakorn office	Managing Partner
1991 - 1997	PricewaterhouseCoopers ABAS Ltd.	Audit Assistant



Miss Siruswadi Suthiworapuncha

Educational Background

- MBA, Assumption University
- BSc. of Medical Technology, Chulalongkorn University

Title: Chairman of Audit Committee/
Independent Director

Age: 44 years

Working Experiences:

Period	Company	Title
Present	Union Intraco Plc.	Audit Committee/ Independent Director
2011 - present	Ploenchit Capital Co.,Ltd.	Senior Director of Investment Banking
2000 - 2005	United Securities Plc.	Director of Investment Banking
1995 - 2000	DhanaSiam Securities Plc.	Investment Banking Manager
1994	The Stock Exchange of Thailand	Internal Control Officer



Educational Background

- Bachelor of Business Administration, Assumption University
- Diploma in International Finance & Banking, University of Birmingham, UK
- Certificate in Director Accreditation Program (DAP) Class of 78/ 2005

Mr. Perajed Suwannapasri

Title: Chief of Executive Board

Age: 40 years



Working Experiences:

Period	Company	Title
Present	Union Intraco Plc.	Chief of Executive Board
	Petrochemical Plc.	Director
	UKEM Ethanol and Ester Co., Ltd.	Director
2005 - 2009	Union Intraco Plc.	Deputy Managing Director
	Union Petrochemical Plc.	
2000 - 2005	Union Intraco Plc.	General Manager
1991 - 2000	Union Trading and Industries Co., Ltd.	Assistant Marketing Manager

Educational Background

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

Mr. Virat Suwannapasri

Title: Director

Age: 67 years



Working Experiences:

Period	Company	Title
2010-present	Union Intraco Plc.	Director
2005-present	Union Petrochemical Plc.	Managing Director
	Lion Asia (Thailand) Co.,Ltd.	Managing Director
2005 - 2010	Union Intraco Plc.	Managing Director
1981 - 2004	Union Trading and Industries Co.,Ltd	Managing Director



Mrs. Kanjana Suwannapasri

Title: Director

Age: 70 years

Educational Background

- Ph.D. in Social Science, Mahachulalongkornrajavidyalaya University
- Honorary Degree in Buddhism, Faculty of Social Science, Mahachulalongkornrajavidyalaya University
- Certificate in Director Accreditation Program (DAP) Class of 2005

Working Experiences:

Period	Company	Title
2010 - Present	Union Intraco Plc.	Director
	UKEM Ethanol and Ester Co.,Ltd.	Director
2005-Present	Union Petrochemical Plc.	Deputy Managing Director
	Lion Asia (Thailand) Co.,Ltd.	Director
1981-2004	Union Trading and Industries Co.,Ltd	Deputy Managing Director



Miss Suthida Suwannapasri

Title: Director

Age: 42 years

Educational Background

- MA. In Public Administration, NIDA
- Bachelor of Laws, Thammasart University
- Certificate in Director Accreditation Program (DAP) Class of 78/ 2005

Working Experiences:

Period	Company	Title
Present	Union Intraco Plc.	Director
	Union Petrochemical Plc.	Assistant Managing Director
	UKEM Ethanol and Ester Co.,Ltd.	Director
2005-2009	Union Petrochemical Plc.	General Manager



Miss Piyanan Suwannapasri

Title: Director

Age: 41 years

Education Background

- MBA in Marketing, University of New Haven, USA
- Msc. in Finance, University of New Haven, USA
- BBA in Finance, Assumption University
- Certificate in Director Accreditation Program (DAP) Class of 42/ 2005

Working Experiences:

Period	Company	Title
2005 - present	Union Intraco Plc.	Director
	Lion Asia (Thailand) Co.,Ltd	Director
	Union Petrochemical Plc.	Assistant Managing Director
	UKEM Ethanol and Ester Co.,Ltd	Director
2002 – 2005	Union Petrochemical Plc.	Accounting and Finance Manager



Mr. Perapol Suwannapasri

Title: Director

Age: 34 years

Education Background

- MA. in E-Business Management, University of Surrey U.K.
- Bachelor of Business Administration, Assumption University
- Certificate in Director Accreditation Program (DAP) Class of 2005

Working Experiences:

Period	Company	Title
2005 – present	Union Intraco Plc.	Director
	Lion Asia (Thailand) Co.,Ltd	Director
	Union Petrochemical Plc.	Assistant Managing Director
	UKEM Ethanol and Ester Co.,Ltd	Director
2003 – 2005	Union Petrochemical Plc.	Business Development Manager

Educational Background

- MA. in Commerce, University of New South Wales
- Bachelor of Business Administration, Assumption University

Working Experiences:

Period	Company	Title
Present	Union Intraco Plc.	Director
2006 - Present	Diageo Moet Hennessy, Thailand	Group Customer Marketing Manager
2003 - 2006	Diethelm Co.,Ltd	Product Manager
2003	Unilever Best Foods(Thailand)	Customer Executive
1999 – 2001	Diethelm Co.,Ltd	Senior Product Management Assistant
1998 - 1999	Central Department Co.,Ltd	Department Manager

Mr.Karoon Srivijitranon

Title: Director

Age: 35 years



Educational Background

- Ph.D in Chemical Engineering, University of New South Wales
- BSc. In Chemical Technique, Chulalongkorn University

Working Experiences:

Period	Company	Title
Present	Union Intraco Plc.	Director
1995 - present	Mahanakorn University of Technology	Vice President of Research Dept.
1992- 1993	Esso (Thailand) Plc	Engineer

Mr. Vissanu Meeyoo

Title: Director

Age: 42 years



General Information

Name : Union Intraco Public Company Limited
Business Registration No. : 0107553000140
Type of Business : Trader, Developer and Distributor of specialty chemicals
Registered Capital : 130,000,000 Baht
Paid Up Capital : 130,000,000 Baht
Location : 9/8 Moo 5 Salathammasop , Taweewattana, Bangkok

Website : www.unionintraco.co.th
Telephone : (662) 888-6800
Fax : (662) 888-7200

Reference Data

Reference Data

Securities Registration : Thailand Securities Depository (Thailand) Co.,Ltd
The Stock Exchange of Thailand Building (4th,6th-7th Floor)
Tel: 0-2359-1200-1, Fax: 0-2359-1259

Auditor : Ms. Siraporn Ouaanunkun
Audit License No. 3844
Ernst & Young Co.,Ltd
33rd Floor, Lake Rajada Office Complex
193/136-137 New Rajadapisek Road
Klongtoey, Bangkok 10110, Thailand
Tel: 0-2264-0777, Fax: 0-2264-0789-90



Financial Highlights

Summary of Financial Performance

Unit : Mil. Baht

Financial Performance	Financial Statement 2010	2011	Change (+/-)
Assets	322.18	521.78	199.60 Mil. Baht
Liabilities	191.88	283.30	91.42 Mil. Baht
Shareholder's Equity	130.30	238.48	108.18 Mil. Baht
Total Revenue	303.02	500.25	60.57%
Net Profit/Loss	17.19	35.61	48.27%
Earnings per Share	0.22	0.33	0.11 Baht/share
Financial Ratio	2010	2011	Change (+/-)
Gross Profit Margin	14.33%	18.94%	4.61%
Net Profit Margin	5.63%	7.12%	1.49%
Return on Assets (ROA)	6.66%	12.38%	5.72%
Return on Equity (ROE)	14.03%	19.31%	5.28%
Debt to Equity Ratio	1.47	1.19	(0.28)

Type of Business

Products and Services

Union Intraco Public Company Limited is the trader, developer and distributor of specialty chemicals. These chemicals are used as raw material in various industries such as cosmetics and health care products, printing ink and varnishing, foods and medical supplies as well as plastics and other containers.

Our specialty chemicals are used in manufacturing processes which require specific material to create specific and uniqueness on the products. Thus specialty chemicals are far different from commodity chemical in terms of price, quantity, production cost as well as demand on the products.

Product Line

Our specialty chemicals can be categorized into 2 groups: liquid chemicals and chemical powder

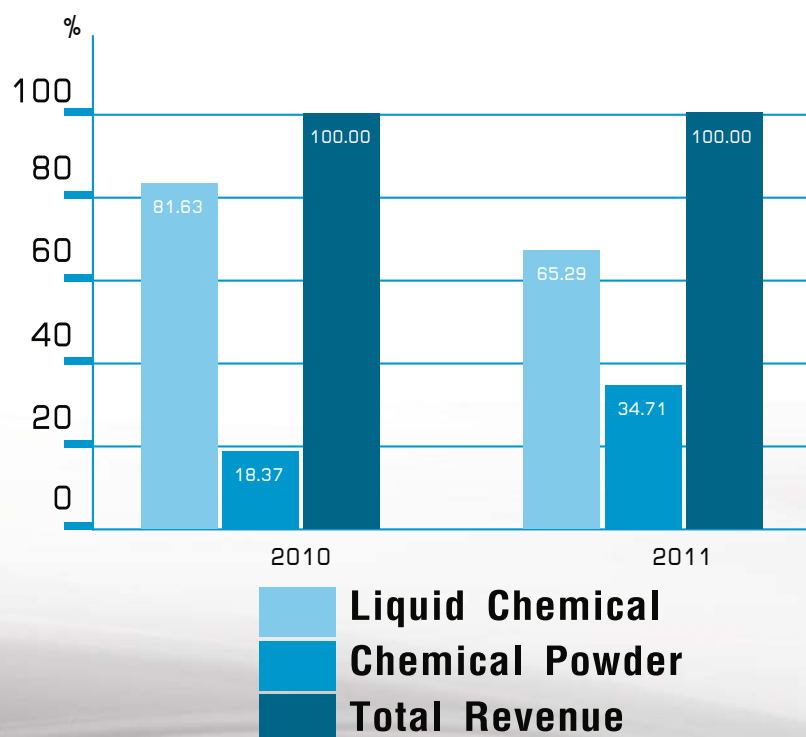
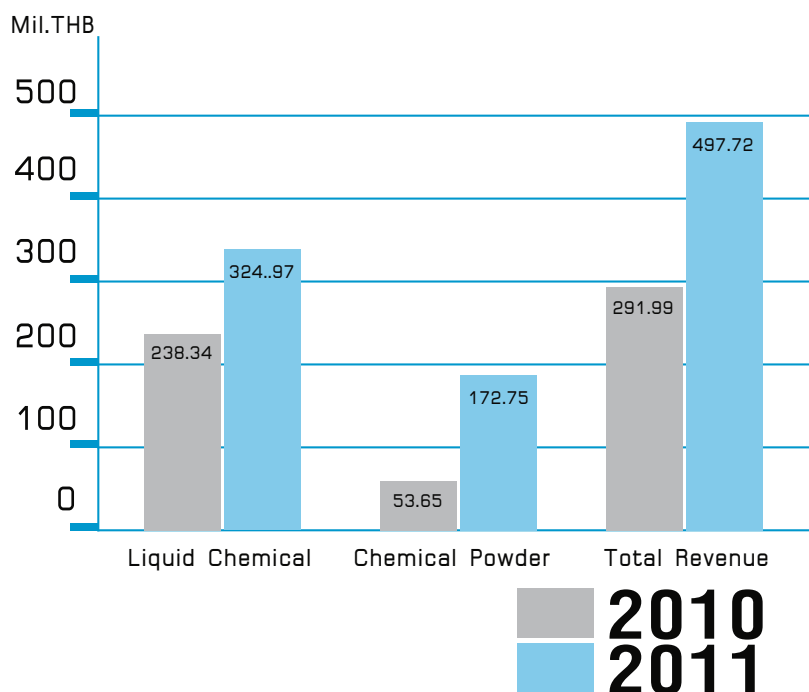
Liquid Chemicals

- Alcohol
- Ester
- Glycol

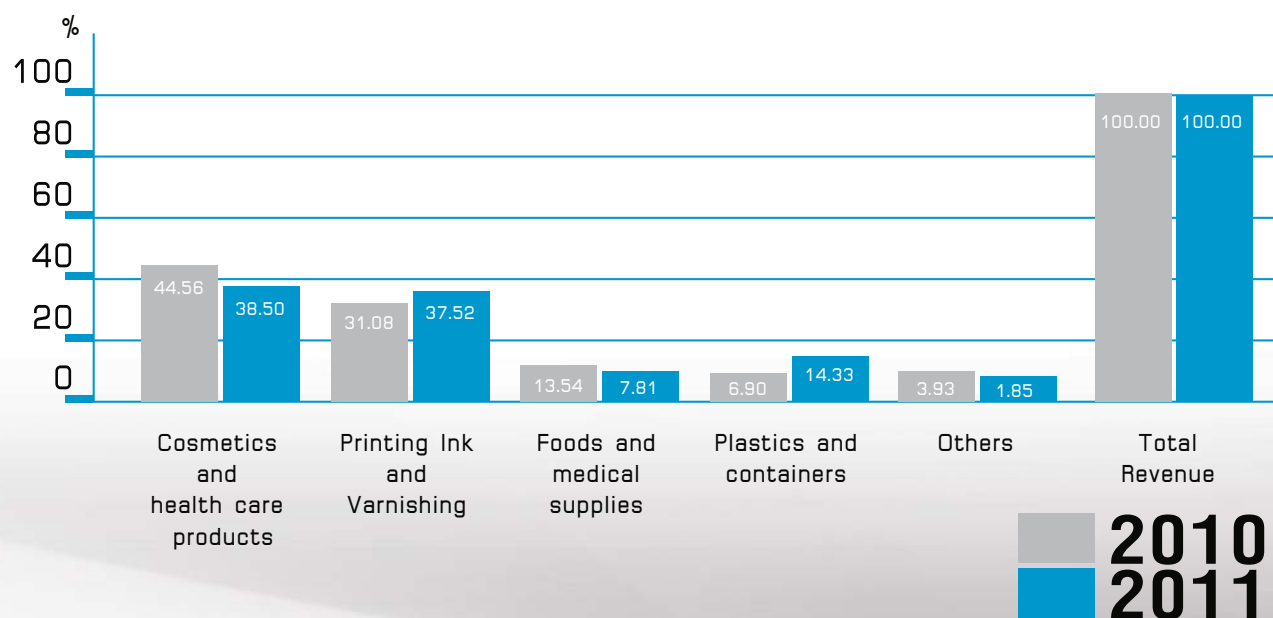
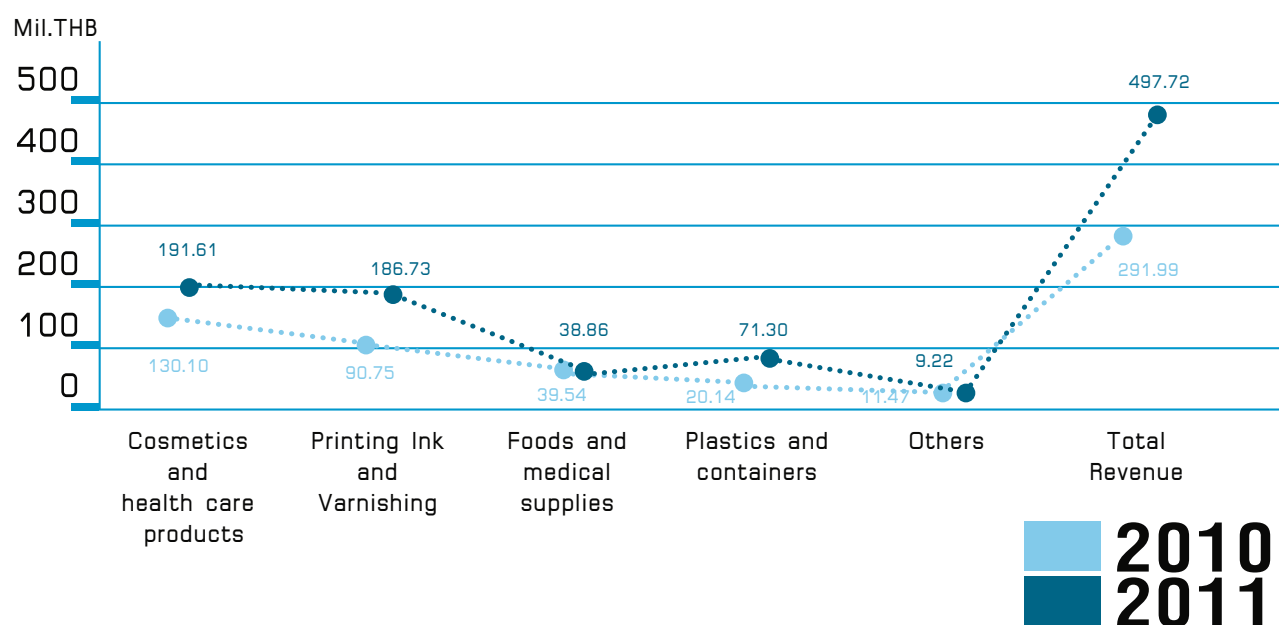
Chemical Powder

- Additive
- Pigment

Revenue by Product Lines



Revenue by Industrial Segment



Risk Factors

Risk from Fluctuation of Raw Materials Price

Most of chemical products including specialty chemicals are derived from petrochemical industry. Upstream petrochemical products are Naphtha, Ethylene and Propylene which are the main starting raw material to produce chemical products. Thus, price of specialty chemicals will be changed in correlation with the change on price of crude oil and the aforementioned upstream petrochemical products.

Nonetheless, price of specialty chemicals tends to fluctuate less than the price of commodity chemicals because the change on price of specialty chemicals is not only affected by cost of raw material but also depending on demand and supply of the products, production capacity of major manufacturers in the industry. In addition, certain kinds of specialty chemicals are patented and the manufacturers of these patented chemicals are highly influential to determine the price of such products. If the price of patented chemicals is increased and there are no substitute products, the company will face the risk of higher material cost.

To reduce the risk from fluctuation of raw material price, the company's executives must closely monitor the change on price of raw material and assess market trend, price movement and customer's demand on chemical products. Ordering history is used as a tool to determine the quantity of products to be purchased. As for pricing strategy, executives will review price of products monthly responding to market price in order to minimize the risk from fluctuation of material price of which would significantly affect the profit of the company. The company also focuses on specialty products of which our marketing strategy will not only rely on price competition but also on better service and quality of product and this policy will help reduce the risk from fluctuation on material price.

Risk from Failure to Extend Distributor Contract with Suppliers

The company is authorized distributor of Titanium Dioxide manufactured by Tioxide (Malaysia) SDN BHD, a subsidiary of Huntsman International. The contract lasts for 1 year and will be automatically renewed in yearly basis. If the contract has not been extended, the company will not be able to purchase Titanium Dioxide produced by Huntsman International for distribution in Thailand and there will be no more technical support from Huntsman International which will largely affect our business.

By considering the fact that the company has successfully expanded the market of Titanium Dioxide with the revenue of this product worth 169.43 million Baht in year 2011, we are confident that we are qualified distributor accompanied by experts on specialty chemicals and possess considerable number of customer bases using Titanium Dioxide to manufacture printing ink and containers. The risk from failure to extend the contract is considerably low.

Risk from Payment Default from Customers

From 2009-2011, account receivables of the company is at 40.35 million Baht, 86.57 million Baht and 124.30 million Baht respectively and average collection period is at 64.57, 78.24 and 77.31 days respectively. As of December 31, 2011, account receivables amounted to 23.82% of total assets. Up till now, there has been no payment default from customers. Regarding allowance for doubtful accounts, the company will review financial competence of each customer and amount of debtors in prosecution process. Since account receivables is substantial part of total assets, if there are default payment or bad debt, it will greatly affect company's liquidity and business performance.

Credit term is varied by type of customer business: 60 days for customers in cosmetics and health care industry, food and medical supplies industry as well as plastics and containers industry, and 60-90 days for customers in printing and varnishing industry or chemical products agents. Sales history and payment record of each customer are also taken into account in determination of credit term. Marketing team and accounting team have worked cooperatively to review credit term and credit limit of each customer to ensure that proper credit terms and credit limit are granted to customers.

Executives are concerned about the collection of overdue payment so accounting department is assigned to report the list of overdue customers to the management team monthly. Financial statement of new customer must be reviewed before opening customer account and granting credit terms. Being implemented from 2008, the process to collect overdue payment starts from informing customer verbally, sending notice, and making persecution if overdue payment period is over 90 days and this process is proven to prevent payment default effectively. As of December 31, 2011, number of customers with not-due payment accounted for 55.70%, with overdue payment less than 3 months is at 43.19%, with overdue payment 3-6 month is at 0.98% and with overdue payment over 12 months is at 0.16%. 55.70% of overdue payment is less than 30 days due to the overlap of billing cycles and check issuing cycles. This group of customers are old customers with regular order and do not have any payment default. For customers with long overdue payment, the company has negotiated with them to abate debt payment and the customer has continually paid the debt regularly. So far the amount of payment default in the company is not significant.

Risk from Storage and Transportation of Inflammable and Hazardous Materials

Though most of the company's products are environmental friendly and safe but some chemicals are classified as inflammable and hazardous materials by the definition of Pollution Control Department, Ministry of Natural Resource and Environment. Thus careful handle of the products is required to prevent the leak of chemical products which is harmful to human and environment. The company has imposed stringent safety measurement to ensure secure handling of such materials by storing these materials in appropriate containers such as Anti Static IBC tank which has strong structure in order to prevent static electricity and chemical leak. Before using any containers, they must be cleansed and checked if they are in good condition and safe.

In addition, proper area is designated to store specific materials whereby warehouse for liquid chemicals is separated from warehouse for chemical powder. To minimize the risk of inflammable materials, safety equipment and measurement has been taken into account. Explosion-proof electricity system and equipment as well as ground line has been installed to prevent sparks or short circuit of electricity which is the cause of fire. Fire extinguishers have been installed and fire fighting training has been conducted to alleviate the damage that may happen. Insurances are made for office, office supplies and equipment, warehouse and stocks. The sum assured should cover value of stocks in order to minimize the loss of damages and liabilities to third party if any damages or calamity happens and may affect the resident nearby. As of 31 December, 2011, the company's inventory is at 236.67 million Baht increasing from 109.86 million Baht in 2011 which is a result from the expansion of Titanium Dioxide market. However, this material is not inflammable products so the risk from storage of inflammable materials in the company is considerably low.

Risk from Foreign Exchange Rate

Most of our products are imported from overseas and payment is mainly made in USD currency. From 2009-2011, value of imported products are 3.40 million USD, 8.41 million USD and 7.97 million USD respectively, accounted to 79%, 80% and 82% of total value of purchase order, whereas our income are in Baht currency. Therefore the company is exposed to foreign exchange risk if US dollars are appreciated and the amount of account payable will be increased as a result. However, the company is not able to increase the price in responding to the change of exchange rate. By end of 2011, the company has 7.04 million USD of account payable from imported products which has not been hedged yet.

To avoid the fluctuation of exchange rate, the company has determined risk management policy and assigns Accounting and Finance department to review daily exchange rate, watch the market trend and evaluate the fluctuation of exchange rate. If there is any significant change on exchange rate, the company will hedge such risks through purchase of forward contracts. From 2009-2011, the company's profit and loss of exchange rate is at 1.77 million Baht, 10.17 million Baht and -9.73 million Baht respectively resulted from fluctuation rate of USD and Baht currency.

Risk from Change of Interest Rate

The company has been granted credit line in terms of trust receipt and promissory note with the interest rate corresponding to SIBOR (Singapore Interbank Offered Rate) or MOR (Minimum Overdraft Rate) from banks in Thailand, and this credit line is the company's working capital to purchase the products. As of December 31, 2012, the balance of credit line is at 286.00 million Baht with floating interest rate. The company will be exposed to risk if the interest rate is increased.

According to company's risk management policy, movement of domestic and international interest rate is closely monitored in order to minimize the risk from change of interest rate.

Risk from Major Shareholders Own Over 50% of Shares

As of March 15, 2012, Union Petrochemical Plc. held 99.9% of shares in the company but will be diluted to 59.99% after issuing stocks to other shareholders. Suwannapasri family is major shareholders in Union Petrochemical Plc and 6 out of 12 of members in the Board of Director and executive boards of Union Intraco Plc. have been working for this company.

The shareholding of Suwannapasri family both by direct or indirect way through the holding of Union Petrochemical Plc, is accounted for more than 50% of paid capital after increasing of capital stock and therefore the family gains majority vote right in all shareholders' meeting except for the resolution on law or company's regulation which required at least 3 out of 4 votes in shareholding's meeting such as to increase or decrease capital stock and to distribute or transfer stocks to other parties wholly or partially. Therefore, other minor shareholders will not be able to gain adequate vote to counterbalance the power of major shareholders.

Nonetheless, the company is aware of this risk and has outsourced 6 members of Board of Director which is accounted for 50% of all members in Board of Director of which 4 of them are independent director. They are responsible to monitor and counterbalance the power of Board of Director and Executive Board. Protecting the benefit of shareholders is an integral part of company policy. Should the company performs business with the entity that may incur conflict of interest, the company will strictly follow the approval procedure of inter-company transaction obliged by SET regulation. Executives, directors and shareholders who have beneficial interest on that transaction will not be eligible to cast their vote on such issue.

Shareholder Structure and Management

As on December 31, 2011, company's registered capital is 130,000,000 Baht distributed to 130,000,000 common stocks with par value at 1.00 Baht per share. Paid Up capital is at 130,000,000 shares

List of Shareholders

Name of shareholders as of March 15, 2012 is as follow:

NO.	Name of Shareholders	As of March 15,2012	
		No. of Equity Shares	Shareholding (%)
1.	Union Chemical Plc.	77,993,000	59.99
2.	Mrs. Kanok-orn Bodinrat	5,900,660	4.54
3.	Miss Wananthorn Kitvanichsathien	3,958,699	3.05
4.	Mr. Thamrong Sompruk	1,704,600	1.31
5.	Mr. Kamthorn Sukhawatt	1,582,000	1.31
6.	Mrs. Suriya Nanna	1,399,400	1.08
7.	Mr. Ekaratch Tengamnuay	1,291,500	0.99
8.	Miss Krongthong Sawetamal	1,140,100	0.88
9.	Miss Kotchaporn Cherdchusrisap	1,036,400	0.80
10.	Thai NVDR Co.,Ltd	812,021	0.62

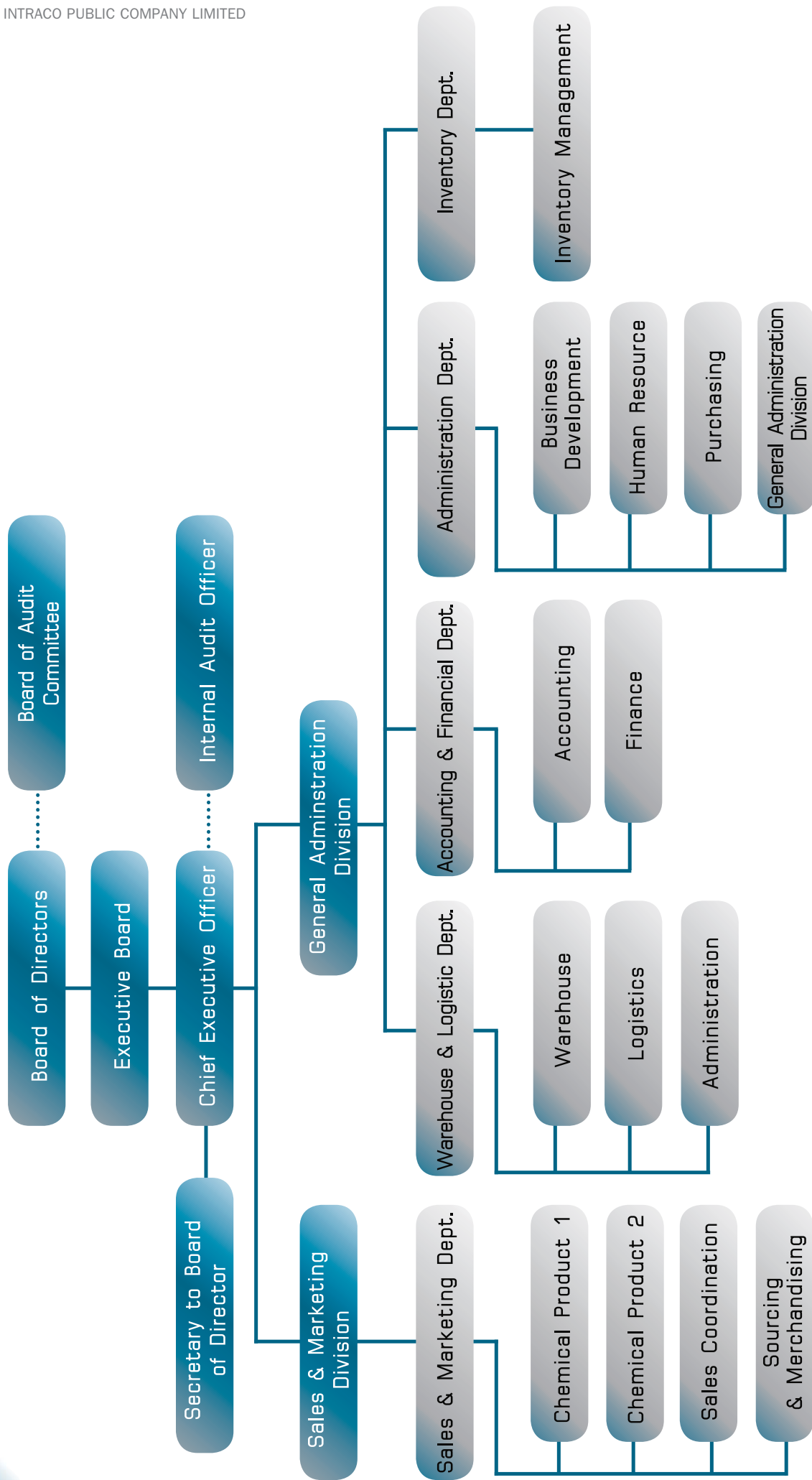
Dividend Payment Policy

Should there is no extra expense for further investment in business expansion and cash flow is adequate, our dividend policy is based on an annual pay-out ratio of 40% of net income. Dividend payout may vary as per financial needs of the business but will be on the ground to provide utmost benefits to the shareholders. The dividend payout recommended by Board of Directors must be proposed for approval during shareholder's general meeting. However, Board of Directors is authorized to approve interim dividend and will report to shareholders in the next meeting.

Board of Director

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UNION INTRACO PUBLIC COMPANY LIMITED



Board of Director

As on December 31, 2011, there are 12 members in Board of Director as follows:

No.	Name	Title
1.	Mr. Jesadavat Priebjriva	Chairman of Board of Director/ Independent Director
2.	Mr. Khan Akaworawit	Chairman of Audit Committee/ Independent Director
3.	Miss Kwansagool Tengamnuay	Audit Committee/ Independent Director
4.	Miss Siruswadi Suthiworapunchai	Audit Committee/ Independent Director
5.	Mr. Perajed Suwannapasri	Chief of Executive Board
6.	Mr. Virat Suwannapasri	Director
7.	Mrs. Kanjana Suwannapasri	Director
8.	Miss Suthida Suwannapasri	Director
9.	Miss Piyanan Suwannapasri	Director
10.	Mr. Perapol Suwannapasri	Director
11.	Mr. Karoon Srivijitranon	Director
12.	Mr. Vissanu Meeyoo	Director

Remark: Secretary to Board of Director is Miss Piyathida Suwanchana

Authorized Director

There are 6 authorized directors namely Mr. Virat Suwannapasri, Mrs. Kanjana Suwannapasri, Miss Suthida Suwannapasri, Miss Piyanan Suwannapasri, Mr. Perajed Suwannapasri and Mr. Perapol Suwannapasri. 2 out of 6 authorized directors can sign the document with company seal to perform business transaction on behalf of the company, but Mr. Virat Suwannapasri and Mrs. Kanjana Suwannapasri are not authorized to sign documents together.

Audit Committee

As of December 31, 2011, the audit committee consists of:

No.	Name	Title
1.	Mr. Khan Akaworawit*	Chairman of Audit Committee / Independent Director
2.	Miss Kwansagool Tengamnuay*	Audit Committee / Independent Director
3.	Miss Siruswadi Suthiworapunchai*	Audit Committee / Independent Director

Remark : * Audit committee knowledgeable on accounting and finance

**Secretary of audit committee is Miss Piyathida Suwanchana

Executive Board

As of December 31, 2011, there are 4 members in executive board namely:

No.	Name	Title
1. Mr. Perajed	Suwannapasri	Chief of Executive Board
2. Mr. Perapol	Suwannapasri	Executive Board
3. Mr. Karoon	Srivijitranon	Executive Board
4. Mr. Vissanu	Meeyoo	Executive Board

Executive Officers

As of December 31, 2011, there are 5 executive officers as follows:

No.	Name	Title
1. Mr. Perajed	Suwannapasri	Chief Executive Office
2. Miss Patcharee	Niyompattama	Director of Sales & Marketing
3. Miss Natamon	Sae-Tang	Director of General Administration Accounting and Financial Manager
4. Mr. Ali Lahderus		Warehouse and Logistics Manager
5. Mr. Chirapatr	Temrat	Inventory Management Manager

Selection of Board and Committee

• Selection of Board of Director

Though nominating committee have not been appointed yet to nominate the candidates for director position, the screening process is done by current Board of Director who will nominate qualified candidates abided to Article 68 of Public Limited Companies Act, 1992 and complied to announcement from the Securities and Exchange Commission. Other factors including breadth of experience, understanding of business and ability to run the business successfully are also taken into account. The candidates will be proposed for election at shareholder's general meeting.

The elected candidates for Board of Director should won majority votes in accordance to following regulation:

1. One share is equivalent to one vote
2. One shareholder can vote for one candidate
3. The candidate with the highest vote and candidates with the next highest vote will be elected to fill in vacancies respectively. In case there are 2 candidates with equal vote to fill in the last vacancy, the chairman of the meeting is authorized to make final decision to elect the appropriate candidate.

• Selection of Audit Committees and Independent Directors

Board of Director or the shareholders in annual general meeting is authorized to appoint audit committee with 3 members as minimum. At least one committee must have expertise on accounting or financial field. Whenever members of the audit committee are less than three, Board of Director or the shareholders in the meeting should appoint the candidate to fill the vacancies within 3 months since this position is vacant.

Remuneration for Board and Committee

1. Encashment Remuneration

Remuneration for Board and Committee

Regarding to extraordinary general meeting no. 2/2010 held on July 5, 2010, it was determined that annual remuneration for Board and Committee should not to exceed 1,600,000 Baht. Details of the remuneration are as follows:

Title	Monthly Salary (Baht)
Chairman of Board of Director	40,000
Chairman of Auditing Committee	20,000
Auditing Committee	15,000
Director	7,000

9 and 5 meetings of Board and Committee were held in 2010 and 2011 respectively. The remuneration for Board and Committee is as follows:

Name ¹	Title	Meeting Fee (Baht)		No. Of Attended Meeting	
		2010	2011	2010	2011
Mr. Jesadavat Priebjrivat	Chairman of Board of Director	360,000	480,000	6	5
Mr. Khan Akaworawit	Chairman of Audit Committee	180,000	240,000	6	4
Miss Kwansagool Tengamnuay	Audit Committee	135,000	180,000	6	4
Miss Siruswadi Suthiworapunchai	Audit Committee	135,000	180,000	6	4
Mr. Perajed Suwannapasri	Chief of Executive Board	63,000	84,000	9	5
Mr. Virat Suwannapasri	Director	63,000	84,000	9	5
Mrs. Kanjana Suwannapasri	Director	63,000	84,000	6	5
Miss Suthida Suwannapasri	Director	63,000	84,000	6	5
Miss Piyanan Suwannapasri	Director	63,000	84,000	9	5
Mr. Perapol Suwannapasri	Director	63,000	84,000	6	5
Mr. Karoon Srivijitranon ²	Director	42,000	84,000	3	5
Mr. Vissanu Meeyoo ²	Director	42,000	84,000	3	5
Total		1,272,000	1,752,000		

Remark: 1 appointed according to the resolution on extraordinary general meeting no.1/2010 on March 18, 2010

2 Mr. Karoon Srivijitranon and Mr. Vissanu Meeyoo were appointed as director in accordance to the resolution on extraordinary meeting no. 2/2010 on July 5, 2010

Remuneration for Executives

As on December 31, 2011, the executives team consists of one director and 5 executives who are not in the board of directors. The remuneration for executives is as follows:

Remuneration for Executives	2010		2011	
	No. of Executives Paid	Amount Paid (Baht)	No. of Executives Paid	Amount Paid (Baht)
Salary, Commission and Bonus*	6	3,964,005	5	3,482,499
Other Benefits (provident fund, social security fund and O.T.)	6	272,321	5	224,735
Total		4,236,326		3,707,234

Remark : * including remuneration given to Mr. Virat Suwannapasri while working as Managing Director of the company but resigned from the company since March 31,2010

2. Other Remunerations

-None-

Corporate Governance Policy

Codes of Best Practices are an integral part of company's business practices, aiming to enhance business opportunities, ensure transparency of the business and to increase efficiency of business management. All steps are taken to ensure maximum profit to shareholders, investors and all relevant parties. The company's corporate governance initiatives are based on 5 components:

1) Shareholder Rights

At our company, the right of shareholders is highly concerned and the company will not conduct any activities to violate or deprive shareholder rights and would encourage the shareholders to exercise their rights. The basic right of shareholders includes the right to buy, sell and transfer stocks, the right to acquire adequate information about company's business performance, the right to receive dividends, the right to appoint or to remove Board and Committee, the right for approval on the appointment of independent auditor and the right to attend and vote in shareholders' general meeting on important issues such as dividend payout, to determine or revise the company's regulation or Memorandum of Association, to increase or decrease capital stock as well as approval on other special occasions.

Apart from aforementioned basic rights, the companies also encourage and facilitate the shareholders to exercise their right by:

- Holding annual shareholders' general meeting within 4 months after the end of fiscal year. The invitation to the meeting, meeting agenda together with additional information on business performance will be sent to the shareholders 7 days prior to meeting date. Notices will be published in the newspaper for 3 consecutive days prior to the meeting date at least 3 days.
 - Uploading additional information relevant to meeting agenda in company's website and informing the shareholders on the right to attend the meeting as well as the right to vote.
 - In case shareholders are not able to attend the meeting, they may appoint proxies to vote for their shares by signing in the letter of authorization attached to meeting invitation.
 - Before general meeting, shareholders can send comment, suggestion or inquiry to company via email address of company's Investment Relation Dept, or Secretary to Board of Director.
 - During the meeting, shareholders can comment, suggest and make inquiries to the Board and Committee to ensure that the shareholders have been given substantial information prior to making an approval on any issue. Experts or specialists on each working field are assigned by Board of Director to answer the question and provide information to shareholders as required.
- All Board of Direct will participate in the meeting and the shareholders are welcome to ask for information and details concerning company's business performance.

2) Equal Treatment to Shareholders

The company is committed to establish equality among all groups of shareholders - consisting of executive shareholders, non-executive shareholders, foreign shareholders and minority shareholders- by following procedure.

- Treat and facilitate all shareholders equally. No action shall be conducted to limit, violate or deprive shareholder rights.
- Define that voting rights are equal to number of shares held. One share is equivalent to one vote.
- Assign independent directors to take care of minority shareholders and shareholders can send suggestion or complaints to independent directors who will find proper solution for each issue. In case of complaints, independent director will review the matter of fact and find the right remedy for such issue. In case there is suggestion relevant to the benefits of stakeholders or relevant to business performance, independent director will propose this issue to shareholders' general meeting for further review in shareholders' meeting agenda.
- Board of Director has imposed measurements to prevent insider trading from relevant parties including Board and Committee, executives, officers and staff members of the company (covering the spouse and minor of the aforesaid persons). The punishment for disclosure of company's confidential information or misuse of such information for personal interest has been imposed in accordance with the policy to prevent inside trading. It is made clear to Board of Director and executives that they must periodically report their holdings to SEC abided by Article 39 of Securities and Exchange Act, 1992. The announcement and regulation from SEC and SET will be disseminated to Board and Committee and executives regularly.

3) Role of Stakeholders

The company is aware of the rights of all stakeholders, neither internal stakeholders namely shareholders, executives and employees working for the company, nor external stakeholders which are business competitors, business partners and customers. The company realizes that cooperation, openness to comments and good relationship with all stakeholders are essential to operate business as well as to develop and further expand business. All stakeholders will be treated equally and fairly. Guidelines for dealing with all groups of stakeholders are as follows:

- **Shareholders** : The company is a reliable organization for shareholders to invest their money in the business aiming to achieve long-term business growth in compliance to internal control and audit system.
- **Employees** : The company recognizes that all employees are one of the most valuable resources to develop the organization to grow further. Thus the company always supports all staffs to enhance their potential and work as a team as well as to create pleasant and safe working environment for employees. All employees are treated equally and fairly accompanied by appropriate remuneration.
- **Business Partners** : are treated with honesty. Business contract and agreement are strictly followed.
- **Competitors** : we are committed to fair competition
- **Customers** : we pledge to deliver best product and service to customers with fair trade and honesty.
- **Society** : we are concerned of the environment of the community in vicinity of the company.

The guidelines to treat all groups of stakeholder are clearly specified in “Code of Ethics” which is distributed to all parties including board and committee, executives and employees and this is the mission for everyone in the company.

4) Information Disclosure and Transparency

The company is obliged to make full disclosure of accurate and transparent information concerning business performance such as financial statement and other related documents in accordance with the regulations from SEC and SET. Other information that would affect company's stock values or may impact the decision of investor and stakeholders should also be disclosed fully.

Full information is disclosed to public through a variety of media under the operation of SEC and SET or in company's website at <http://www.unionintraco.co.th>.

Investor Relation Dept. is assigned to communicate and respond to inquiries from investors, shareholders, analyst and related government officials. For further information, please kindly contact Miss Wananthorn Kitvanichsathien Tel: 0-2888-6800 or at email address : info@unionintraco.co.th

5) Responsibilities of Board of Director

• Structure of Board of Director

Board of Director consists of qualified members who gain expertise, skills and wide range of experiences on business and management. Board of Director is responsible to set overall business direction and strategic goal, supervise business performance quarterly, and monitor internal control and internal audit system to ensure the utmost benefits to the company and shareholders.

As of April 30, 2011, there are 12 members of Board of Director consisting of 4 non-executive directors abided by the guideline that there should be at least 1 out of 3 independent directors from total members in Board of Director. This is to ensure balance of power to resolve on business and management issue as well as to monitor the performance of the executives.

Board of Director appointed 2 subcommittees which are Audit Committee and Executive Board to direct business strategy and monitor business performance. The roles and responsibilities of Board of Director, Audit Committee and Executive Board have been clearly defined and each entity is independent to make decision and express their initiatives and vision.

Audit Committee : There are 3 audit committees who are assigned to review specific issue and report to Board of Director as required.

Executive Board : There are 4 members in Executive Board who is responsible to facilitate business performance within the authority assigned by Board of Director

In addition, the person holding the position of Chairman of Board of Director cannot hold the position of Chief Executive Officer in order to prevent unlimited power of each individual. Board of Director is authorized to screen and elect the candidate to fill in these positions.

Secretary to Board of Director is responsible to inform and advice Board of Director on the rules and regulation to be abided, facilitate the work of Board of Director as well as follow up the progress on the issue assigned by Board of Director.

• Remuneration of Board and Committee

Remuneration of Board and Committee is clearly reported to SEC and it must be approved by shareholder during annual general meeting. In case more tasks and responsibilities are assigned, i.e., to work as audit committee, the remuneration will be increase appropriately in accordance to company's policy as below:

- **Corporate Governance Policy**

This policy is an integral part of the company's value system to operate business and support continuous and sustainable growth of the company. To ensure that these basic tenets of corporate governance are met, internal control and internal audit procedure are taken into account. The Board regularly evaluates the effectiveness of internal control system on yearly basis starting from year 2009 in order to ensure that the company operates the business in the framework of good corporate governance mandated by Stock Exchange of Thailand.

The Board of Director regularly reviews and reaffirms that business practices are implemented in the framework of this policy. In addition, after the company has been registered in Stock Exchange of Thailand, we strictly follow the rules and regulation imposed by SEC and SET.

- **Code of Ethics**

Code of Ethics for the Board, executive and employee has been defined to ensure that all related parties perform their duties with honesty and treat all groups of stakeholder equally and fairly. Everyone in the company is committed to strictly follow this guideline.

- **Conflict of Interest**

The guideline to avoid conflict of interest is on the ground that any business transaction must be performed for the utmost benefits of the company. The parties involving in any action that may incur conflict of interest should report to the company about such particular action and should not participate in the approval process of such transaction.

The Audit Committee will submit the details on related transactions that may cause conflict of interest to the Board of Director to find out appropriate solution discreetly. Our business practices are strictly complied with the rules and regulations mandated by SET to treat the parties that may cause conflict of interest akin to outsiders in term of determining pricing and other business conditions. The report concerning conflict of interest will be submitted to SET as required and will be disclosed in financial statement, annual report as and form 56-1

- **Board of Director Report**

Board of Director is accountable for the financial statement of the company and subsidiaries including financial data as shown in annual report and form 56-1. The Audit Committee is responsible to verify the accuracy of financial statement, monitor internal control procedure and oversee the disclosure of company's information and submit to the Board of Director quarterly. The aforesaid financial statement has been prepared under generally accepted accounting standards of Thailand and has been audited by qualified auditor approved by SEC. All material information in terms of financial and non-financial information has been sufficiently disclosed to ensure the completeness, adequacy and accurateness of the financial statements.

- **Meetings of Board of Director**

Meetings of Board of Director are held regularly at least by every quarter. Additional meetings may be called depending on the nature of contingency but will be scheduled in advance. Meeting to follow up on company's operating performance are also held periodically. For every meeting, Secretary to Board of Director is assigned to prepare meeting agenda and send a notice letter to Board of Director at least 7 days prior to the meeting to provide adequate time to review the documents. The secretary is also assigned to prepare Minutes of Meeting endorsed by Board of Director and distribute copy of the Minutes to each of director as well as to file the document properly and can be retrieved for further reference required by Board of Director and other related parties.

In the meeting, Chairman of the Board of Director is regarded as chairman of the meeting where independent director can express ideas and comment independently. The resolution will be passed by majority vote of which one director is equal to one vote. The director with conflict of interest shall not participate in the meeting or refrain from casting their vote. If number of votes on such issue is equal, chairman of the meeting can cast additional vote and make final decision on that issue.

11 and 9 meetings of Board of Directors were held in 2009 and 2010 respectively and each meeting was attended by all members of the Board of Director.

- **Internal Control and Internal Audit**

Internal control is an essential tool to monitor business practices both in management level and operation level. To enhance efficiency on business operation, the scope of responsibilities and operating authority of management and operation staffs are clearly defined in written statement. The utilization of company's asset will be monitored to ensure the use for utmost benefits of the company. Scope of responsibilities for operation staffs and internal control officers is clearly separated. Internal auditors are appointed to review the effectiveness of internal control system and ensure that business operation and financial transaction strictly comply with company's guideline. Review of company's compliance to law and regulation are also conducted and submitted directly to audit committee and top management.

Human Resources

Total number of employees in the company as of December 31, 2011

Department	No. of Employee As of December 31,2010	No. of Employee As of December 31,2010
Sales & Marketing	9	12
Warehouse & Logistics	10	12
Accounting and Finance	4	3
General Administration	4	3
Total	27	30

The company has recruited more employees for warehouse and logistics positions responding to company's business expansion and has established Internal Audit department.

Remuneration for non-executive employees is in forms of salary, commission, bonus, provident fund, social securities fund and O.T.

Remuneration

(Unit: Baht)

Type	Remuneration Paid	
	2010	2011
salary, commission and bonus	7,046,101.06	5,686,939.35
Other Benefits: Provident Fund, social securities fund and O.T. and other fringe benefits	504,566.68	415,483.78
Total	7,550,667.74	6,102,423.13

Labor Controversy in the Past 3 Years

- None-

Human Resource Development

The company has put continuous effort on human resources development in all levels to develop their personal and organizational skills, knowledge and abilities to accomplish their task effectively. Human resources development plan can be divided into 3 levels as follows:

1. Management Level : Focus on development on management skills, leadership and vision.
2. Supervisor Level : Develop basic management skills such as coaching skills, team building, cooperation and effective communication both internally and externally, as well as foster learning on specific fields of work.
3. Operation Level : Construct knowledge and expertise on each function, motivate employee to develop themselves continuously and have good attitudes toward executives and the company.

The Connected Transactions

As of December 31, 2011, inter-company transaction is as below:

Company : Union Petrochemical Plc

Relationship : Major shareholders and directors of Union Petrochemical are close relatives of the Board of Director in Union Intraco Plc.

Type of Transaction : Sell and buy solvent / rent warehouse and transportation cost

Transaction Amount :	Product Purchased	8,442,500.60	THB
	Product Sold	350,405.50	THB
	Warehouse Rental Fee	480,000.00	THB
	Transportation Cost	116,989.79	THB

Company : Lion Asia (Thailand) Co.,Ltd

Relationship : Subsidiary of the Company and directors of Lion Asia (Thailand) Co.,Ltd are close relatives of the Board of Director in Union Intraco Plc.

Type of Transaction : Sell and buy solvent / rent warehouse/ sell and buy containers

Transaction Amount :	Containers Purchased	505,000.00	THB
	Product Sold	42,240.00	THB
	Containers Sold	3,200.00	THB

Remarks

- Price of products for inter-company transaction is higher than material cost.
- Price of other assets for inter-company transaction is based on market price.
- Rental fee for warehouse and office is in accordance to mutual agreement and the rental fee is relevant to market price.

Management Discussion and Analysis

Business Performance

Overview of Business Performance

Union Intraco Plc. was established in 1999 and the major shareholder with 99.9% of shareholding is Union Petrochemical Plc. (UKEM). The aim for establishing the company is to separate business line between commodity chemical and specialty chemical of which the nature of business is different ranging from product sourcing, storage, marketing strategy and customer services. While UKEM focuses on commodity chemical, our company focuses to develop market for specialty chemicals which can response to customer's specific needs. These specialty chemicals are innovated by major chemicals company in the world and thus most of our products are imported from abroad, and only a few items are purchased from distributors in Thailand.

Revenue

Revenue	2009		2010		2011	
	million Baht	%	million Baht	%	million Baht	%
Revenue from Product Sold	204.87	99.03	291.99	96.36	497.72	99.49
Other Revenues	2.00	0.97	11.03	3.64	2.53	0.51
Total	206.87	100.00	303.02	100.00	500.25	100.00

Remarks : Other revenues are from exchange rate earnings and accrued interests

Total revenue from 2009-2011 amounted to 206.87 million Baht, 303.02 million Baht and 500.25 million Baht respectively. The main source of revenue is from selling products which is accounted for 96-99% of total revenue and the revenue from 2010 and 2011 has risen by 60.57%

Expenses

Cost of Goods Sold

Cost of goods sold from 2009-2011 amounted to 167.41 million Baht, 250.15 million Baht and 405.99 million Baht respectively. Cost of goods sold is increased in correlation with the increase of income from product sold. From 2009-2011, cost of goods sold is accounted to 81.72%, 85.67 and 81.57% of total revenue respectively.

Selling and Administrative Expenses

Selling and administrative expenses can be divided into 4 groups which are salary and benefits for employees, office management cost, delivery cost paid to outsourcing agent and sales promotion cost. By percentage, most of the expenses accounted to 55% are allocated to salary and benefits for employees, 10-15% for office management, 10-15% for transportation cost, 5% for sales promotion activities, and 10% for other expenses.

Breakdown of Selling and Administrative Expenses

Selling & Administrative Expenses	2009	2010	2011
Unit (Million Baht)			
Sales Operation Cost	9.82	10.48	14.27
Management Cost	8.09	11.95	13.03
Executives Salaries	4.08	4.24	4.98
Total	22.00	26.67	32.28
% of total revenue			
Sales Operation Cost	4.79%	3.59%	2.87%
Management Cost	3.95%	4.09%	2.62%
Executives Salaries	1.99%	1.45%	1.00%
Total	10.74%	9.13%	6.49%

From 2009-2011, sales operation cost amounted to 9.82 million Baht, 10.48 million Baht and 14.27 million Baht respectively, accounted for 4.79%, 3.59% and 2.87% of total revenue respectively. The decreasing proportion of sales operation cost is a result from expense control to be relevant to expense in previous year while the income is increased due to higher sales volume.

Most of selling and administrative expenses such as employee's salary, sales promotion cost, and depreciation cost or office rental fee are fixed cost and does not have direct variation to sales volume. From 2009-2011, management cost amounted to 8.09 million Baht, 11.95 million Baht, 13.03 million Baht respectively, accounted to 3.95%, 4.09% and 2.62% of total revenue respectively. From 2009-2011, executives salary amounted to 4.08 million Baht, 4.24 million Baht and 4.98 million Baht respectively, accounted to 1.99%, 1.45% and 1.00% of total revenue respectively.

Regarding to overview of selling and administrative expense from 2009-2011, it is found that the percentage of selling and administrative expense to total revenue is declining from 10.74% in 2009 to 9.13% in 2010 and to 6.49% in 2011. This means the policy to control expenses is accomplished in satisfactory level.

Net Profit and Profitability Ratio

From 2009-2011, the company's net profit amounted to 10.62 million Baht, 17.07 million Baht and 35.61 million Baht respectively and net profit margin is equal to 5.14%, 5.63% and 7.12% of total revenue respectively. Company's profitability ratio is as below:

	2009	2010	2011
Gross Profit Margin (%)	18.28	14.33	18.94
Operating Profit Margin (%)	7.55	5.20	9.55
Other Profit Margin (%)	0.11	0.28	0.00
Net Profit Margin (%)	5.14	5.63	7.12
ROE (%)¹	9.77	14.03	19.31

From 2010 to 2011, gross profit margin has increased from 14.33% to 18.94%, operating profit margin also rises from 5.20% to 9.55% and net profit margin increases from 5.63% to 7.12%. Profitability ratio of the company is in satisfactory level.

Return on Equity (ROE) also increases from 9.77% in 2009 to 14.03% in 2010 and to 19.31% in 2011 due to continuous increase of net profit. Nonetheless, the company has been granted short-term loans to provide working capital for purchasing of products in responding to higher sales volume.

Financial Status

Assets

As on year end of 2009-2011, the company's total assets accounted for 190.50 million Baht, 322.18 million Baht and 521.78 million Baht respectively. Details of company's total assets are as below;

Assets	% to total assets		
	2009	2010	2011
Cash and cash equivalents	9.47%	0.90%	11.62%
Trade account receivable-net	21.18%	26.82%	23.82%
Inventories - net	18.20%	39.36%	45.36%
Current Assets	48.99%	68.98%	82.17%
Property, Plant and equipment -net	50.77%	30.83%	17.74%
Non-current Asset	51.02%	31.02%	17.83%

Major components of company's total assets are trade account receivable, inventories and non- current assets such as property, plant and equipment. The change on company's total assets is largely due to the change of current assets such as account receivable and inventory.

Liabilities

By the end of year 2009-2011, the company's total liabilities amounted to 77.39 million Baht, 191.88 million Baht and 283.30 million Baht, which is accounted to 30%-60% of total assets. Most of the company's liabilities are from short term loans granted for purchasing of products in terms of credit limit for overdrafts and letter of credit as well as trade account payable. If the products are purchased from domestic manufacturers or distributors in Thailand, the company will make payment to trading partners directly and book the transaction as trade account payable with credit terms of 90 days. As for imported products, the company will make payment to commercial banks issuing letter of credit or trust receipt and the payment term is 90 days.

Shareholder's Equity

As the end of year 2009-2011, shareholder's equity amounted to 113.10 million Baht, 130.30 million Baht and 238.48 million Baht respectively, accounted to 40-70% of the company's total assets. The increase on shareholder's equity is resulted from the company's continuous growth.

Cash Flow

In case the company purchases products from manufacturers or distributors in Thailand, our cash flow will be granted in forms of trade account payable which is considered as cash flow from operating activities whereas the payment of imported products will be implemented by opening letter of credit or trust receipt with commercial banks. The cash flow from this transaction is considered as cash flow from financing activities. According to statement of cash flow, there may be changes on trade account payable and short term loans from financial institutions which response to business transaction during product sourcing process as mentioned.

As of end of year 2011, the company's profit before income tax is equal to 47.80 million Baht and the company has expanded its working capital to increase inventory level of the products in order to support the growth of business. Stocks on hand and trade account receivable have been increased to 109.86 million Baht and 37.82 million baht respectively. Profit from operation before changes in operating assets and liabilities amounted to 67.41 million Baht while cash flow from operating activities equals to 96.5 million Baht, cash flow from investing activities to renovate warehouse is accounted to 1.17 million Baht and cash flow from financing activities amounted to 153.20 million Baht. It can be summarized that the company's cash flow is increased by 57.72 million baht and cash is increased by 60.61 million Baht.

Audit Fee

In 2011, audit fee of the company consists of accounting audit fee worth 330,000 Baht and audit fee for financial statement worth 95,000 Baht per each quarter. The audit team comprising of Miss Siraporn Ouuanunkun, Mr. Supachai Panyawattano and Mr. Krisda Lerdwana from Ernst & Young Co.,Ltd has no involvement with company's business.





Financial statements

Union Intraco Public Company Limited

Report and Financial statements

31 December 2011

Report of Independent Auditor

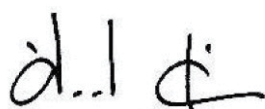
To the Shareholders of Union Intraco Public Company Limited

I have audited the accompanying statement of financial position of Union Intraco Public Company Limited as at 31 December 2011, the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the management of the Company as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. The Company's financial statements as at 31 December 2010 and for the year then ended, as presented herein for comparative purposes, were audited by other auditor who, under her report dated 22 February 2011, expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Intraco Public Company Limited as at 31 December 2011, and the results of their operations, and cash flows for the year then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 3 to the financial statements. During the current year, the Company adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and applied them in its preparation and presentation of its financial statements.



Siraporn Ouuanunkun

Certified Public Accountant (Thailand) No. 3844

Ernst & Young Office Limited

Bangkok: 23 February 2012

Union Intraco Public Company Limited

Statements of financial position

As at 31 December 2011 and 2010

			(Unit: Baht)
	<u>Note</u>	<u>2011</u>	<u>2010</u>
Assets			
Current assets			
Cash and cash equivalents		60,614,503	2,899,189
Trade and other receivables	8	124,303,007	86,566,757
Inventories	9	236,673,572	126,814,280
Other current assets			
Input tax refundable		6,364,628	3,950,485
Others		766,084	2,015,395
Total current assets		<u>428,721,794</u>	<u>222,246,106</u>
Non-current assets			
Property, plant and equipment	10	92,586,961	99,342,687
Other non-current assets		472,656	588,507
Total non-current assets		<u>93,059,617</u>	<u>99,931,194</u>
Total assets		<u>521,781,411</u>	<u>322,177,300</u>

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

Union Intraco Public Company Limited

Statements of financial position (continued)

As at 31 December 2011 and 2010

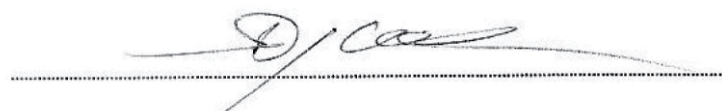
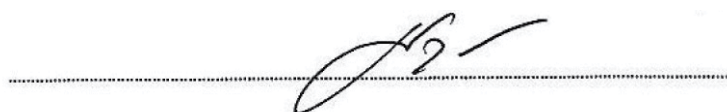
			(Unit: Baht)
	<u>Note</u>	<u>2011</u>	<u>2010</u>
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	11	224,213,440	133,253,535
Trade and other payables	12	47,903,127	47,980,478
Current portion of liabilities under hire purchase agreement	13	996,544	882,281
Income tax payable		2,884,130	4,362,551
Other current liabilities			
Accrued expenses		5,445,108	674,962
Others		682,643	2,608,865
Total current liabilities		<u>282,124,992</u>	<u>189,762,672</u>
Non-current liabilities			
Liabilities under hire purchase agreement - net			
of current portion	13	1,121,175	2,117,719
Provision for long-term employee benefits	14	51,631	-
Total non-current liabilities		<u>1,172,806</u>	<u>2,117,719</u>
Total liabilities		<u>283,297,798</u>	<u>191,880,391</u>

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

Union Intraco Public Company Limited
Statements of financial position (continued)
As at 31 December 2011 and 2010

			(Unit: Baht)
	<u>Note</u>	<u>2011</u>	<u>2010</u>
Shareholders' equity			
Share capital	15		
Registered			
130,000,000 ordinary shares of Baht 1 each		<u>130,000,000</u>	<u>130,000,000</u>
Issued and fully paid up			
130,000,000 ordinary shares of Baht 1 each			
(31 December 2010: 78,000,000 ordinary shares			
of Baht 1 each)	15	130,000,000	78,000,000
Share premium	15	41,650,493	-
Retained earnings			
Appropriated-statutory reserve	16	3,545,996	1,765,431
Unappropriated		63,162,361	50,406,715
Other components of shareholders' equity		<u>124,763</u>	<u>124,763</u>
Total shareholders' equity		<u>238,483,613</u>	<u>130,296,909</u>
Total liabilities and shareholders' equity		<u>521,781,411</u>	<u>322,177,300</u>

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

Directors

Union Intraco Public Company Limited

Statements of comprehensive income

For the years ended 31 December 2011 and 2010

		(Unit: Baht)	
	Note	2011	2010
Revenues			
Sales		497,724,584	291,994,376
Other income		2,525,229	862,213
Gains on exchange		-	10,165,724
Total revenues		<u>500,249,813</u>	<u>303,022,313</u>
Expenses			
Cost of sales		405,994,146	250,148,711
Selling expenses		14,272,124	10,484,213
Administrative expenses		18,011,825	16,182,592
Loss on exchange		9,731,681	-
Total expenses		<u>448,009,776</u>	<u>276,815,516</u>
Profit before finance cost and corporate income tax		52,240,037	26,206,797
Finance cost		(4,444,610)	(2,225,103)
Profit before corporate income tax		47,795,427	23,981,694
Corporate income tax		(12,184,130)	(6,912,807)
Profit for the year		<u>35,611,297</u>	<u>17,068,887</u>
Other comprehensive income:			
Gain on revaluation of land		-	124,763
Other comprehensive income for the year		<u>-</u>	<u>124,763</u>
Total comprehensive income for the year		<u>35,611,297</u>	<u>17,193,650</u>
Earnings per share	18		
Basic earnings per share		<u>0.33</u>	<u>0.22</u>
Weighted average number of ordinary shares (shares)		<u>109,342,466</u>	<u>78,000,000</u>

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

Union Intraco Public Company Limited

Statements of changes in shareholders' equity

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Retained earnings					Total
	Issued and paid-up share capital	Share premium	Unrealised gain from revalued of assets	Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2009	78,000,000	-	-	911,986	34,191,273	113,103,259
Unrealised gain from revalued of assets	-	-	124,763	-	-	124,763
Total comprehensive income for the year	-	-	-	-	17,068,887	17,068,887
Unappropriated retained earnings transferred to statutory reserve (Note 16)	-	-	-	853,445	(853,445)	-
Balance as at 31 December 2010	<u>78,000,000</u>	<u>-</u>	<u>124,763</u>	<u>1,765,431</u>	<u>50,406,715</u>	<u>130,296,909</u>
Balance as at 31 December 2010	78,000,000	-	124,763	1,765,431	50,406,715	130,296,909
Cumulative effect of change in accounting policy for employee benefits (Note 3)	-	-	-	-	(41,086)	(41,086)
Share capital issues (Note 15)	52,000,000	41,650,493	-	-	-	93,650,493
Dividend paid (Note 21)	-	-	-	-	(21,034,000)	(21,034,000)
Total comprehensive income for the year	-	-	-	-	35,611,297	35,611,297
Unappropriated retained earnings transferred to statutory reserve (Note 16)	-	-	-	1,780,565	(1,780,565)	-
Balance as at 31 December 2011	<u>130,000,000</u>	<u>41,650,493</u>	<u>124,763</u>	<u>3,545,996</u>	<u>63,162,361</u>	<u>238,483,613</u>
	-	-	-	-	-	-

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

Union Intraco Public Company Limited**Cash flow statements****For the years ended 31 December 2011 and 2010**

	(Unit: Baht)	
	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Profit before tax	47,795,427	23,981,694
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation	7,457,951	6,699,670
Allowance for doubtful accounts	80,767	50,076
(Gain) loss on sales of motor vehicle	(1,869,158)	39,917
Allowance for impairment loss on assets	-	1,450
Provision for long-term employee benefits	10,545	-
Unrealised (gain) loss on exchange	9,493,439	(3,424,145)
Amortisation of deferred interest under hire purchase agreement	86,632	9,743
Interest expenses	<u>4,357,978</u>	<u>2,215,360</u>
Profit from operating activities before changes in operating assets and liabilities	67,413,581	29,573,765
Operating assets (increase) decrease		
Trade and other receivables	(37,817,018)	(46,266,210)
Inventories	(109,859,292)	(92,149,484)
Other current assets	(1,164,833)	(5,694,262)
Other assets	115,851	(143,236)
Operating liabilities increase (decrease)		
Trade and other payables	(213,326)	34,171,322
Other current liabilities	2,483,278	1,698,061
Other non-current liabilities	<u>-</u>	<u>(410)</u>
Cash flows used in operating activities	(79,041,759)	(78,810,454)
Cash paid for interest expenses	(3,949,633)	(2,286,193)
Cash paid for corporate income tax	<u>(13,662,551)</u>	<u>(5,570,805)</u>
Net cash flows used in operating activities	<u>(96,653,943)</u>	<u>(86,667,452)</u>

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

Union Intraco Public Company Limited**Cash flow statements (continued)****For the years ended 31 December 2011 and 2010**

	(Unit: Baht)	
	<u>2011</u>	<u>2010</u>
Cash flows from investing activities		
Acquisition of motor vehicle and equipment	(702,226)	(6,266,659)
Proceeds from sales of motor vehicle and equipment	<u>1,869,159</u>	<u>78,140</u>
Net cash flows from (used in) investing activities	<u>1,166,933</u>	<u>(6,188,519)</u>
Cash flows from financing activities		
Increase in short-term loans from financial institutions	32,000,000	78,275,463
Repayment of short-term loans	(40,000,000)	-
Increase in trust receipts	89,602,444	-
Cash paid for accounts payable - fixed assets	(47,700)	(218,109)
Repayment of liabilities under hire purchase agreement	(968,913)	(344,997)
Net cash received from increase in share capital	93,650,493	-
Dividend paid	<u>(21,034,000)</u>	<u>-</u>
Net cash flows from financing activities	<u>153,202,324</u>	<u>77,712,357</u>
Net increase (decrease) in cash and cash equivalents	<u>57,715,314</u>	<u>(15,143,614)</u>
Cash and cash equivalents at beginning of year	<u>2,899,189</u>	<u>18,042,803</u>
Cash and cash equivalents at end of year	<u><u>60,614,503</u></u>	<u><u>2,899,189</u></u>

Supplemental cash flow information

Non-cash transactions

Purchase of assets on credit	-	47,700
Purchase of assets under long-term leases	-	3,000,000

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

Union Intraco Public Company Limited**Notes to financial statements****For the years ended 31 December 2011 and 2010****1. Corporate information**

Union Intraco Public Company Limited ("the Company") was incorporated as a public company under Thai laws. Its parent company is Union Petrochemical Public Company Limited, which was a public company incorporated in Thailand. The Company is principally engaged in the supply and distribution of chemical products. Its registered office is located at No.9/8 Moo 5, Salathammassop, Taweewattana district, Bangkok.

2. Basis of preparation

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

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

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

3. Adoption of new accounting standards during the year

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases

TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements, except for the following accounting standards.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company has changed this accounting policy in the current year and recognises the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current year. The change has the effect of decreasing the profit of the Company for the year 2011 by Baht 0.05 million. The cumulative effect of the changes in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12 Income Taxes

TAS 20 (revised 2009) Accounting for Government Grants and Disclosure of Government Assistance

TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates

Accounting Standard Interpretations:

SIC 10 Government Assistance - No Specific Relation to Operating Activities

SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

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

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

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

5.2 Cash and cash equivalents

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

5.3 Trade accounts receivable

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

5.4 Inventories

Finished goods and work in process are valued at the lower of cost (first-in, first-out basis) and net realisable value. Such cost includes all production costs and attributable factory overheads.

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

5.5 Property, plant and equipment/Depreciation

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

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

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

Buildings and building improvements	-	20	years
Machinery and equipment	-	3 - 10	years
Furniture and office equipment	-	3 - 5	years
Motor vehicles	-	5	years

No depreciation is provided on land and assets under installation.

5.6 Intangible assets

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 years

5.7 Related party transactions

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

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

5.8 Long-term leases

Leases of motor vehicle 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 vehicle 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 vehicle acquired under finance leases is depreciated over the useful life of the motor vehicle.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.9 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.10 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other 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. However in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

5.11 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

The obligation under the defined benefit plan based on actuarial techniques, using the projected unit credit method.

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

For the first-time adoption of TAS 19 Employee Benefits, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current year.

5.12 Provisions

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

5.13 Income tax

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.

6. Use of accounting estimates

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

7. Related party transactions

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

(Unit: Thousand Baht)

	For the year ended		Transfer pricing policy
	31 December		
	<u>2011</u>	<u>2010</u>	
<u>Transactions with related companies</u>			
Sales of finished goods	396	457	Similar to market price
Purchases of finished goods	8,443	8,743	Similar to market price
Purchases of fixed assets	477	-	Similar to market price
Rental expenses	480	494	Contract price
Transportation expenses	117	147	Contract price

As at 31 December 2011 and 2010, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)	
	31 December 2011	31 December 2010
<u>Trade accounts receivable - related companies</u> (Note 8)		
Union Petrochemical Public Company Limited	107	157
Lion Asia (Thailand) Company Limited	49	-
Total trade accounts receivable - related companies	156	157
<u>Trade accounts payable - related company</u> (Note 12)		
Union Petrochemical Public Company Limited	2,046	2,156
Total trade accounts payable - related company	2,046	2,156
<u>Amounts due to related parties</u> (Note 12)		
Union Petrochemical Public Company Limited	13	-
Directors	696	357
Total amounts due to related parties	709	357

Directors and management's benefits

During the year ended 31 December 2011 and 2010, the Company had employee benefit expenses of their directors and management as below.

	(Unit: Thousand Baht)	
	For the year ended 31 December	
	2011	2010
Short-term employee benefits	5,137	4,236
Post-employment benefits	6	-
Total	5,143	4,236

8. Trade and other receivables

(Unit: Thousand Baht)

	31 December 2011	31 December 2010
<u>Related company</u>		
Not yet due	156	105
Past due		
Up to 3 months	-	52
Total accounts receivable - related company	156	157
<u>Unrelated companies</u>		
Not yet due	69,125	63,804
Past due		
Up to 3 months	53,689	22,382
3 - 6 months	1,218	-
6 - 12 months	-	-
Over 12 months	196	224
Total	124,228	86,410
Less: Allowance for doubtful debt	(81)	-
Trade accounts receivable - unrelated companies	124,147	86,410
Total trade receivables - net	124,303	86,567

9. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Finished goods	205,113	104,977	-	-	205,113	104,977
Goods in transit	31,086	14,603	-	-	31,086	14,603
Raw materials	-	7,089	-	-	-	7,089
Packing materials	474	145	-	-	474	145
Total	236,673	126,814	-	-	236,673	126,814

10. Property, plant and equipment

(Unit: Thousand Baht)

	Cost basis						Total
	Land-Revaluation basis	Buildings and building improvement	Machinery and equipment	Furniture, and office equipment	Motor vehicles	Assets under installation and under construction	
Cost / Revalued amount:							
1 January 2010	47,042	24,732	11,586	3,946	5,722	17,646	110,674
Additions	-	-	1,533	292	5,985	1,505	9,315
Disposals	-	-	(283)	(10)	-	-	(293)
Transfers	-	-	19,151	-	-	(19,151)	-
Revaluations	125	-	-	-	-	-	125
31 December 2010	47,167	24,732	31,987	4,228	11,707	-	119,821
Additions	-	-	579	123	-	-	702
Disposals	-	-	-	-	(4,170)	-	(4,170)
31 December 2011	47,167	24,732	32,566	4,351	7,537	-	116,353
Accumulated depreciation:							
1 January 2010	-	1,907	6,032	1,685	4,328	-	13,952
Depreciation for the year	-	1,237	3,998	693	772	-	6,700
Depreciation on disposals	-	-	(165)	(10)	-	-	(175)
31 December 2010	-	3,144	9,865	2,368	5,100	-	20,477
Depreciation for the year	-	1,237	4,374	699	1,148	-	7,458
Depreciation on disposals	-	-	-	-	(4,170)	-	(4,170)
31 December 2011	-	4,381	14,239	3,067	2,078	-	23,765
Allowance for impairment loss:							
1 January 2010	-	-	-	-	-	-	-
Increase during the year	1	-	-	-	-	-	1
31 December 2010	1	-	-	-	-	-	1
Increase during the year	-	-	-	-	-	-	-
Decrease during the year	-	-	-	-	-	-	-
31 December 2011	1	-	-	-	-	-	1
Net book value:							
31 December 2010	47,166	21,588	22,122	1,860	6,607	-	99,343
31 December 2011	47,166	20,351	18,327	1,284	5,459	-	92,587
Depreciation for the year							
2010 (Baht 4.9 million included in cost of sales, and the balance in selling and administrative expenses)							6,700
2011 (Baht 5.3 million included in cost of sales, and the balance in selling and administrative expenses)							7,458

The Company arranged for an independent professional valuer to appraise the value of land in 2010 using the market approach. As a result of the revaluation the value of the land increased by Baht 0.12 million, which the Company recorded in shareholders' equity, and provision for impairment occurred by Baht 0.001 million, with the Company recording this loss in the statement of comprehensive income for the year ended 31 December 2010.

As at 31 December 2011, the Company had vehicle under finance lease agreements with net book values amounting to Baht 5.10 million.

As at 31 December 2011, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 4.89 million (2010: Baht 5.16 million).

11. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate			
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	(percent per annum)			
Short-term loans from financial institutions	Market rate plus / minus stipulated margin	Market rate plus / minus stipulated margin	224,213	133,254
Total			224,213	133,254

As at 31 December 2011, the non-secured short-term credit facilities of the Company which have not yet been drawn down amounted to approximately Baht 286 million.

12. Trade and other payables

(Unit: Thousand Baht)

	For the year ended 31 December	
	2011	2010
Trade payables - related company	2,046	2,156
Trade payables - unrelated companies	44,381	45,228
Other payables - related companies	709	357
Other payables - unrelated companies	767	239
Total trade and other payables	47,903	47,980

13. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	31 December 2011	31 December 2010
Liabilities under finance lease agreements	2,202	3,171
Less : Deferred interest expenses	(84)	(171)
Total	2,118	3,000
Less: Portion due within one year	(997)	(882)
Liabilities under finance lease agreements - net of current portion	1,121	2,118

The Company has entered into the finance lease agreements with leasing companies for rental of motor vehicle for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreement is 3 years.

As at 31 December 2011, future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Thousand Baht)		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	1,057	1,145	2,202
Deferred interest expenses	(60)	(24)	(84)
Present value of future minimum lease payments	997	1,121	2,118

14. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earnings (Note 3)	41.1
Current service cost	8.3
Interest cost	2.2
Benefits paid during the year	-
Balance at end of year	51.6

Long-term employee benefit expenses included in the profit or loss for the year ended 31 December 2011 amounted to Baht 0.01 million.

Principal actuarial assumptions at the valuation date were as follows:

	31 December 2011	31 December 2010
	(% per annum)	(% per annum)
Discount rate	4.41	4.41
Future salary increase rate (depending on age of employee)	8.12	8.12
Staff turnover rate	15 - 22	15 - 22

15. Share capital/Share premium

On 5 July 2010, the Extraordinary General Meeting of the Company's shareholders no. 2/2010 approved the increase of the Company's registered share capital from Baht 78,000,000 (78,000 ordinary shares of Baht 1,000 each) to Baht 130,000,000 (130,000 ordinary shares of Baht 1,000 each), and approved a change in the par value of the ordinary shares from Baht 1,000 each to Baht 1 each. As a result, the Company's registered and paid-up share capital is Baht 130,000,000 and Baht 78,000,000 respectively. The Company registered the increase in its capital and the change in the par value of its shares with the Ministry of Commerce on 16 July 2010.

On 19 April 2011, the Security and Exchange Commission approved the Company to offer its shares to the public on the Market for Alternative Investment (MAI).

Subsequently on 18-20 May 2011 and 23-25 May 2011, the Company offered the share capital increase to the public and the parent company's shareholders at price of Baht 1.92 per share, or for a total of Baht 99,840,000, and on 26 May 2011 received payment of this share capital increase. All expenses related to the share offering amounting to Baht 6.2 million are presented as a deduction from the share premium. The Company registered the increase in its paid-up capital with the Ministry of Commerce on 31 May 2011.

16. Statutory reserve

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

17. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)	
	31 December 2011	31 December 2010
Salary and wages and other employee benefits	9,298	7,551
Executive's compensation	6,889	4,236
Depreciation	7,458	6,700
Purchase of raw materials and finished goods	515,853	324,460
Changes in inventories of raw material and finished goods	(109,859)	(80,660)
Rental expenses from operating lease agreements	1,608	859
Transportation expenses	5,067	4,238
Loss on exchange	9,731	-

18. 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.

	For the year ended 31 December	
	2011	2010
Profit for the years (Thousand Baht)	35,611	17,069
Weighted average number of ordinary shares (Thousand shares)	109,342	78,000
Earnings per share (Baht/share)	0.33	0.22

19. Segment information

The Company's operations comprise the supply and distribution of chemical products to both domestic and export markets. The domestic sales represented more than 99 percent of total sales. The Company's operations involve a single industry segment and are carried out from the single geographic area of Thailand. As a result, all of the revenues, operating profits and assets reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

20. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by Ayudhya Fund Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2011, the Company contributed Baht 0.25 million (2010: Baht 0.22 million) to the fund.

21. Dividends

The following dividend of the Company was declared during the year ended 31 December 2011

	Approved by	Total dividend (Million Baht)	Dividend (Baht per share)
Final dividend from 2010 income	Annual General Meeting of the shareholders on 9 March 2011	8.034	0.103
Interim dividend for 2011	Board of directors meeting on 14 November 2011	13.0	0.10

22. Commitments and contingent liabilities

22.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of warehouse and service agreements.

As at 31 December 2011, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	<u>Million Baht</u>
Payable within:	
Less than 1 year	1.35
1 to 5 years	0.11

22.2 Standby Letter of credit

As at 31 December 2011, the Company had outstanding commitments of approximately US dollar 3.30 million from the standby letters of credit issued to guarantee the payments of goods.

23. Financial instruments

23.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, short-term loans, trade accounts and other payable and liabilities under finance lease agreement. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Interest rate risk

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

Significant financial assets and liabilities as at 31 December 2011 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: Thousand Baht)

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							
Cash and cash equivalent	-	-	-	28,303	32,316	60,619	0.13 - 0.75
Trade accounts and other receivable	-	-	-	-	124,303	124,303	-
	-	-	-	28,303	156,619	184,922	
Financial liabilities							
Short-term loans from financial institutions	-	-	-	224,213	-	224,213	2.20 - 3.38
Trade accounts and other payable	-	-	-	-	49,765	49,765	-
Liabilities under finance lease agreement	997	1,121	-	-	-	2,118	3.63
	997	1,121	-	224,213	49,765	276,096	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of unhedged financial liabilities denominated in foreign currencies as at 31 December 2011 are summarised below.

Foreign currency	Financial liabilities	Average exchange rate as at 31 December 2011
	(Million)	(Baht per 1 foreign currency unit)
US dollar	7.97	31.8319
Euro	0.05	41.3397

23.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statements of financial position.

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

24. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

The Company manages its capital position with reference to its debt-to-equity ratio. As at 31 December 2011, the Company's debt-to-equity ratio was 1.19:1 (2010: 1.47:1).

25. Subsequent event

On 23 February 2012, a meeting of the Company's Board of Directors No.1/2012 passed a resolution to propose that the Annual General Meeting of the Shareholders to be held in April 2012 adopt a resolution to pay a dividend of Baht 0.11 per share, or a total of Baht 14.3 million, to the shareholders in respect of the 2011 earnings.

Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

26. Reclassification

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2 and as the result of the adoption of revised and new accounting standards as described in Note 3, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, without any effect to the previously reported profit or shareholder's equity.

	(Unit: Thousand Baht)	
	As reclassified	As previously reported
	31 Decembers 2010	31 December 2010
Statements of financial position		
Trade accounts receivable	-	86,567
Trade and other receivables	86,567	-
Other current assets	2,015	5,966
Input tax refundable	3,951	-
Trade accounts payable	-	47,742
Trade and other payables	47,980	-
Other accounts payable	-	992
Other current liabilities	2,609	2,530
Accrued expenses	675	-

	(Unit: Thousand Baht)	
	For the year ended 31 December 2010	
	As reclassified	As previously reported
Statements of comprehensive income		
Administrative expenses	16,182	11,946
Management's remuneration	-	4,236

27. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2012.