



ANNUAL REPORT 2011

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED



30^{Years}
Anniversary
2011

A glass pitcher is shown at the top, tilted and pouring a continuous stream of water downwards. The water forms a long, narrow, and slightly wavy column that extends almost to the bottom of the page. The word "contents" is written in a large, orange, sans-serif font, with the water stream passing through the letters.

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Message from the Chairman of the Board of Directors



The year 2011, Thailand has to be historically recorded as the worst flooding in half century. Heavy flooding threatened northern and middle parts of Thailand including Bangkok. The floodwater came into residential, agricultural, manufacturing and industrial estate areas. Many people are killed. Some are lose their jobs and the property are destroyed. This disasters impact to the economic growth of Thailand which seen is the good level for the first whole nine months of the year 2011, even though it is threatened by the Europe debt crisis. In the first nine months before the occur of heavy flood, Thailand has a 3.1 per cent growth in its GDP. The quantities of export is expanded by 14.70 per cent YOY. There is a current account surplus by more than 5.20 billion US dollars. The unemployment level is in the low level at 0.70 per cent. After the arise of heavy flooding, the export in term of US dollars for the October, November and December of the year 2011 dropped by 3.2, 14.60 and 3.40 per cent respectively.

However the Company operating result is very impressive and recorded to be the highest level in the history of the Company since began operate for more than 30 years. The Company can earns more than THB 100 Million as the selling price and quantity are sharply hikes. The Company and its subsidiaries has revenue and profit in amount of THB 3,259.62 Million and THB 156.71 Million, increasing by 27.63 and 90.56 per cent respectively from the previous year. Besides the year 2011, Union Intraco Public Company Limited which is the 60% owned subsidiary of the Company granted the approval from the Securities and Exchange Commission (SEC) to offer its newly shares to the public for the first times (IPOs) and its stock is traded on the MAI in the 3rd of June 2011 and give the good return to the investors.

The Company hopes that the year 2012, Thai economy will be able to recover in the normal situation as soon as possible. On behalf of board members, I wish to tender my sincere thanks to the shareholders and every stakeholders for their excellent support and hoping all of you to continue the support to the Company.

A handwritten signature in black ink, appearing to read 'Pala Sukawesh'.

(Mr. Pala Sukawesh)
Chairman

Audit Committee's report



To shareholders,

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

During year 2011, The audit committee met 4 times; which each members attained the meetings as the detail described belows:

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

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

1. The Company's consolidated quarterly and annual financial statements which are audited by the qualified auditors accepted by the Securities and Exchange Commission or "SEC" is sufficient and accuracy disclosure of information in accordance with generally accepted accounting standard.


2. The Company has the appropriate and effective internal control system. During the previous year, there is no significant mistakes. The Audit Committee has assigned the internal Audit Department to review the company's working procedures as prescribed in the fiscal audit plan in order to verify that the transactions are practiced in compliance with the Company's operating systems.

3. The Company monitors the amendments or the changes in the relevant rule and regulation including that of the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission ("SEC") in order to ensure that the Company's practices meet all required regulation.

4. The Audit Committee proposed the opinions to the Board of Directors on the qualification and the appropriation of the external auditors for the year 2011. The Audit Committee considered that Ms. Prapasri Leelasupa of the Sam Nak-ngan AMC Co., Ltd. has no relationship with and/or take benefit or risk out of the Company and Subsidiaries, major shareholders, managements and their connected persons.

5. The Audit Committee has considered the connected transaction which occurred in the previous operating year and has the opinions that those transaction is normal and support business of the Company and its subsidiaries being the price and conditions which the Company and/or subsidiaries offered and/or receive to general persons. The approval for the enter into the Connected transaction is proceed in cope with the rule and regulation.

For the year 2012, the Audit Committee proposed the Board of Directors and ask for approval from the Annual General Meeting of the shareholder to appoint Mr. Supachai Phanyawattano who posses the audit license No. 3930 and /or Ms. Siraporn Ouannukun who posses the audit license No. 3844 and/or Mr. Khitsada Ierdwana who posses the audit license 4958 of the Ernst & Young Office Limited as the Company external auditors in the accounting year 2012. This is mainly because the interim and the full year financial audit for the Group of The Company shall be under the same auditors team in order to ensure the efficiency and the limited of time in the auditing of financial statement. Besides, Ernst & Young Office Limited is internationally well-known so it will be ensure both of local and foreign the investors. The Annual General Meeting of the Shareholders is set to be held on April 20, 2012 at 10.00a.m. at Pin Klao Room of S.D. Avenue Hotel 3rd Floor, No. 94 Borommaratchachonnane Road, Bangbamru, Bang Plad, Bangkok 10700 or may be postpone to other place and time.



(Nopporn Thepasithar)
Chairman of the Audit Committee





The history briefly of Board

1. Mr. Tawee Butsunporn

Chairman of the Board of Directors
and Independent Director

Education Qualification

- Honorary Bachelor Degree in Engineering from Chulalongkorn University (1959)
- Honorary Doctorate Degree in Engineering from Chulalongkorn University (1995)
- Honorary Doctorate Degree in Engineering from Burapha University (1998)
- Certificate in Directors Certification Program (DCP) Class 22/2002



Work Experience

- 2007 - Present : Chairman of the Board of Directors
 - Thaisri Insurance Co., Ltd.
- 2004 - Present : Chairman of the Board of Directors
 - Union Petrochemical Plc.
 - Cathay Leaseplan Plc.
 - Bank Thai Plc.
 - Daiji Corporation Plc.
- : Director
 - Ratchaburi Electricity Generating Co., Ltd.
 - Sahaviriya Steel Industries Plc.
- 2002- 2003 : Chairman of the Board of Directors
 - Phayathai Asset Management Co., Ltd.
- 2000- 2003 : Chairman of the Board of Directors and Managing Director
 - TMB Bank Plc.

Remark : Pass away on 15 September 2011



2. Mr. Pala Sukawesh

Chairman of the Board of Directors
and Independent Director

Education Qualification

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

Work Experience

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



3. Mr. Virat Suwannapasri

Vice Chairman of the Board of
Directors and Director of authorization sign

Education Qualification

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

Work Experience

- 2000 - Present : Director Manager
 - Union Petrochemical Plc.
 - Union Intraco Co., Ltd.
 - Lion Asia (Thailand) Co., Ltd.



4. Mrs. Kanjana Suwannapasri

Deputy Managing Director and Director
of authorization sign

Education Qualification

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

Work Experience

- 2000 - Present : Deputy Managing Director
 - Union Petrochemical Plc.
- : Director
 - Lion Asia (Thailand) Co., Ltd.



5. Mr. Perajed Suwannapasri

Dputy Managing Director
and Director of authorization sign

Education Qualification

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



Work Experience

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

6. Dr. Khien Vongsuree

Director

Education Qualification

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



Work Experience

- 2006(Feb.)-Present : Executive Director
 - Union Petrochemical Plc.
- 2005 -2006 (Feb.) : Director
 - Union Petrochemical Plc.
- 1998 - 2001 : Director
 - Electricity Generating Plc.
- 1998 - 2000 : Director
 - Rayong Electricity Generating Co., Ltd.

7. Miss Suthida Suwannapasri

Assistant Managing Director
and Director of Authorization sign

Education Qualification

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



Work Experience

- 2005 - Present : Assistant Managing Director (Sale Department)
 - Union Petrochemical Plc.
- 1993 - 2005 : General Manager
 - Union Petrochemical Co., Ltd.



8. Miss Piyanan Suwannapasri

Assistant Managing Director
and Director of Authorization sign

Education Qualification

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

Work Experience

- 2005 - Present : Assistant Managing Director (Accounting and Financial Department)
- Union Petrochemical Plc.
- 2002 - 2005 : Accounting and Financial Manager
- Union Petrochemical Co.,Ltd.



9. Miss Piyada Suwannapasri

Assistant Managing Director

Education Qualification

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

Work Experience

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



10. Mr. Perapol Suwannapasri

Assistant Managing Director
and Director of Authorization sign

Education Qualification

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

Work Experience

- 2005 - Present : Assistant Managing Director (Marketing)
- Union Petrochemical Plc.
: Director
- Lion Asia (Thailand) Co., Ltd.
- 2003 - 2005 : Business Development Manager
- Union Petrochemical Plc.



11. Mr.Nopporn Thepsithar
Chairman of Audit Committee

Education Qualification

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

Work Experience

- 2007-Present : Chairman of Audit Committee
- Ananda Development Public Company Limited
- 2005- Present : Chairman of Audit Committee
- Union Petrochemical Public Company Limited
- 2004-2011 : Senior Vice President
- Siam City Cement Public Company Limited



11. Mr.Poolsak Tansithipun
Audit Committee
and Independent Director

Education Qualification

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

Work Experience

- 2011- Present : Audit Committee
- Perfect Engineering Service Public Company Limited
- 2009- Present : Audit Committee
- Ananda Development Public Company Limited
- 2005- Present : Audit Committee
- Union Petrochemical Public Company Limited
- Present : Director
- Suphakit Dhurakarn Co.,Ltd.



12. Mr.Vorapote Uchupaiboonvong
Audit Committee
and Independent Director

Education Qualification

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

Work Experience

- 2005- Present : Audit Committee
- Union Petrochemical Public Company Limited
- 2009-Present : Assistant Managing Director
- Ch. Karnchang Public Company Limited
- 2010 – Present : Director
- Bangpain Cogeneration Co.,Ltd.
- Nakhonratchasima Solar Co.,Ltd.
- Chiangrai Solar Co.,Ltd.
- Bangkhen Chai Co.,Ltd.



General Information

Name : Union Petrochemical Public Company Limited
Location : 728 Union House Bldg., Boromrachachonnee
 Bangbumru BangPlad Bangkok 10700
Homepage : <http://www.unionpetrochemical.com>
Business Registration No. : 0107548000391
Type of Business : Trader of Solvents
Number of Share Issued and Paid up Capital : Common Stock 660,000,000 Shares (As of December 31,2011)
Par Value : 0.25 Baht per Share
Telephone : 0-2881-8288
Fax : 0-2433-7243-4

Investment of Company

Company Name : Union Intraco Public Company Limited
Location : 9/8 Moo 5 Saladharmasop Taweewattana Bangkok.
Type of Business : Trader of Solvents
Paid up Capital : 130,000,000 Baht
Par Value : 1.00 Baht per share
% of Shareholding : 99.99% (as at December 31, 2010)

Company Name : Lion Asia (Thailand) Company Limited
Location : 728 Union House Bldg., Boromrachachonnee
 Bangbumru Bang Plad Bangkok 10700
Type of Business : Trader of Solvents
Registered Capital : 15,000,000 Baht
Paid up Capital : 15,000,000 Baht
Par Value : 100 Baht per Share
% of Shareholding : 99.99% (as at December 31, 2011)

Company Name : Multi Kross Operation Limited
Location : Hong Kong
Type of Business : Trader of Solvents
Registered Capital : 10,000.- HK\$
Paid up Capital : 10,000.- HK\$
Par Value : 1 HK\$ per Share
% of Shareholding : 99.99% (as at December 31, 2011)

Company Name : UKEM Ethanol and Ester Co.,Ltd
Location : 728 Union House Bldg., Boromrachachonnee
 Bangbumru Bang Plad Bangkok 10700
Type of Business : Manufacturing and Distributor of Ethanol*
Registered Capital : 5,000,000 Baht
Paid up Capital : 1,250,000.- Baht
Par Value : 10 Baht per Share
% of Shareholding : 99.99% (as at December 31, 2011)

(*) Not yet operate

Reference Data

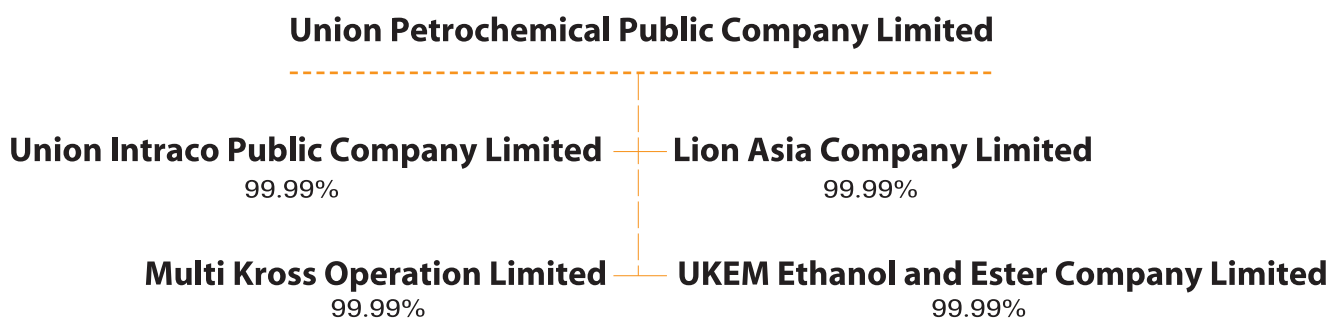
Securities registration : Thailand Securities Depository Co.,Ltd.
Location : Capital Market Academy Building 2nd Floor 2/7 Moo 4 (Northpark Project)
 Thung Song Hong Lak Si Bangkok 10210
Tel : 0-2229-2800
Fax : 0-2359-1259
Auditor : Sam Nak Ngan AMC Co.,Ltd.
Location : 19th Unit 4 Silom Complex 191 Silom Bangrak Bangkok 10500
Telephone : 0-2231-3980-7
Fax : 0-2231-3980

Financial Highlights of the Company and its subsidiaries

Summary of Financial Performance			
<i>Unit : Million Baht</i>	2009	2010	2011
Total Asset	1,061.55	1,338.65	1,644.88
Total Liabilities	713.81	930.84	1,018.50
Shareholder Equities	347.74	407.81	626.38
Total Revenue	2,052.28	2,554.04	3,259.62
Total Expense			
(Exclude Tax & Interest Expense)	1,981.80	2,455.42	3,048.04
Net Profit - (After Tax & Interest Expense)	49.55	82.24	156.71
Financial Ratio			
Gross Profit Margin	11.51%	11.15%	13.44%
Net Profit Margin	2.41%	3.22%	4.81%
Return on Assets	4.67%	6.14%	9.52%
Return on Equities	14.25%	20.17%	38.08%
Net Debt Ratio* (times)	0.82	1.03	0.92

Remarks: Interest Burden Debt.

Group Structure



PRODUCTS AND SERVICES

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

Union Intraco Public Company Limited ("the Subsidiary") A wholly-owned subsidiary of the Company is the distributor of specialty chemicals. As of December 31, 2011, the registered and paid-up capital of Union Intraco was 130 Million Baht. Most of its products are sold directly to manufacturers. Union Intraco is also responsible for sourcing new specialty chemicals in order to serve customers' needs.

Lion Asia (Thailand) Company Limited ("the Subsidiary"), a wholly-owned subsidiary of the Company is the distributor of specialty solvents. As of December 31, 2011, the registered and the paid-up capital of Lion Asia were 15 Million Baht.

Multi Kross Operation Limited ("the Subsidiary"), a wholly-owned subsidiary of the Company is the distributor of Solvent based in Hong Kong. As of December 31, 2011 the registered and the paid-up capital of Multi Kross Operation Limited were 10,000 Hong Kong Dollars.

UKEM Ethanol and Ester Co.,Ltd ("the Subsidiary"), a wholly-owned subsidiary of the Company is set to operate as the manufacturer and distributor of ethanol. As of December 31, 2011, the registered capital to UKEM Ethanol and Ester Co.,Ltd is 5 Million Baht and its paid up is 1.25 Million Baht

(*) Not yet operate

Revenue Structure

Revenue By Company	2009*		2010*		2011*	
	THB Mil	%	THB Mil	%	THB Mil	%
Union Petrochemical Plc.	1,720.97	83.86	2,095.12	82.03	2,523.15	77.41
Lion Asia (Thailand) Co.,Ltd.	26.78	6.18	167.39	6.55	238.75	7.32
Union Intraco Co.,Ltd.	204.01	9.94	291.53	11.41	497.72	15.27
Others	0.52	0.02	0.00	0.00	0.00	0.00
Total	,052.28	100.00	2,554.04	100.00	3,259.62	100.00

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

Revenue Breakdown by type of solvents

Revenue Breakdown by type of solvent						[In THB :Million]	
Revenue By Products		2009	%	2010	%	2011	%
1	Commodity Solvents	1,720.97	83.86	2,095.12	82.03	2,523.15	77.41
2	Specialty Solvents / Chemicals	331.31	16.14	458.92	17.97	736.47	22.59
	Total*	2,052.28	100.00	2,554.04	100.00	3,259.62	100.00

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

1 Risks from Change in Prices of Raw Materials

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

2 Risks from Dependence on the Small Number of Suppliers

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

1. Thai-MC Co.,Ltd., an affiliate of Mitsubishi Corporation of Japan (The Company has been its authorized distributor since 1985)

2. Esso (Thailand) Public Company Limited, an affiliate of ExxonMobil Group of the US (The Company has been its authorized distributor since 1986)

3. PTT Group such as IRPC Plc., PTT Phenol Co.,Ltd, PTT Chemical Plc., TOC Glycol Co.,Ltd.

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

3 Risks from Failure to Extend Supply Contracts with Major Suppliers

Major suppliers include,

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

2. Esso (Thailand) Public Company Limited (The Company became its authorized distributor in 1986 and has become its Non-exclusive Branded Distributor since 2005)

3. PTT Group such as IRPC Plc., PTT Phenol Co.,Ltd, PTT Chemical Plc., TOC Glycol Co.,Ltd.

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

4 Risks from Payment Default from Customers

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

5 Risks from Increased Competition

There are 5-6 major distributors of solvents, whose aggregate market share has been increasing as competition within the industry has recently been intensified. The Company has been one of the top three largest distributors in terms of sales. Due to its 26-year experiences in the business, the Company has built up its marketing expertise and effective inventory management, which enable the Company to be able to anticipate industrial trends and plan relevant business strategies.

6 Foreign Exchange Risks

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

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

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

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

Shareholder Structure and Management

Capital Structure

Registered and Paid up Capital (December 31, 2011) as follows:

Registered Capital	206,250,000 Baht
Paid Up Capital	165,000,125 Baht
No. of Ordinary Shares issued	825,000,000 Shares
No. of Share paid-up shares	660,000,500 Shares
Par Value	0.25 Baht Per Share

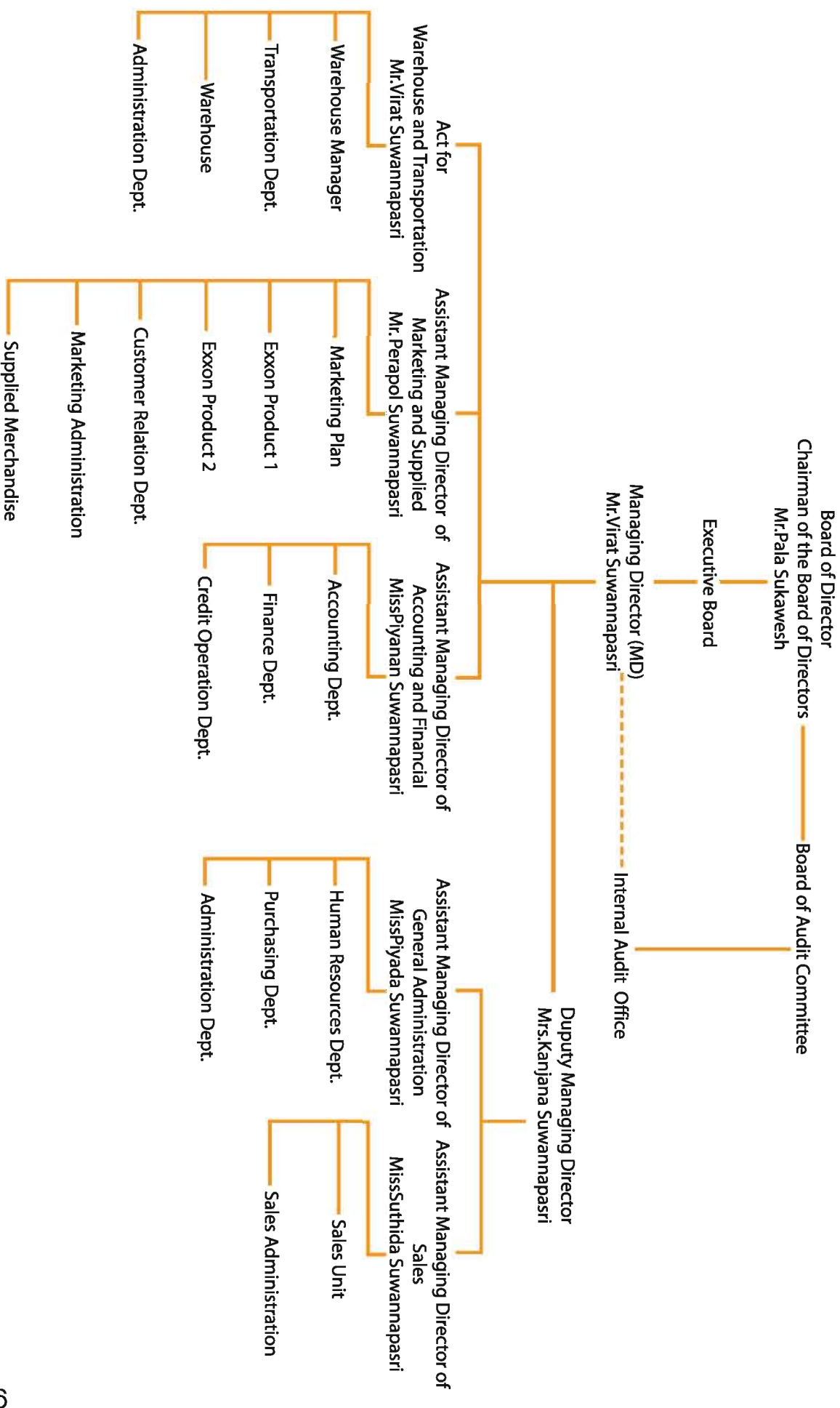
Major Shareholders

	Name	As of December 31, 2011	
		No. of Share held by shareholder	(%)
1	Mrs.Kanjana Suwannapasri	336,600,000	51.00
2	Ms.Junjira Julthira	20,730,400	3.14
3	Ms.Krongthong Sawethamal	13,068,400	1.98
4	Ms.Kanokor Bordinratana	9,700,000	1.47
5	Ms.Wanunthorn Kijwanichsathein	7,920,000	1.20
6	Ms.Suthida Suwannapasri	6,600,000	1.00
7	Ms.Piyanan Suwannapasri	6,600,000	1.00
8	Mr.Perajed Suwannapasri	6,600,000	1.00
9	Ms.Piyada Suwannapasri	6,600,000	1.00
10	Ms.Chatprapa Suwannapasri	6,600,000	1.00
11	Mr.Perapol Suwannapasri	6,600,000	1.00

Dividend Policy

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

ORGANIZATION CHART



STRUCTURE OF THE BOARD

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

Board of Director

As of December 31, 2011 the company has 12 directors as follows:

	Name	Title	% of Shareholding in Company (In Million Shares)		
			1 Jan 11*	31 Dec.11	Change
1	Mr.Tawee Butsunton	Chairman	0	0	-
2	Mr.Virat Suwannapasri	Director	0	0	-
3	Mrs.Kanjana Suwannapasri	Deputy Managing Director	336.60	336.60	-
4	MissSuthida Suwannapasri	Assistant Managing Director	6.60	6.60	-
5	MissPiyanan Suwannapasri	Assistant Managing Director	6.60	6.60	-
6	MissPiyada Suwannapasri	Assistant Managing Director	6.60	6.60	-
7	Mr.Perapol Suwannapasri	Assistant Managing Director	6.60	6.60	-
8	Mr.Perajed Suwannapasri	Deputy Managing Director	6.60	6.60	-
9	Dr.Khien Vongsuree	Independent Director	0	0	-
10	Mr.Nopporn Thepsithar	Chairman of Audit Committee	0	0	-
11	Mr.Poolsak Tansitthipun	Audit Committee	0	0	-
12	Mr.Vorapote Uchupaiboonvong	Audit Committee	0	0	-

Authorized Director

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

Audit Committee

As Dec 31, 2011 The Company has 3 audit committees as follows:

	Name	Title
1	Mr.Nopporn Thepsithar	Chairman of Audit Committee
2	Mr.Poolsak Tansitthipun	Audit Committee
3	Mr.Vorapote Uchupaiboonvong	Audit Committee

Executive Board of Director

As Dec 31, 2011 The Company has 5 members for the executive board of committees as follows:

	Name	Title
1	Mr.Virat Suwannapasri	Chairman of Executive Board
2	Mrs.Kanjana Suwannapasri	Vice Chairman of Executive Board
3	MissSuthida Suwannapasri	Executive Director
4	Mr.Perapol Suwannapasri	Executive Director
5	Dr.Khien Vongsuree	Executive Director

Management

As Dec 31, 2011 The Company has 6 persons who are on the management levels as follows:

	Name	Title
1	Mr.Virat Suwannapasri	Managing Director
2	MrsKanjana Suwannapasri	Deputy Managing Director
3	Mr.Perapol Suwannapasri	Assistant Managing Director
4	MissPiyanan Suwannapasri	Assistant Managing Director
5	MissSuthida Suwannapasri	Assistant Managing Director
6	MissPiyada Suwannapasri	Assistant Managing Director

Criteria for the Selection of Directors and Management

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

- The Executive Committee will consider candidates according to their relevant experiences, culture compatibility, and etc. and proposes the chosen candidate for the approval at the Shareholders' Meeting

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

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

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

The Attendant of Board Meeting During Year 2011

	Name	No. of Attendant (Board of Director)		No. of Attendant (Audit Committee)	
		2010	2011	2010	2011
1.	Mr.Tawee Butsunton	6/6	4/7	-	-
2.	Mr.Virat Suwannapasri	6/6	7/7	-	-
3.	Mrs.Kanjana Suwannapasri	5/6	6/7	-	-
4.	MissSuthida Suwannapasri	5/6	4/7	-	-
5.	MissPiyanan Suwannapasri	6/6	7/7	-	-
6.	MissPiyada Suwannapasri	5/6	6/7	-	-
7.	Mr.Perapol Suwannapasri	5/6	5/7	-	-
8.	Mr.Perajed Suwannapasri	6/6	5/7	-	-
9.	Mr.Anond Paweenawat**	2/6	-	-	-
10.	Dr.Khien Vongsuree	6/6	7/7	-	-
11.	Mr.Nopporn Thepsithar*	5/6	6/7	4/4	3/4
12.	Mr.Poolsak Tansitthipun*	6/6	7/7	4/4	4/4
13.	Mr.Vorapote Uchupaiboonvong*	6/6	6/7	4/4	3/4

Remarks: (*) Director & Audit Committee

(**) Resigned since May 2010

(***) Director who passed away on September 2011

Compensation

a) Director

(Baht)

	Name	2011
1.	Mr.Tawee Butsuntorn	2,050,000
2.	Mr.Virat Suwannapasri	-
3.	Mrs.Kanjana Suwannapasri	-
4.	MissSuthida Suwannapasri	-
5.	MissPiyanan Suwannapasri	-
6.	MissPiyada Suwannapasri	-
7.	Mr.Perapol Suwannapasri	-
8.	Mr.Perajed Suwannapasri	-
9.	Dr.Khien Vongsuree	240,000
10.	Mr.Nopporn Thepsithar	275,000
11.	Mr.Poolsak Tansithipun	280,000
12.	Mr.Vorapote Uchupaiboonvong	260,000
	<i>Total</i>	3,105,000

b) Management

Type of Payment	(Baht)	
	2010	2011
No. of Management (persons)	7	7
Salary	8,982,000	9,420,000
Bonus	761,000	785,000
Others	-	-
<i>Total</i>	9,743,000	10,205,000

Other Benefits

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

Corporate Governance Policy

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

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

1. Rights and Equal Treatment to Shareholders.

The Company has assigned the Company Secretary to coordinate with the shareholders in matters relating to the equal protection of the rights of all shareholders. These include the right to buy and sell securities, the right to receive dividends, the right to attend and participate in discussions and voting on important issues at shareholders' meetings and the right to appoint a proxy in the event that a shareholder is unable to attend a meeting. The Company informs shareholders of the time, place and agenda for each shareholders' meeting, together with additional information intended to assist shareholders in making informed decisions about important issues under discussion. This information is sent to shareholders and the registrar not less than 7 days prior to the scheduled date of the meeting. Notices appear in newspapers over a period of 3 consecutive days not less than 3 days prior to the date of the meeting. Invitations are sent to shareholders in Thailand by registered mail, while foreign shareholders are notified by fax or by email. Acknowledgement of receipt is to be made by registered airmail.

2. Role of Stakeholders

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

- **Shareholders** The Company represents the best interest of shareholders through its commitment to transparency, increasing the Company's value over the long-run and good return of investment.
- **Customers** The Company realizes the importance of customers and consumers' rights to receive good quality products and delivery its on time and keeping the customer's information.
- **Trading Partners** The Company builds good relationships for mutual benefit and honors fully all obligations to its partners.
- **Employees** The Company recognizes the value of developing staff potential and creating a pleasant working environment, including the provision of remuneration and fair treatment to employees.
- **Creditors** The Company complies strictly with the terms of all agreements with creditors
- **Competitors** The Company is committed to fair competition.
- **Community and Society**
 - Recognizing the importance of safety, environmental responsibility, and quality of life for the local community and the society at large. All its business decisions are made with a view to minimizing the impact on society, the environment, and the public's quality of life.

3. Disclosure and Transparency

The Board of Directors has an obligation to make full disclosure of important Company-related information in a reliable and timely manner through a variety of media such as the Company

newsletters and notices to the Stock Exchange of Thailand in both Thai and English versions, the public relations news and the Company's website. This information, which concerns both financial and non-financial matters, is carefully checked and presented in language that is clear, concise, and easy to understand.

The Company has assigned Ms. Piyanan Suwannapasri as "Investor Relations" to provide clear, equal and accurate information to all interested members of the public including the respond to the inquiries of the shareholders, the investors and the securities analysts. The "investor relations" is also responsible for coordinating with the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) to ensure the Company's full compliance with the latest rules and regulations and the principles of corporate governance.

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

4. Responsibilities of the Board of Directors

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

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

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

As of December 31, 2010, The Company's Board of Directors consists of 12 directors, comprising as follows:

- Executive Director 7 persons
- Non-Executive Director 5 persons
- Independent Director 4 persons

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

Supervision on the Use of Internal Information

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

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

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

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

Human Resources

As of December 31, 2011 the Company has total employees (Excluded 7 persons in the management level) by 103 persons. In the past 3 years, the Company has no any dispute of labor.

Employee Remuneration

Total remuneration of employees during the year 2011 (including the turnover during the year) which is breakdown into salary wages overtime Bonus and other benefits amounted to 33.38 Million Baht.

Human Resource Development

The Company sets out the policy on human resource development to increase the efficiency of employees. The Company recognize that the recruitment process is very important processes in obtaining the qualified people into the organization. The Company set the program in Both internal and external training to develop people in organization and motivate them as well.

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

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

The Connected Transactions

During year 2011 (1 January - 31 December 2011) The Company has the connected transaction which can be summarized as follows:

Parties with potential Conflict	First Traco Co.,Ltd
Type of Relationship	Major Shareholder
Type of Transaction	Same Major Shareholder / Director. The Company and Subsidiaries rent an office space and utilize a public utility (Electricity)
Value of Transaction	Rental 2,776,800.00 Baht Public Utility 370,164.00 Baht
Parties with potential Conflict	Lion Asia (Thailand) Co.,Ltd.
Type of Relationship	Subsidiary of Company by holding 99.99% of its registered and paid up capital
Type of Transaction	Buy/Sell solvent / Inventory Space Rental / Tanks (200Ltrs)
Value of Transaction	Sell Solvent 106,157,328.06 Baht Buy Tanks 211,988.41 Baht Sell Tanks 468,752.00 Baht Inventory Space 150,000.00 Baht
Parties with potential Conflict	Union Intraco Public Company Limited
Type of Relationship	Subsidiary of Company by holding 99.99% of its registered and paid up capital
Type of Transaction	Buy/Sell solvent / Inventory Space Rental
Value of Transaction	Buy Solvent 350,405.00 Baht Sell Solvent 8,417,855.00 Baht Inventory Space 480,000.00 Baht Transportation 116,989.79 Baht Dividend Receive 15,832,579.00 Baht
Parties with potential Conflict/	Mr. Virat Suwannapasri
Type of Relationship	Director of the Company and Subsidiary
Type of Transaction	Advisory Fees
Value of Transaction	396,000 Baht
Parties with potential Conflict /	Mr. Wisanu Meengu
Type of Relationship	Director of the Subsidiary Company
Type of Transaction	Advisory Fees
Value of Transaction	300,000 Baht

Remarks:

- The transaction of buy and sell of solvents from/to subsidiaries is higher than the cost of sale.
- The transaction of sell tanks (20 ltrs) to subsidiaries is comparable to the market price
- The transaction of office space rental is reviewed and considered by audit committee and provided opinion that the rental rate charged is similar to the market rate.

Management Discussion and Analysis

Overview of operating performance

In year 2011, the Company and its subsidiaries' net profit amounted to Baht 156.71 Million, increased by Baht 74.47 Million or by 90.56%. Total Revenue of the group was higher than that of the previous year by amount of Baht 705.58 Million or increasing by 27.63% due to the higher quantity and the selling price of solvent sold which resulted from the lack of solvent as tsunami in Japan caused the solvent factory to shut down. In 2011, the Gross profit margin of the Company and its subsidiaries is at 13.44% compared to 11.15% that of the previous year, a sharp increase from the last year. Moreover, the lower of selling and administrative expensed as percentage which declined from 7.29% in 2010 to 6.95% This made the net profit margin of the Company and its subsidiaries increase from 3.23% in 2010 to 4.81% in 2011.

Revenues

In year 2011, The Company and its subsidiaries' revenues from sale of solvents amounted to Baht 3,259.62 Million or increasing by Baht 705.58 Million or by 27.63% when compared to the same period of year 2010. The other revenues in year 2011 was Baht 4.66 Million higher than that of 2010 by amount of Baht 1.43 Million or increasing by 44.27%.

Expenses

Cost of Sales

In Year 2011, The Company and its subsidiaries' cost of sales amounted to Baht 2,821.41 Million or increasing by Baht 552.22 Million or by 24.34% when compared to the same period of year 2010. The gross profit margin of 2010 and 2011 is at 11.15% and 13.44% respectively. The cost of sale in 2011 increase in reflect of the higher selling volume and the selling price also increased as the lack of solvent which made the global solvent price hike.

Selling & Administration Expenses (S&A)

In Year 2011, The Company and its subsidiaries' S&A expenses amounted to Baht 226.63 Million or increasing by Baht 40.40 Million or by 21.69% when compared to the same period of year 2010. The S & A expenses was 6.95% and 7.29% of total sale revenues in year 2011 and 2010 respectively. This was mainly due to the increasing in sale revenue. However, the S&A expense as percentage of sale is declining as the Company has an improve in inventory and logistic management.

Interest Expenses

In Year 2011 the Company and its subsidiaries' Interest expenses amounted to Baht 17.66 Million or increasing by Baht 8.17 Million or by 86.11% when compared to the same period of year 2010. The Interest Expenses was 0.54% and 0.37% of total sale revenues in year 2011 and 2010 respectively.

Net Profit

In Year 2011, The Company and its subsidiaries' net profit amounted to Baht 156.71 Million or increasing by Baht 74.47 Million or by 90.55% when compared to the same period of year 2010. The Earning per Share (EPS) increased from 0.125 Bt/Share in Year 2010 to 0.229 Bt/Share in Year 2011. The return on equity (ROE) of the year 2011 and the year 2010 was 38.08%.and 20.19% respectively.

Financial Status

Assets

As the end of the year 2011, the total assets of the Company and its subsidiaries equals to Baht 1,644.88 Million, increasing by Baht 306.22 Million or by 22.88% from the end of the year 2010. The total current asset equals to Baht 1,441.60 Million and the total fixed assets equals to Baht 203.27 Million or equivalent to 87.64% and 12.36% of the total assets respectively. The major component of assets is the "account/ note receivable", accounting for Baht 821.13 Million or 49.92% of total assets.

Liabilities

As the end of the year 2011, the total liabilities of the Company and its subsidiaries equals to Baht 1,018.50 Million, increased by 9.42% or by Baht 87.66 Million from the end of the year 2010. The total current liabilities equals to Baht 1,012.92 Million and the long-term liabilities equals to Baht 5.58 Million. The major component of liabilities is the "account /note payable", accounting for Baht 427.57 Million or 41.98% of total liabilities.

Shareholders' Equity

The Company and its subsidiaries' shareholder equity increased by Baht 218.57 Million or by 53.60% from the end of the Year 2010 to Baht 626.38 Million at the end of year 2011.

Audit's Fee

In year 2011, The Company and its subsidiaries remuneration to the auditors can be summarized below:

- a. Auditing Fee to :
 - i. The Company's auditor in the previous financial period totaling Baht -0-
 - ii. The office employing such auditor in the previous financial period for auditing service totaling Baht 765,000 and there's no for other expense related to auditing service.
- b. Fee from other services
 - To the Company's auditor in the previous financial period totaling Baht -0-
 - To the office employing Baht -0-

Financial Statements

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED

The Consolidated and the Separate Financial Statements

For the year ended December 31, 2011



บริษัท สำนักงาน เอ เอ็ม ซี จำกัด
SAM NAK-NGAN A.M.C. Co., Ltd.



AUDITOR'S REPORT

To the Shareholders of UNION PETROCHEMICAL PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and the separate statements of financial positions as at December 31, 2011 and the related consolidated and the separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended of UNION PETROCHEMICAL PUBLIC COMPANY LIMITED and its subsidiary companies and also of UNION PETROCHEMICAL PUBLIC COMPANY LIMITED only. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. I have not audited the financial statements of a local subsidiary company which have been included in these consolidated financial statements. As at December 31, 2011, the financial statements of the said subsidiary company have shown the total assets at Baht 521.78 million, equivalent to 31.72% of the total consolidated assets and the total income for the year then ended at Baht 500.25 million, equivalent to 15.31% of the total consolidated income. The financial statements of the said subsidiary company have been audited by other auditor and I have already received that auditor's report and my report presentation in part related to the amounts of transactions of the said subsidiary company, which have been included in the consolidated financial statements, are based on that auditor's report. Furthermore, the consolidated and the separate financial statements for the year ended December 31, 2010 of UNION PETROCHEMICAL PUBLIC COMPANY LIMITED and its subsidiary companies and also of UNION PETROCHEMICAL PUBLIC COMPANY LIMITED only, shown herein for comparative purpose, were audited by another auditor in the same auditing firm, who expressed an unqualified opinion in the report dated February 23, 2011.

I conducted my audit in accordance with the 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, evidences 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 provide a reasonable basis for my opinion.

Q.

Based on my audit and the other auditor's report as mentioned in the first paragraph, in my opinion, the consolidated and the separate financial statements referred to above present fairly, in all material respects, the consolidated and the separate financial positions as at December 31, 2011 and the consolidated and the separate results of operations and cash flows for the year then ended of UNION PETROCHEMICAL PUBLIC COMPANY LIMITED and its subsidiary companies and also of UNION PETROCHEMICAL PUBLIC COMPANY LIMITED only in accordance with generally accepted accounting principles.

While without expressing a qualified opinion on the above financial statements, I would like to draw your attention to the note to financial statements No. 2.3, noting that during the year 2011, for the preparation and presentation of these financial statements, the Company and its subsidiary companies have adopted newly issued and revised financial reporting standards pronounced by the Federation of Accounting Professions, which are effective for financial statements of the accounting period that begins on or after January 1, 2011 onwards. The accompanying consolidated and the separate financial statements as at December 31, 2010 and for the year then ended have been presented in the new format to correspond with the consolidated and the separate financial statements for the year 2011 and, as explained in the note to financial statements No. 2.4, the consolidated and the separate financial statements for the year ended December 31, 2011 have been adjusted to the effect from the application of the newly issued and revised financial reporting standards as said above. I have already examined the adjusting items to the said financial statements and have the opinion that the adjusting items are appropriate and fairly applied.

SAM NAK-NGAN A.M.C. CO., LTD.



(Miss Praphasri Leelasupha)

Certified Public Accountant (Thailand) Registration No. 4664

Bangkok,

February 27, 2012

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2011 and 2010

(Unit : Baht)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2011	2010	2011	2010
<u>Assets</u>					
Current assets					
Cash and cash equivalent items		144,824,392.15	53,103,708.89	52,461,731.27	34,305,863.65
Trade and other accounts receivable-net	5.1 and 6	821,133,803.93	680,826,041.67	709,931,523.63	607,458,774.71
Inventories-net	7	456,813,475.43	380,904,813.12	193,248,111.42	236,590,978.57
Revenue Department receivable		16,784,935.94	11,370,469.97	2,998,976.66	1,075,368.35
Other current assets		2,047,592.14	577,753.54	746,486.66	285,563.22
Total current assets		1,441,604,199.59	1,126,782,787.19	959,386,829.64	879,716,548.50
Non-current assets					
Investments in subsidiaries	8	-	-	95,411,800.00	94,284,425.00
Property, plant and equipment-net	9	185,664,692.56	194,397,392.29	85,866,882.71	87,231,216.99
Land awaiting development	10	13,959,000.00	13,959,000.00	13,959,000.00	13,959,000.00
Other non-current assets		3,648,516.01	3,516,326.97	2,893,396.66	2,836,337.49
Total non-current assets		203,272,208.57	211,872,719.26	198,131,079.37	198,310,979.48
Total assets		1,644,876,408.16	1,338,655,506.45	1,157,517,909.01	1,078,027,527.98

Notes to financial statements are an integral part of these financial statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2011 and 2010

(Unit : Baht)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2011	2010	2011	2010
<u>Liabilities and shareholders' equity</u>					
Current liabilities					
Overdrafts and short-term loans from financial institutions	11	570,673,428.43	410,747,390.05	313,309,068.03	276,756,054.46
Trade and other accounts payable	5.1 and 12	427,573,870.82	497,174,788.43	373,476,628.51	440,260,794.13
Current portion of long-term liabilities	13	2,552,645.90	3,649,920.22	1,378,359.55	2,528,212.34
Accrued income tax		11,040,222.49	13,373,716.49	8,156,092.62	9,011,165.89
Other current liabilities		1,084,470.96	441,470.43	262,743.51	343,498.89
Total current liabilities		1,012,924,638.60	925,387,285.62	696,582,892.22	728,899,725.71
Non-current liabilities					
Liabilities under long-term lease contracts-net	13	1,318,450.13	5,455,416.37	-	2,962,691.89
Employee benefit obligations	2.4 and 14	4,256,651.07	-	4,132,937.00	-
Total non-current liabilities		5,575,101.20	5,455,416.37	4,132,937.00	2,962,691.89
Total liabilities		1,018,499,739.80	930,842,701.99	700,715,829.22	731,862,417.60

Notes to financial statements are an integral part of these financial statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2011 and 2010

(Unit : Baht)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2011	2010	2011	2010
Shareholders' equity					
Share capital	15				
Authorized share capital					
825,000,000 ordinary shares @ Baht 0.25 par value each		206,250,000.00	206,250,000.00	206,250,000.00	206,250,000.00
Issued and paid-up share capital					
660,000,500 ordinary shares @ Baht 0.25 par value each		165,000,125.00	-	165,000,125.00	-
660,000,000 ordinary shares @ Baht 0.25 par value each		-	165,000,000.00	-	165,000,000.00
Premiums on share capital		46,680,125.00	46,680,000.00	46,680,125.00	46,680,000.00
Advance received for ordinary share subscription	15	3,317,500.00	250.00	3,317,500.00	250.00
Retained earnings	16				
Appropriated					
Legal reserve		20,625,000.00	19,774,900.50	20,625,000.00	19,774,900.50
Unappropriated		281,123,477.78	160,624,494.60	209,321,217.65	102,851,847.74
Other components of shareholders' equity		14,213,267.22	15,733,159.36	11,858,112.14	11,858,112.14
The Company's total shareholders' equity		530,959,495.00	407,812,804.46	456,802,079.79	346,165,110.38
The subsidiaries' non-controlling interests		95,417,173.36	-	-	-
Total shareholders' equity		626,376,668.36	407,812,804.46	456,802,079.79	346,165,110.38
Total liabilities and shareholders' equity		1,644,876,408.16	1,338,655,506.45	1,157,517,909.01	1,078,027,527.98

Notes to financial statements are an integral part of these financial statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2011 and 2010

(Unit : Baht)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2011	2010	2011	2010
Sales		3,259,624,155.29	2,554,041,710.69	2,637,727,711.43	2,173,344,946.55
Cost of sales	7	(2,821,408,167.12)	(2,269,192,358.45)	(2,320,284,531.96)	(1,950,178,755.46)
Gross profit		438,215,988.17	284,849,352.24	317,443,179.47	223,166,191.09
Dividend income from subsidiary company	8	-	-	15,832,579.00	-
Gain from disposal of assets		2,572,590.51	4,292,121.39	1,040,470.29	4,133,399.94
Gain on exchange rate		-	10,839,938.28	385,690.92	674,214.09
Other income		4,655,575.27	3,230,112.39	2,993,656.05	1,914,803.37
Selling expenses		(78,375,905.08)	(64,148,689.57)	(49,193,909.46)	(41,855,179.91)
Administrative expenses		(130,438,807.11)	(104,612,506.58)	(94,137,853.85)	(84,404,340.16)
Executives' remuneration	18	(17,466,481.46)	(17,468,326.00)	(12,329,000.00)	(13,232,000.00)
Financial cost		(17,659,421.29)	(9,488,875.94)	(12,469,167.44)	(7,139,482.14)
Profit before income tax		201,503,539.01	107,493,126.21	169,565,644.98	83,257,606.28
Income tax expenses	21	(44,793,279.17)	(25,256,876.04)	(32,330,015.57)	(17,759,596.23)
Profit for the year		156,710,259.84	82,236,250.17	137,235,629.41	65,498,010.05
Other comprehensive income					
Difference of exchange rate on financial statement translation		77,204.86	13,022.59	-	-
Profit from revaluation of assets		-	924,762.89	-	800,000.00
Other comprehensive income for the year		77,204.86	937,785.48	-	800,000.00
Total comprehensive income for the year		156,787,464.70	83,174,035.65	137,235,629.41	66,298,010.05
Profit attributable to :					
Shareholders of the Company		151,339,255.68	82,236,250.17	137,235,629.41	65,498,010.05
Non-controlling interests of the subsidiary companies		5,371,004.16	-	-	-
		156,710,259.84	82,236,250.17	137,235,629.41	65,498,010.05
Total comprehensive income attributable to :					
Shareholders of the Company		151,416,460.54	83,174,035.65	137,235,629.41	66,298,010.05
Non-controlling interests of the subsidiary companies		5,371,004.16	-	-	-
		156,787,464.70	83,174,035.65	137,235,629.41	66,298,010.05
Earnings per share	22				
Basic earnings per share		0.229	0.125	0.208	0.099
Diluted earnings per share		0.194	0.113	0.176	0.090

Notes to financial statements are an integral part of these financial statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2011 and 2010

Consolidated Financial Statements

(Unit : Baht)

	Notes	Other components of shareholders' equity												
		Issued and paid-up share capital	Premiums on share capital	Advance received for ordinary share subscription	Retained earnings		Other comprehensive income		Other items from changes due to shareholders			Total shareholders'equity of the Company	Non-controlling interests of subsidiaries	Total shareholders' equity
					Appropriated Legal reserve	Unappropriated	Capital surplus from asset revaluation	Foreign currency translation	Surplus from internal restructure of entities under common control	Discount from change in the ownership interests in subsidiaries	Total other components of shareholder's equity			
Balance as at January 1, 2010		165,000,000.00	46,680,000.00	-	16,500,000.00	104,762,795.03	11,058,112.14	6,948.40	3,730,313.34	-	14,795,373.88	347,738,168.91	-	347,738,168.91
Advance received for ordinary share subscription	15	-	-	250.00	-	-	-	-	-	-	-	250.00	-	250.00
Dividend paid	16	-	-	-	-	(23,099,650.10)	-	-	-	-	-	(23,099,650.10)	-	(23,099,650.10)
Increase in allocation for legal reserve	16	-	-	-	3,274,900.50	(3,274,900.50)	-	-	-	-	-	-	-	-
Total comprehensive income for the year 2010		-	-	-	-	82,236,250.17	924,762.89	13,022.59	-	-	937,785.48	83,174,035.65	-	83,174,035.65
Balance as at January 1, 2011 - Previously reported		165,000,000.00	46,680,000.00	250.00	19,774,900.50	160,624,494.60	11,982,875.03	19,970.99	3,730,313.34	-	15,733,159.36	407,812,804.46	-	407,812,804.46
Effect from adjustment of employee benefits obligations	2.4	-	-	-	-	(3,590,517.00)	-	-	-	-	-	(3,590,517.00)	-	(3,590,517.00)
Balance as at January 1, 2011 - Restated		165,000,000.00	46,680,000.00	250.00	19,774,900.50	157,033,977.60	11,982,875.03	19,970.99	3,730,313.34	-	15,733,159.36	404,222,287.46	-	404,222,287.46
Advance received for ordinary share subscription	15	-	-	3,317,250.00	-	-	-	-	-	-	-	3,317,250.00	-	3,317,250.00
Share capital increase		125.00	125.00	-	-	-	-	-	-	-	-	250.00	-	250.00
Increase in non-controlling interests of the subsidiaries		-	-	-	-	-	-	-	-	-	-	-	88,449,072.20	88,449,072.20
Surplus from the change in the ownership interests in subsidiaries		-	-	-	-	-	-	-	(614,044.39)	(983,052.61)	(1,597,097.00)	(1,597,097.00)	1,597,097.00	-
Dividend paid	16	-	-	-	-	(26,399,656.00)	-	-	-	-	-	(26,399,656.00)	-	(26,399,656.00)
Increase in allocation for legal reserve	16	-	-	-	850,099.50	(850,099.50)	-	-	-	-	-	-	-	-
Total comprehensive income for the year 2011		-	-	-	-	151,339,255.68	-	77,204.86	-	-	77,204.86	151,416,460.54	5,371,004.16	156,787,464.70
Balance as at December 31, 2011		165,000,125.00	46,680,125.00	3,317,500.00	20,625,000.00	281,123,477.78	11,982,875.03	97,175.85	3,116,268.95	(983,052.61)	14,213,267.22	530,959,495.00	95,417,173.36	626,376,668.36

Notes to financial statements are an integral part of these financial statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2011 and 2010

Separate Financial Statements

(Unit : Baht)

	Notes				Retained earnings		Other components of shareholders' equity	
		Issued and paid-up share capital	Premiums on share capital	Advance received for ordinary share subscription	Appropriated	Unappropriated	Other comprehensive income Capital surplus from asset revaluation	Total shareholders' equity
					Legal reserve			
Balance as at January 1, 2010		165,000,000.00	46,680,000.00	-	16,500,000.00	63,728,388.29	11,058,112.14	302,966,500.43
Advance received for ordinary share subscription	15	-	-	250.00	-	-	-	250.00
Dividend paid	16	-	-	-	-	(23,099,650.10)	-	(23,099,650.10)
Increase in allocation for legal reserve	16	-	-	-	3,274,900.50	(3,274,900.50)	-	-
Total comprehensive income for the year 2010		-	-	-	-	65,498,010.05	800,000.00	66,298,010.05
Balance as at January 1, 2011 - Previously reported		165,000,000.00	46,680,000.00	250.00	19,774,900.50	102,851,847.74	11,858,112.14	346,165,110.38
Effect from adjustment of employee benefits obligations	2.4	-	-	-	-	(3,516,504.00)	-	(3,516,504.00)
Balance as at January 1, 2011 - Restated		165,000,000.00	46,680,000.00	250.00	19,774,900.50	99,335,343.74	11,858,112.14	342,648,606.38
Advance received for ordinary share subscription	15	-	-	3,317,250.00	-	-	-	3,317,250.00
Share capital increase		125.00	125.00	-	-	-	-	250.00
Dividend paid	16	-	-	-	-	(26,399,656.00)	-	(26,399,656.00)
Increase in allocation for legal reserve	16	-	-	-	850,099.50	(850,099.50)	-	-
Total comprehensive income for the year 2011		-	-	-	-	137,235,629.41	-	137,235,629.41
Balance as at December 31, 2011		165,000,125.00	46,680,125.00	3,317,500.00	20,625,000.00	209,321,217.65	11,858,112.14	456,802,079.79

Notes to financial statements are an integral part of these financial statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS

For the years ended December 31, 2011 and 2010

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010
Cash flow from operating activities				
Profit before income tax	201,503,539.01	107,493,126.21	169,565,644.98	83,257,606.28
Reconciliation of profit for the year with cash receipts (payment) from operation				
Bad debt and doubtful debts	1,217,147.61	3,259,816.05	1,136,380.31	3,209,740.05
Loss from the cost of goods exceeding net realizable value	770,138.22	1,072,651.23	805,926.83	965,735.50
Loss on damaged goods	-	82,620.95	-	-
Depreciation	22,411,621.67	21,446,913.84	12,851,489.35	13,012,085.52
Gain from disposal and writing off of assets	(2,572,590.51)	(4,292,121.39)	(1,040,470.29)	(4,133,399.94)
Unrealized (gain) loss on exchange rate	8,207,496.05	(3,966,798.82)	(1,177,835.39)	(542,654.30)
Dividend income from subsidiary company	-	-	(15,832,579.00)	-
Loss from decrease in property value	-	1,450.00	-	-
Amortized intangible assets	77,940.43	19,786.16	66,740.83	11,949.99
Employee benefit obligations	666,134.07	-	616,433.00	-
Financial cost	17,659,421.29	9,488,875.94	12,469,167.44	7,139,482.14
Profit from operation before changes in operating assets and liabilities	249,940,847.84	134,606,320.17	179,460,898.06	102,920,545.24
(Increase) decrease in operating assets				
Trade and other accounts receivable	(141,524,909.87)	(104,276,010.12)	(103,609,129.23)	(54,140,388.33)
Inventories	(76,678,800.53)	(178,217,089.72)	42,536,940.32	(82,391,847.27)
Revenue Department receivable	(5,414,465.97)	(5,392,962.92)	(1,923,608.31)	14,889.66
Other current assets	(1,469,838.60)	622,501.85	(460,923.44)	940,189.69
Other non-current assets	(83,854.47)	(685,986.94)	22,375.00	(694,330.00)
Increase (decrease) in operating liabilities				
Trade and other accounts payable	(70,753,787.56)	73,955,587.94	(69,035,020.45)	34,942,417.87
Other current liabilities	643,000.53	(110,320.85)	(80,755.38)	100,389.36
Other non-current liabilities	-	(410.00)	-	-
Cash received (used) from operating activities	(45,341,808.63)	(79,498,370.59)	46,910,776.57	1,691,866.22
Cash payment for interest expenses	(17,142,681.97)	(9,396,275.61)	(12,230,441.98)	(6,768,829.15)
Cash payment for income tax	(47,126,773.17)	(18,478,362.70)	(33,185,088.84)	(12,099,316.47)
Net cash received from (used in) operating activities	(109,611,263.77)	(107,373,008.90)	1,495,245.75	(17,176,279.40)

Notes to financial statements are an integral part of these financial statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS

For the years ended December 31, 2011 and 2010

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010
Cash flow from investing activities				
Increase in short-term investment	-	-	-	(1,249,925.00)
Cash paid for investment in subsidiary company	-	-	(1,127,375.00)	-
Dividend received from subsidiary company	-	-	15,832,579.00	-
Purchase of property, plant and equipment	(17,562,603.47)	(24,789,550.54)	(12,283,897.94)	(14,205,289.56)
Sales of property, plant and equipment	6,933,272.04	4,486,993.82	5,064,113.16	4,181,994.87
Purchase of intangible assets	(126,275.00)	(892,279.80)	(146,175.00)	(959,000.00)
Net cash received from (used in) investing activities	(10,755,606.43)	(21,194,836.52)	7,339,244.22	(12,232,219.69)
Cash flow from financing activities				
Increase in overdrafts and short-term loans from financial institutions	151,877,672.96	138,521,389.64	37,889,979.59	60,159,189.48
Cash paid for payable from assets purchased	-	(218,109.05)	(1,373,901.26)	(150,683.20)
Cash paid for liabilities under long-term lease contracts	(5,234,240.56)	(4,501,059.08)	(4,112,544.68)	(3,798,430.95)
Cash received from the non-controlling interest of subsidiary company	88,449,072.20	-	-	-
Cash paid for dividend	(26,399,656.00)	(23,099,650.10)	(26,399,656.00)	(23,099,650.10)
Advance received for ordinary share subscription	3,317,500.00	250.00	3,317,500.00	250.00
Net cash received from financing activities	212,010,348.60	110,702,821.41	9,321,377.65	33,110,675.23
Increase in difference of financial statement translation	77,204.86	13,022.59	-	-
Cash and cash equivalent items increase (decrease)-net	91,720,683.26	(17,852,001.42)	18,155,867.62	3,702,176.14
Cash and cash equivalent items at the beginning of the year	53,103,708.89	70,955,710.31	34,305,863.65	30,603,687.51
Cash and cash equivalent items at the end of the year	144,824,392.15	53,103,708.89	52,461,731.27	34,305,863.65
Additional disclosure :				
1. Detail in non-monetary transactions as follows :-				
- Writing off debt and doubtful debts-with reserve already provided	1,234,760.53	-	1,234,760.53	-
- Acquisition of assets by entering into long-term lease contracts	-	6,429,000.00	-	2,799,000.00
- Acquisition of assets which had not yet been paid	477,000.00	47,700.00	3,226,900.00	946,750.00
- Adjusting beginning balance of retained earnings with employee benefit obligations	3,590,517.00	-	3,516,504.00	-
- Recognition of surplus from change in the ownership interest in subsidiary companies	1,597,097.00	-	-	-
- Profit from revaluation of assets	-	924,762.89	-	800,000.00
- Increase in allocation for legal reserve from retained earnings	850,099.50	3,274,900.50	850,099.50	3,274,900.50
2. Cash and cash equivalent items consisted of :-				
- Cash	451,739.75	483,272.27	200,000.00	150,000.00
- Current deposit	38,234,556.39	787,086.26	3,430,383.82	418,167.59
- Savings deposit	106,138,096.01	51,833,350.36	48,831,347.45	33,737,696.06
Total	144,824,392.15	53,103,708.89	52,461,731.27	34,305,863.65

Notes to financial statements are an integral part of these financial statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS****As at December 31, 2011 and 2010**

1. General information

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED (the Company) was initially registered as a limited company under the Civil and Commercial Code on May 22, 1981 with registration number 0105524011161 and later registered its conversion to a limited public company on June 2, 2005 with registration number Bor Mor Chor. 0107548000391. Its registered head office is located at 728 Union House Building, Boromratchonnani Road, Bangbumru, Bangphlad, Bangkok, Thailand. The Company's main business is importer, exporter and distributor of chemicals.

2. Basis of financial statements preparation

- 2.1 The financial statements are presented for reporting purposes to be used in Thailand of prepared in Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with Thai language.
- 2.2 The consolidated and the separate financial statements are prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543, which include the already announced accounting standards, financial reporting standards and their interpretation including accounting guidance issued by the Federation of Accounting Professionals, which was established under the Accounting Professions Act B.E. 2547, and regulations in accordance with the regulations of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

The presentation of items in the financial statements are in accordance with the regulation stated in the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act, B.E. 2543.

These financial statements are prepared by using historical cost basis except those disclosed otherwise in the accounting policies.

2.3 During the year 2011, the Group Companies adopted a number of newly issued and revised Thai financial reporting standards (TFRS), issued by the Federation of Accounting Professions, as listed below: -

<u>Reference Standard No.</u>	<u>Subject</u>
TAS No. 1 (Revised 2009)	Presentation of Financial Statements
TAS No. 2 (Revised 2009)	Inventories
TAS No. 7 (Revised 2009)	Statement of Cash Flows
TAS No. 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS No. 10 (Revised 2009)	Events after the Reporting Period
TAS No. 11 (Revised 2009)	Construction Contracts
TAS No. 16 (Revised 2009)	Property, Plant and Equipment
TAS No. 17 (Revised 2009)	Leases
TAS No. 18 (Revised 2009)	Revenue
TAS No. 19	Employee Benefits
TAS No. 23 (Revised 2009)	Borrowing Costs
TAS No. 24 (Revised 2009)	Related Party Disclosures
TAS No. 26	Accounting and Reporting by Retirement Benefit Plans
TAS No. 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS No. 28 (Revised 2009)	Investments in Associates
TAS No. 29	Financial Reporting in Hyperinflationary Economics
TAS No. 31 (Revised 2009)	Interests in Joint Ventures
TAS No. 33 (Revised 2009)	Earnings per Share
TAS No. 34 (Revised 2009)	Interim Financial Reporting
TAS No. 36 (Revised 2009)	Impairment of Assets
TAS No. 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS No. 38 (Revised 2009)	Intangible Assets
TAS No. 40 (Revised 2009)	Investment Property
TFRS No. 2	Share-based Payment
TFRS No. 3 (Revised 2009)	Business Combination
TFRS No. 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS No. 6	Exploration for and Evaluation of Mineral Resources
TFRIC No. 15	Agreements for the Construction of Real Estate
TIC No. 31	Revenue-Barter Transactions Involving Advertising Services

The adoption of these newly issued and revised TFRS has resulted in changes in the Group Companies accounting policies. The effects of these changes are disclosed in the notes to financial statements No. 2.4.

In addition to the above newly issued and revised TFRS, the FAP has issued of revised a number of other TFRS during 2010 and 2011, which are expected to be effective for financial statements beginning on or after January 1, 2013 and have not been adopted in the preparation of these financial statements, as listed below: -

<u>Reference Standard No.</u>	<u>Subject</u>
TAS No. 12	Income Taxes
TAS No. 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS No. 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rate
TIC No.10	Government Assistance - No Specific Relation to Operating Activities
TIC No. 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TIC No. 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Currently, the management is considering the effects which may incur to the consolidated of the separate financial statements from the application of the said newly issued and revised TAS and TFRS for the year the said standards become effective.

2.4 Significant changes in accounting policies

Employee benefits

Since January 1, 2011, the Group Companies commenced to adopt TAS No. 19 on Employee Benefits for the first time. The Group Companies selected to recognize the provision in long-term employee benefit obligations by writing down from retained earnings as at January 1, 2011 in the consolidated and the separate financial statements with the amounts of Baht 3.59 million and Baht 3.52 million respectively in accordance with practice in transitional period when this standard in firstly introduced. The first use of this standard has caused a decrease in profit for the year 2011 in the consolidated and the separate financial statement by Baht 0.66 million and 0.62 million respectively and a decrease in earnings per share by Baht 0.001 per share, the same amount in both financial statements.

- 2.5 Certain transactions in the financial statements for the year ended December 31, 2010 have been reclassified to correspond with the presentation of the financial statements for the current year. These reclassifications are necessary as the Group Companies started to adopt the newly issued and revised TFRS and in compliance with the Notification of the Department of Business Development on Specification of Condensed items to be shown on Financial Statements (B.E. 2554). Furthermore, other items have been also reclassified in order to facilitate for comparative purpose, with no effect to the reported total comprehensive income for the year or shareholders' equity. The reclassifications comprised of the following: -

(Unit : Baht)

	Consolidated Financial Statements			Separate Financial Statements		
	Before	Reclassification	After	Before	Reclassification	After
	Reclassification	Increase(Decrease)	Reclassification	Reclassification	Increase(Decrease)	Reclassification
Trade accounts receivable-net	675,565,323.90	(675,565,323.90)	-	604,463,099.58	(604,463,099.58)	-
Trade and other accounts receivable-net	-	680,826,041.67	680,826,041.67	-	607,458,774.71	607,458,774.71
Prepaid expense	3,164,440.36	(3,164,440.36)	-	2,586,304.90	(2,586,304.90)	-
Other current assets	2,674,030.95	(2,096,277.41)	577,753.54	694,933.45	(409,370.23)	285,563.22
Trade accounts payable	480,416,034.03	(480,416,034.03)	-	427,506,090.68	(427,506,090.68)	-
Other accounts payable	11,744,115.54	(11,744,115.54)	-	11,296,511.35	(11,296,511.35)	-
Trade and other accounts payable	-	497,174,788.43	497,174,788.43	-	440,260,794.13	440,260,794.13
Other current liabilities	5,456,359.29	(5,014,888.86)	441,470.43	1,801,940.99	(1,458,442.10)	343,498.89
Advance Received for Ordinary Share Subscription	-	250.00	250.00	-	250.00	250.00

- 2.6 The preparation of financial statements in conformity with generally accepted accounting standards requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are resulted from experience and other factors that the management has reasonably confident under such circumstance. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected. The significant estimates and assumptions are as follows: -

Allowance for doubtful debt

In determining an allowance for doubtful accounts, the management needs to make judgment and estimate loss to be incurred from each account receivable, based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for the cost of goods exceeding net realizable value

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

Property, plant and equipment

The management has to estimate the useful life and the residual value once this kind of assets is no longer used not to revise the useful life and residual value if change occurs.

In addition, the management needs to review the impairment of the value of property, plant and equipment at each period and record loss from such impairment of it is expected that the net realization value is less than book value of that asset. In this case, the management needs to use consideration relating to forecasted income and expenses in the future in respect to that asset.

Estimated employee benefit obligations

Liability of employee benefit obligations to be incurred after the employees leave or cease working with any in the Group Companies is estimated actuarial with reliability on various assumptions for this kind of estimation such as discount rate, future salary increase rate, mortality rate and turnover rate of employees, etc.

Other estimates are disclosed under related caption in the notes to financial statements.

3. Basis of the consolidated financial statement preparation

3.1 These consolidated financial statements have been prepared by including the financial statements of the Company and of its subsidiaries (together called “Group Companies”). The subsidiaries’ assets and income included in the consolidated financial statements can be shown in percentage as follows: -

Company's Name	Country of Incorporation	Type of business	Percentage of shareholding		Assets		Income	
					included in total assets		included in total income for the years ended	
			As at December 31,	As at December 31,	As at December 31,	As at December 31,	December 31,	
			2011 (%)	2010 (%)	2011 (%)	2010 (%)	2011 (%)	2010 (%)
UNION INTRACO PUBLIC CO., LTD.	Thailand	Importer/exporter and distributor of chemicals	99.99	99.99	31.72	24.07	15.31	11.78
LION ASIA (THAILAND) CO., LTD.	Thailand	Distributor of chemicals, lubricant products and electronic equipments	99.99	99.99	7.21	4.85	7.44	6.65
UKEM ETHANOL AND EASTER CO., LTD.	Thailand	Manufacturer and distributor of ethanol	99.99	99.99	0.14	0.09	-	-
MULTI KROSS OPERATION LTD.	China*	Importer/exporter and distributor of chemicals	99.99	99.99	0.07	0.02	-	-

* Hong Kong Special Administrative Region of the People's Republic of China

The financial statements for the year ended December 31, 2011 of Union Intraco Public Company Limited (a local subsidiary company) and the financial statements for the years ended December 31, 2011 and 2010 of Multi Kross Operation Limited (a foreign subsidiary company), which are included in the consolidated financial statements of the Company and its subsidiaries, were audited by other auditor.

These financial statements of the foreign subsidiary company, considered as a foreign unit, portray accounts in HK dollars. In the preparation of the consolidated financial statements, the Company has to translate them into Baht by applying the following exchange rates :

- Assets and liabilities are translated by the closing rate at the end of the period.
- Revenue and expenses are translated by the average exchange rate.
- Share capital is translated at the rate when the transaction occurred.

The difference incurred from the exchange rate translation of the said financial statements is shown under the shareholders' equity.

- 3.2 Subsidiaries are enterprises under the control of the Company. This control occurs when the Company has a controlling power directly or indirectly in giving direction of financial policy and operation of that company in order to derive benefits from activities of the subsidiaries. Also the financial statements of the subsidiaries will be combined into the consolidated financial statements of the group companies commencing from the date of control until the cessation date of such control.
- 3.3 The accounting periods of the subsidiaries end the same date as that of UNION PETROCHEMICAL PUBLIC COMPANY LIMITED.
- 3.4 The consolidated financial statements are prepared basing on the same accounting policies for the same accounting items or similar accounting events.
- 3.5 The consolidated financial statements confine accounts of the Company and of subsidiary companies after eliminating inter-company transaction items. The balances between the Company and subsidiary companies, significant intra-group transactions, investments in subsidiary companies by the company and shareholders' equity of subsidiary companies have already been eliminated during the process of the consolidated financial statements.

4. Summary of significant accounting policies

- 4.1 Cash and cash equivalents include cash, bank deposits in types of savings and current accounts with no guarantee obligation.
- 4.2 Trade and other accounts receivable are shown at the net realizable value. Allowance for doubtful debt is estimated by calculation based on the percentage of aging of the remaining accounts receivable balance at the end of the year in conjunction with the consideration of each respective account receivable anticipated of uncollectibility.
- 4.3 Inventories are stated at cost by the first-in first-out method then net with allowance for deteriorated and slow moving inventories (if any) which is made from considering of the actual value of deteriorated and slow moving inventories or net realizable value, whichever is lower.
- 4.4 Investments in subsidiaries in the separate financial statements are shown under the cost method net by the accumulated allowance for impairment (if any) and change in the investment value will be recognized in the statement of comprehensive income when the investment is disposed or the impairment of the investment incurred.
- 4.5 Land are recorded initially at cost and chosen for revaluation by showing at fair value, evaluated by independent appraiser and net by allowance for asset impairment when there is an indication of the impairment. The Group Companies hold the policy for an independent appraiser to perform appraisal for these assets in every 5 years. If there is any factor that has significant effect to the asset value, in the meantime, the Group Companies would have it reappraised in that year. The surplus arising from the new appraised value would be considered as the differences on revaluation of assets under the shareholders' equity and the discount arising from the new appraised value lower than cost value would be considered as loss from asset revaluation in the statement of comprehensive income.

4.6 Property and equipment are recorded initially at cost and shown net from accumulated depreciation and allowance for asset impairment (if any), and depreciation is calculated by the straight-line method based on the estimated useful lives of assets which are as follows:

- Buildings and improvement 10 and 20 years
- Machine 5-10 years
- Furniture and fixtures 3-5 years
- Electrical equipment and tools 5 years
- Vehicles 5 and 10 years
- No depreciation is made for construction in progress and assets in transit.

Property and equipment shall be set off from accounts on disposal or no future economic benefits are expected from its usage or disposal. Any gain or loss arising on disposal is recognized when the said asset is written off from accounts.

4.7 Land awaiting development is initially recorded by cost method, net by accumulated allowance for asset impairment (if any).

4.8 Intangible assets such as computer software are shown at cost less by accumulated amortized expense and allowance for impairment (if any) of that asset. The Company and its subsidiaries make amortization of intangible asset with certain useful life systematically throughout the useful life of such asset and will review the period and method for amortization of intangible assets with certainty in useful life at least at the end of every year. Amortized expense will be recognized in the statement of comprehensive income over the useful life of 5 years.

4.9 Impairment of assets : the Group Companies assess at each statements of financial position date whether there is an indication that an asset may be impaired. If any such indication exists, the Group Companies make an estimate of the asset's net realizable sale. Where the carrying amount of the asset exceeds its realizable value, the asset is considered impaired and is written down to its realizable value. Impairment loss is recognized in the statement of comprehensive income. (An asset's realizable value is the higher of net sale value or value in use of that asset.)

4.10 Trade and other accounts payable are shown at cost.

4.11 Interest-bearing liabilities are shown at cost and the expense related to the incurrence of debt is treated as the expense for the year.

4.12 The recording of long-term lease contracts as both an asset and a liability is made in the statement of financial position at the same amount equivalent to fair value of leased asset as at the commencing date of the agreement or the present value of the minimum amount payable under the agreement whichever is the lower. The discount rate to be used in calculating such present value is the interest rate specified in the lease agreement. The directly related initial cost is included in the cost of the asset and the paid lease fee will be appropriated partly as financial expense and other to reduce the principle. The said financial expense will be apportioned to various periods throughout the term of agreement so that the interest rate compared to the remaining amount of debt at each period is constant. Depreciation policy for lease assets conform to depreciable assets owned by the Group Companies.

4.13 Employee benefits

Short-term employee benefits

The Group Companies recognize salaries, wages, bonuses and contributions to Social Security Fund as expenses when incurred.

Post-employment benefits

Defined contribution plan

The Group Companies and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group Companies. The fund's assets are separately held and the Group Companies' contributions are recognized as expenses when incurred.

Defined benefit plan-Post employment

The Group Companies have obligations in respect of the severance payments it to employees upon retirement under labor law. The Group Companies treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method on a regular basis. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of defined benefit obligations are recognized when the curtailment or settlement occurs.

Actuarial gains and losses estimated for post-employment benefit plan are recognized immediately as part of profit or loss. The defined employee benefit obligations are measured by discounting present value of estimated future cash flows, using a discount rate that is close to the government bonds' yield.

For the first-time adoption of TAS No. 19 on Employee Benefits, the Group Companies selected to recognize the transitional liability, which exceeds the liability that would have been recognized at the same date under the previous accounting policy, by making adjust to the retained earnings at the beginning of the current period.

- 4.14 The Group Companies will record liability estimates whenever there is certainty that liability or obligation will occur at present legally or by estimation from the result connected with the past event. Such obligation is expected to cause damage to loss of useful economic resources in order to make payment toward obligation and the amount to be paid is confidently estimated. If payment made toward liability estimated is recovered fully or partly with certainty, the Group Companies will recognize the recovered payment as asset separately but the amount so recognized must not be more than the amount of related liability estimate, and the related expense with the liability estimate will be shown in the statement of comprehensive income in the net amount after recoverable expense already recognized.
- 4.15 Premiums on share capital under Section 51 of the Public Companies Act B.E. 2535 arisen when the Company share subscription monies are in excess of the par value of the shares issued, the Company has to set aside these premiums to a reserve account ("premiums on share capital"). Premiums on share capital must not be used for dividend distribution.
- 4.16 Surplus from internal restructure of entities under common control is the difference between the purchase price paid to acquire the subsidiaries and the fair value of the assets and liabilities of the said subsidiaries (book value), which is shown under the shareholders' equity. The said difference would decrease if the Company dispose or decrease the investment ratio in subsidiaries.
- 4.17 Discount from change in shareholding ratio in subsidiary companies is the difference between the proportional investment in subsidiary companies that have changed and book value of the subsidiary companies resulted from the change in proportion of investment in that subsidiary companies. (The said change does not dissipate the Company's power to control the subsidiary company.) The difference is shown under the shareholders' equity and will decrease when the investment is disposed of or decrease in proportion.

- 4.18 Non-controlling interests of subsidiary companies represent the portion of book value of the net assets of the subsidiary companies under the shareholding proportion that are not held by the Group Companies are presented separately under shareholders' equity in the consolidated statement of financial position and net profit (loss) of the non-controlling interests of subsidiary companies are presented separately in the consolidated statement of comprehensive income.
- 4.19 Items denominated in foreign currencies are recorded in Baht at prevailing rates of exchange when the transactions occur and balances of assets and liabilities at the year end are converted to Baht at the prevailing rates of exchange on that date and gain or loss arising from such conversion is shown as revenue or expense in the statement of comprehensive income.
- 4.20 Income recognition, revenue recognized excludes value added taxes and other sales taxes and is arrived at after deduction of trade discounts with the following policies :-
- 4.20.1 Sale of goods: revenue is recognized in the statements of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the economic benefit due from the sale of goods or the amount of the revenue and cost incurred could not be reasonably measured or the probable return of goods.
 - 4.20.2 Service income is recognized as services are provided.
 - 4.20.3 Rental income is recognized over the term of the lease.
 - 4.20.4 Interest income are recognized according to the related period.
 - 4.20.5 Dividend income is recognized when entitled to receive dividend.
 - 4.20.6 Other income is recognized on accrual basis.
- 4.21 Expense recognition
- 4.21.1 Assets under leasing contract, which the risk and ownership of the assets remain with the leaser classified as operating lease. The payment under operating lease recorded as expense throughout the term of the contract.

- 4.21.2 Financial cost consists of interest expense or other expenses in similar nature charged to the statement of income in the year such expenses are incurred except in case that they are partly recorded as cost of assets due to the effect of long period of time used to acquire construction or produce such assets prior to direct utilization or for sale. Interest which is part of installment amount under financial lease and hire purchase is charged to the statements of comprehensive income by effective rate method.
- 4.21.3 Other expense is recognized on accrual basis.
- 4.22 Income tax will be recognized as expense item whenever the Group Companies are liable to pay tax and calculate the tax from the net taxable profit for the year under the revenue code.
- 4.23 The related parties and companies with the Group Companies meant individuals or enterprises which have the controlling power over the Group Companies or are controlled by the Group Companies either directly or indirectly, or under the same control with the Group Companies. Furthermore, the related parties or companies also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Group Companies, important managers, directors or the employees of the Group Companies who have the power to plan and control the operations of the Group Companies including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.
- 4.24 Basic earnings per share is calculated by dividing the profit for the year by the weighted averaged number of already issued and fully paid shares during the year and Diluted earnings per share is calculated by dividing net profit for the year by the total sum of the weighted average number of ordinary shares in issue during the year and the number of ordinary shares issuable to convert all dilutive potential ordinary shares (warrants) into ordinary shares on the assumption that the dilutive potential ordinary shares have already been converted to the ordinary shares on the issuance date of the potential ordinary shares.

4.25 Financial instruments such as financial assets and liabilities carried on the statement of financial position include cash and cash equivalents, trade accounts receivable and payable, other accounts receivable and payable, loan receivables payables and investments. The significant accounting policies and measurement of these items are disclosed in the respective accounting policies for related items.

Foreign currency forward contracts are meant to prevent risk from volatile movements in exchange rates by establishing a future rate at which a foreign currency asset and liability will be settled. Gain or loss from the foreign currency forward contracts will be recorded in the statement of income when the settlement is made.

5. Transactions with related entities and parties

The Company had transaction items with group companies and parties, which have the same group of shareholders or mutual directors. Significant inter-transactions and remaining balances between the Group Companies with parties were as follows :-

5.1 Inter-assets and liabilities

<u>Type of transaction/ Company and individual name.</u>	(Unit : Baht)			
	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
- Accounts receivable				
UNION INTRACO PUBLIC CO., LTD.	-	-	2,046,332.20	2,140,294.25
LION ASIA (THAILAND) CO., LTD.	-	-	52,094,339.06	28,449,246.67
Total	-	-	54,140,671.26	30,589,540.92
- Other account receivable				
UNION INTRACO PUBLIC CO., LTD.	-	-	72,061.48	15,870.24
LION ASIA (THAILAND) CO., LTD.	-	-	39,804.00	4,494.00
Total	-	-	111,865.48	20,364.24
- Advance payment				
MULTI KROSS OPERATION LIMITED	-	-	-	388,838.38
UKEM ETHANOL AND EASTER CO.,LTD.	-	-	1,284,000.00	-
Total	-	-	1,284,000.00	388,838.38
- Purchases of assets from				
LION ASIA (THAILAND) CO., LTD.	-	-	3,466,845.00	4,186,630.90

(Unit : Baht)

<u>Type of transaction/ Company and individual name.</u>	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
- Account payable				
UNION INTRACO PUBLIC CO., LTD.	-	-	107,501.30	157,290.00
- Other accounts payable				
LION ASIA (THAILAND) CO., LTD.	-	-	3,544,450.30	1,155,759.50
DIRECTOR	695,593.75	-	-	-
Total	695,593.75	-	3,544,450.30	1,155,759.50
- Accrued expenses				
FISTRACO CO., LTD.	229,761.96	289,229.76	223,333.40	218,141.76

5.2 Inter-revenues and expenses

(Unit : Baht)

<u>Type of transaction/ Company and individual name</u>	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>For the year ended December 31,</u>		<u>For the year ended December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
- Sales to				
UNION INTRACO PUBLIC CO., LTD.	-	-	8,417,855.00	8,742,862.00
LION ASIA (THAILAND) CO., LTD.	-	-	106,157,328.06	69,477,064.25
Total	-	-	114,575,183.06	78,219,926.25
- Dividend income				
UNION INTRACO PUBLIC CO., LTD.	-	-	15,832,579.00	-
- Other income				
UNION INTRACO PUBLIC CO., LTD.	-	-	596,989.79	641,759.00
LION ASIA (THAILAND) CO., LTD.	-	-	618,752.00	448,663.00
Total	-	-	1,215,741.79	1,090,422.00
- Purchases of goods from				
UNION INTRACO PUBLIC CO., LTD.	-	-	350,405.00	457,476.00
LION ASIA (THAILAND) CO., LTD.	-	-	-	188,550.00
Total	-	-	350,405.00	646,026.00
- Office rental due to				
FISTRACO CO., LTD.	2,776,800.00	2,651,520.00	2,150,400.00	2,150,400.00

(Unit : Baht)

<u>Type of transaction/ Company and individual name</u>	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
- Other expenses				
LION ASIA (THAILAND) CO., LTD.	-	-	211,988.41	345,255.99
FIRSTRACO CO., LTD.	370,164.00	365,184.00	295,892.00	256,228.00
DIRECTOR	-	485,000.00	-	-
Total	370,164.00	850,184.00	507,880.41	601,483.99
- Executives and Important Management’s Remuneration				
Short-term employee benefits	16,958,481.46	17,468,326.00	11,821,000.00	13,232,000.00
Post-employment benefits	508,000.00	-	508,000.00	-
Total	17,466,481.46	17,468,326.00	12,329,000.00	13,232,000.00

Policy of inter-price setting

- Inter-purchase and sale for goods transactions between the Group Companies and related company are charged at price comparable to those charged to outside parties.
- Inter-purchase and sale for assets between the Group Companies are based on mutually agreed price, which is higher than cost.
- Income from warehouse rental fees is complied with mutual agreements where the Company entered into warehouse rental agreements with two subsidiaries with significant details as follows :-
 - 1) Commencing on November 1, until October 31, for the years then ended, a rental fee of Baht 12,500.00 per month was charged. The agreement has been extended for every year, the current agreement has been entered into for the period commencing from November 1, 2011 until October 31, 2012 at the same rental fee.
 - 2) Commencing on December 1, 2009 until November 30, 2010, a rental fee of Baht 26,875.00 per month was charged. A subsidiary terminated the contract on June 1, 2010 onwards, because it has relocated the warehouse to a new location.
 - 3) Commencing on July 1, 2009 until June 30, 2010, a rental fee of Baht 20,000.00 per month was charged. The new agreement has been entered into for the period commencing from July 1, 2010 to June 30, 2011 and the rental fee has been increased to Baht 40,000.00 per month because of the increment of the rental area. The agreement has been extended for another year from July 1, 2011 until June 30, 2012 at the same rental fee.

- Office leasing fees (Union House Building) and electricity usage fee are complied with mutual agreements entered into with a related company as follows :-

- 1) The Company entered into an office area leasing contract for the area on the 1st and 2nd floor for a period of 3 years commencing on July 1, 2008 until June 30, 2011, with a leasing fee of Baht 179,200.00 per month. The agreement has been extended for another three years from July 1, 2011 until June 30, 2014 at the same rental fee.
- 2) The subsidiary entered into office leasing contracts for the area on the 5th floor for a period of 3 years commencing on July 1, 2008 until June 30, 2011 with leasing fee of Baht 55,680.00 per month. The agreement has been extended for another three years from July 1, 2011 until June 30, 2014 at the same rental fee.
- 3) Electricity fee is charged on actual usage.

5.3 Nature of relationship of related companies and party

<u>Company's and person name</u>	<u>Relationship</u>	<u>Related by</u>
UNION INTRACO PUBLIC CO., LTD.	Subsidiary	Direct shareholding
LION ASIA (THAILAND) CO., LTD.	Subsidiary	Direct shareholding
UKEM ETHANOL AND EASTER CO., LTD.	Subsidiary	Direct shareholding
MULTI KROSS OPERATION LTD.	Subsidiary	Direct shareholding
FIRSTRACO CO., LTD.	Related company	Related person

6. Trade and other accounts receivable-net

Consisted of :-

(Unit : Baht)

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Trade accounts receivable-related parties	-	-	54,140,671.26	30,589,540.92
Trade accounts receivable-other parties	823,007,175.54	681,039,371.18	656,671,379.28	579,347,605.94
Total	823,007,175.54	681,039,371.18	710,812,050.54	609,937,146.86
<u>Less</u> Allowance for doubtful accounts-other parties	(5,456,434.36)	(5,474,047.28)	(5,375,667.06)	(5,474,047.28)
Total trade accounts receivable-Net	817,550,741.18	675,565,323.90	705,436,383.48	604,463,099.58
Other accounts receivable-related parties	-	-	111,865.48	20,364.24
Advanced Payment-related parties	-	-	1,284,000.00	388,838.38
Advanced Payment-other parties	24,053.61	1,362,816.78	16,046.15	167.61
Prepaid Expenses	3,559,009.14	3,897,900.99	3,083,228.52	2,586,304.90
Total other accounts receivable	3,583,062.75	5,260,717.77	4,495,140.15	2,995,675.13
Total trade and other accounts receivable-Net	821,133,803.93	680,826,041.67	709,931,523.63	607,458,774.71

Aging analyses for trade accounts receivable were as follows :-

(Unit : Baht)

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Trade account receivable-related parties				
Trade accounts receivable within credit term	-	-	38,216,888.27	22,712,570.07
Overdue aging of trade accounts receivable : -				
- Not over 3 months	-	-	15,923,782.99	7,594,490.85
- Over 3 months but not over 6 months	-	-	-	282,480.00
Total trade accounts receivable-related parties	-	-	54,140,671.26	30,589,540.92
Trade accounts receivable-other parties				
Trade accounts receivable within credit term	568,218,086.23	515,294,427.41	469,274,351.62	438,006,413.04
Overdue aging of trade accounts receivable : -				
- Not over 3 months	246,481,783.72	159,614,626.28	180,688,075.17	135,557,794.51
- Over 3 months but not over 6 months	1,618,838.31	467,617.82	255,230.31	344,835.32
- Over 6 months but not over 12 months	109,108.50	404.46	70,000.00	404.46
- Over 12 months	3,147,091.46	4,150,732.83	3,147,091.46	4,150,732.83
Total	819,574,908.22	679,527,808.80	653,434,748.56	578,060,180.16
Returned cheques	3,432,267.32	1,511,562.38	3,236,630.72	1,287,425.78
Total trade accounts receivable-other parties	823,007,175.54	681,039,371.18	656,671,379.28	579,347,605.94
<u>Less</u> Allowance for doubtful accounts	(5,456,434.36)	(5,474,047.28)	(5,375,667.06)	(5,474,047.28)
Total trade accounts receivable-other parties-net	817,550,741.18	675,565,323.90	651,295,712.22	573,873,558.66
Total trade accounts receivable-net	817,550,741.18	675,565,323.90	705,436,383.48	604,463,099.58

The normal credit term granted by the Group Companies ranges from 7 days to 120 days.

The Group Companies have movements in transactions of allowance for doubtful accounts for the years ended December 31, 2011 and 2010, as follows :-

(Unit : Baht)

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>For the years ended December 31,</u>		<u>For the years ended December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Beginning balance as at January 1,	(5,474,047.28)	(2,264,307.23)	(5,474,047.28)	(2,264,307.23)
<u>Plus</u> Reserve for allowance for doubtful accounts	(2,059,154.44)	(3,353,180.85)	(1,978,387.14)	(3,353,180.85)
<u>Less</u> Reversal of allowance for doubtful accounts	842,006.83	143,440.80	842,006.83	143,440.80
<u>Less</u> Written off debtors-Allowance made for doubtful accounts	1,234,760.53	-	1,234,760.53	-
Ending balance as at December 31,	(5,456,434.36)	(5,474,047.28)	(5,375,667.06)	(5,474,047.28)

7. Inventories-net

Consisted of :-

(Unit : Baht)

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Finished goods	415,142,884.39	323,480,336.69	184,162,517.88	201,417,384.07
Goods in transit	41,621,048.17	50,335,370.04	10,535,004.54	35,732,226.67
Raw materials	1,154,357.39	7,668,080.69	-	-
Chemical containers	935,255.00	690,957.00	460,995.00	545,847.00
Total	458,853,544.95	382,174,744.42	195,158,517.42	237,695,457.74
<u>Less</u> Allowance for the cost of goods exceeding net				
realizable value	(2,040,069.52)	(1,269,931.30)	(1,910,406.00)	(1,104,479.17)
Net	456,813,475.43	380,904,813.12	193,248,111.42	236,590,978.57

The cost of inventories which is recognized as an expense and included in “cost of sales” are as follows: -

(Unit : Baht)

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>For the years ended December 31,</u>		<u>For the years ended December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
- Cost of sales	2,820,638,028.90	2,268,119,707.22	2,319,478,605.13	1,949,213,019.96
- Reversal of reserve for decrease in the value of inventory	770,138.22	1,072,651.23	805,926.83	965,735.50
Net	2,821,408,167.12	2,269,192,358.45	2,320,284,531.96	1,950,178,755.46

8. Investments in subsidiaries

Consisted of :-

(Unit : Baht)

<u>Company's Name</u>	<u>(Unit : Thousand Baht)</u>		<u>Percentage of</u>		<u>Separate Financial Statements</u>			
	<u>Paid-Up Capital</u>		<u>Investment</u>		<u>Investment</u>		<u>Dividend</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>		<u>Cost Method</u>		<u>For the years ended</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>		<u>As at December 31,</u>		<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
UNION INTRACO PUBLIC CO., LTD.	130,000	78,000	59.99	99.99	77,993,000.00	77,993,000.00	15,832,579.00	-
LION ASIA (THAILAND) CO., LTD.	15,000	15,000	99.99	99.99	14,999,300.00	14,999,300.00	-	-
UKEM ETHANOL AND EASTER CO., LTD.	1,250	1,250	99.99	99.99	1,249,925.00	1,249,925.00	-	-
MULTI KROSS OPERATION LTD.	42	42	99.99	99.99	42,200.00	42,200.00	-	-
Total					94,284,425.00	94,284,425.00	-	-
Advance payment for share subscription fee					1,127,375.00	-	-	-
Grand total					95,411,800.00	94,284,425.00	15,832,579.00	-

On July 16, 2010, UNION INTRACO PUBLIC COMPANY LIMITED, (“the Subsidiary”) has registered its conversion to a public company limited and alteration of memorandum of association with the Ministry of Commerce and has changed the par value of the ordinary shares from Baht 1,000.00 per share to the new par value of Baht 1.00 per share and registered the increase of the share capital from Baht 78.00 million to the new registered share capital of Baht 130.00 million by allocating 52 million capital increase shares at the par value of Baht 1.00 per share to offer for sale to the general public after the subsidiary received the approval from the Office of Securities and Exchange Commission to offer the capital increase shares for sale to the general public. The Company would receive the right to reserve the newly issued shares at not more than 13 million shares at the par value of Baht 1.00 per share equivalent to 10% of the total registered share capital of the subsidiary after the sale offer. The selling price would be the same with the price offer to the general public.

On June 3, 2011, UNION INTRACO PUBLIC COMPANY LIMITED has offered the 52 million increase ordinary shares to the general public at the par value of Baht 1.00 per share at the offering price of Baht 1.92 per share aggregating to Baht 99.84 million but the Company does not purchase such increase ordinary shares; therefore the Company’s shareholding ratio decreased from 99.99% to 59.99% and in the consolidated financial statements incurred Baht 0.98 million surplus from the change of the shareholding ratio in the subsidiary company.

The Company and a subsidiary entered into an agreement for business co-operation to determine the business operation boundaries and for the co-operation in business alliance between the two companies with the objective to prevent the conflict of interest in the future and to maximize the benefit generated for the shareholders of the Company and a subsidiary. The contractual term is 2 years commencing from the execution date of the agreement. The said agreement is legally binding. If nonperformance of contractual obligation incur by either party, it shall pay the penalty and indemnity in accordance with the business co-operation agreement. The shareholders of both companies shall be informed of the duplicating transaction issues by disclosing in the matter for acknowledgement in the letter inviting the shareholders to attend the annual general shareholders’ meeting each year that the issues have incurred.

For the year 2011, MULTI KROSS OPERATION LIMITED (“the Subsidiary”) has been in the process of registering the increase in share capital from the amount of Baht 0.04 million to Baht 1.17 million, in which the Company has to invested for the full amount and recorded this item as advance payment for share subscription to the amount of Baht 1.13 million.

9.2 Separate Financial Statements

	(Unit : Baht)						
	Land	Buildings and Improvement	Furniture and Fixtures	Electrical Equipment and Tools	Vehicles	Construction in Progress and Asset-in-transit	Total
Cost :							
As at January 1, 2010	16,941,887.86	50,603,428.68	6,792,795.00	7,262,385.30	77,517,963.45	-	159,118,460.29
Purchase	-	-	2,373,879.40	3,499,558.00	12,077,602.16	-	17,951,039.56
Disposal/Amortization	-	-	(2,018,922.39)	-	(11,008,075.17)	-	(13,026,997.56)
As at December 31, 2010	16,941,887.86	50,603,428.68	7,147,752.01	10,761,943.30	78,587,490.44	-	164,042,502.29
Purchase	-	78,000.00	638,531.21	3,212,598.13	10,420,000.00	1,161,668.60	15,510,797.94
Transfer in/Transfer out	-	611,500.00	-	-	-	(611,500.00)	-
Disposal/Amortization	-	-	-	-	(8,754,000.00)	-	(8,754,000.00)
As at December 31, 2011	16,941,887.86	51,292,928.68	7,786,283.22	13,974,541.43	80,253,490.44	550,168.60	170,799,300.23
Capital surplus from asset revaluation :							
As at January 1, 2010	11,058,112.14	-	-	-	-	-	11,058,112.14
Revaluation	800,000.00	-	-	-	-	-	800,000.00
As at December 31, 2010	11,858,112.14	-	-	-	-	-	11,858,112.14
Revaluation	-	-	-	-	-	-	-
As at December 31, 2011	11,858,112.14	-	-	-	-	-	11,858,112.14
Accumulated depreciation :							
As at January 1, 2010	-	(18,928,451.50)	(4,934,609.74)	(3,937,650.16)	(60,835,003.15)	-	(88,635,714.55)
Depreciation for the year	-	(2,674,299.75)	(830,273.96)	(1,504,858.31)	(8,002,653.50)	-	(13,012,085.52)
Disposal/Amortization	-	-	1,993,955.52	-	10,984,447.11	-	12,978,402.63
As at December 31, 2010	-	(21,602,751.25)	(3,770,928.18)	(5,442,508.47)	(57,853,209.54)	-	(88,669,397.44)
Depreciation for the year	-	(2,611,418.84)	(1,175,447.14)	(1,698,698.85)	(7,365,924.52)	-	(12,851,489.35)
Disposal/Amortization	-	-	-	-	4,730,357.13	-	4,730,357.13
As at December 31, 2011	-	(24,214,170.09)	(4,946,375.32)	(7,141,207.32)	(60,488,776.93)	-	(96,790,529.66)
Net book value :							
As at December 31, 2010	28,800,000.00	29,000,677.43	3,376,823.83	5,319,434.83	20,734,280.90	-	87,231,216.99
As at December 31, 2011	28,800,000.00	27,078,758.59	2,839,907.90	6,833,334.11	19,764,713.51	550,168.60	85,866,882.71
Depreciation reported in the statement of comprehensive income							
For the year ended December 31, 2010							13,012,085.52
For the year ended December 31, 2011							12,851,489.35

As at December 31, 2011 and 2010, vehicles as appeared in the consolidated financial statements with book value in amount of Baht 8.06 million and Baht 17.87 million respectively and in the separate financial statements with book value in amount of Baht 2.24 million and Baht 11.10 million respectively are under long-term lease contracts as mentioned in the notes to financial statements No. 13.

As at December 31, 2011 and 2010, building improvement on leasehold as appeared in the consolidated financial statements with book value of Baht 9.26 million and Baht 10.34 million respectively and in the separate financial statements with book value in amount of Baht 8.20 million and Baht 8.75 million respectively would automatically be owned by the lessor once the lease contracts expire as mentioned in the notes to financial statements No. 5.2

As at December 31, 2011 and 2010, fixed assets as appeared in the consolidated financial statements in amount of Baht 54.45 million and Baht 45.09 million respectively and in the separate financial statements in amount of Baht 48.98 million and Baht 39.40 million respectively were fully depreciated but still in use.

10. Land awaiting development

As at December 31, 2011 and 2010, the whole amount of land was purchased from a related company to be used as a research center in the future. The price of land awaiting development was assessed at market value, based on an appraisal report of an independent professional appraiser, who has been approved by the office of Securities and Exchange Commission, therefore; The appraisal report dated January 10, 2012 shows the appraised value Baht 13.96 million.

11. Overdrafts and short-term loans from financial institutions

Consisted of :-

	(Unit : Baht)			
	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Overdrafts from financial institutions	-	41,720.36	-	9,313.87
Short-term loans from financial institutions				
- Trust receipt	229,742,621.74	161,245,952.00	-	38,860,464.14
- Trust receipt-promissory notes	143,309,068.03	71,459,717.69	143,309,068.03	67,886,276.45
- Promissory notes	197,621,738.66	178,000,000.00	170,000,000.00	170,000,000.00
Total	570,673,428.43	410,747,390.05	313,309,068.03	276,756,054.46

As at December 31, 2011 and 2010, overdrafts and short-term loans from financial institutions have unutilized credit line in the consolidated financial statements at Baht 919.00 million and Baht 699.96 million respectively and in the separate financial statements at Baht 905.00 million and Baht 655.00 million respectively, bearing the interest rates at SIBOR to 4.45% per annum and SIBOR+2% to 3% per annum with no guarantee obligation.

12. Trade and other accounts payable

Consisted of :

	(Unit : Baht)			
	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Trade accounts payable-related parties	-	-	107,501.30	157,290.00
Trade accounts payable-other parties	402,231,912.62	480,416,034.03	354,542,198.60	427,348,800.68
Total trade accounts payable	402,231,912.62	480,416,034.03	354,649,699.90	427,506,090.68
Other accounts payable-related parties	695,593.75	-	3,544,450.30	1,155,759.50
Other accounts payable-other parties	12,344,854.39	11,371,603.78	10,875,935.66	9,922,610.09
Accrued expenses-related parties	229,761.96	289,229.76	223,333.40	218,141.76
Accrued expenses-other parties	12,071,748.10	5,097,920.86	4,183,209.25	1,458,192.10
Total other accounts payable	25,341,958.20	16,758,754.40	18,826,928.61	12,754,703.45
Total trade and other accounts payable	427,573,870.82	497,174,788.43	373,476,628.51	440,260,794.13

13. Liabilities under long-term lease contracts-net

Consisted of the minimum repayments under the long-term lease contracts as follows :-

	(Unit : Baht)			
	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Liabilities under long-term lease contracts				
- due in less than 1 year	2,716,027.83	4,141,253.00	1,468,267.83	2,908,424.00
- due in 1-5 years	1,350,915.00	5,740,732.84	-	3,142,069.83
Total liabilities under long-term lease contracts	4,066,942.83	9,881,985.84	1,468,267.83	6,050,493.83
<u>Less</u> Future interest in the long-term lease contracts	(195,846.80)	(776,649.25)	(89,908.28)	(559,589.60)
Present value of liabilities under long-term lease contracts	3,871,096.03	9,105,336.59	1,378,359.55	5,490,904.23
<u>Less</u> Current portion of long-term liabilities	(2,552,645.90)	(3,649,920.22)	(1,378,359.55)	(2,528,212.34)
Liabilities under long-term lease contracts-net	1,318,450.13	5,455,416.37	-	2,962,691.89

As at December 31, 2011 and 2010, in the consolidated financial statements the amounts of Baht 2.64 million and Baht 6.56 million respectively and in the separate financial statements Baht 0.22 million and Baht 2.95 million respectively were liabilities under 7 and 14 financial lease contracts for vehicle respectively entered into with 3 financial institutions with monthly leasing fees of Baht 0.23 million and Baht 0.44 million respectively for the period of 3-5 years. These contracts were guaranteed by the Company's directors and once all the liabilities under the contracts have been fully met, the Group Companies will receive the ownership of these vehicles automatically.

As at December 31, 2011 and 2010, in the consolidated and separate financial statements the amounts of Baht 1.16 million and Baht 2.54 million respectively were liabilities under one finance lease contract for vehicle with a leasing company at monthly leasing fee of Baht 0.04 million for the period of 5 years. The contract was guaranteed by the Company's directors. The rights to the vehicles still belong to the lessor until the Company makes purchase payments according to the obligations in contracts.

14. Employee benefit obligations

The Group Companies adopted TAS 19 on Employee Benefits, which became effective from January 1, 2011. The effect on the financial statements is disclosed in the notes to financial statements No. 2.4.

The Group Companies obligate to make post-employment severance and pension payments based on the requirement of Thai Labour Protection Act B.E 2541 to provide retirement benefits to employees based on their entitlement and length of service.

The movements in the present value of the employee benefit obligation for the year ended December 31, 2011 are as follows: -

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate</u>
	<u>Financial Statements</u>	<u>Financial statements</u>
Benefit obligations as at January 1, 2011	3,590,517.00	3,516,504.00
Current service and interest costs	666,134.07	616,433.00
Benefit obligations as at December 31, 2011	<u>4,256,651.07</u>	<u>4,132,937.00</u>

Expenses recognized in the statement of comprehensive income for the year ended December 31, 2011 are as follows: -

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate</u>
	<u>Financial Statements</u>	<u>Financial Statements</u>
Current service cost	486,344.07	441,869.00
Interest on obligation	179,790.00	174,564.00
Total	666,134.07	616,433.00

Principal actuarial assumptions at the reporting date for the year ended December 31, 2011 are as follows: -

	(Unit : Percent)
Discount rate	4.41
Salary increment rate	8.12
Employee turnover rate	0 - 22

15. Share capital

In accordance with the minutes of the extraordinary shareholders' meeting No. 1/2552, held on September 30, 2009, the important resolutions are as follows: -

- Approved the issuance and offer for sale not more than 165,000,000 units of warrants to the Company's existing shareholders at the ratio of 4 ordinary shares to 1 unit of warrant at the offering price of Baht 0.00 per unit. One unit of warrant has right to purchase one ordinary share at the price of Baht 0.50 per share and the term of the warrants is 5 years since their issuance and can be exercised on every December 30, until the term expires. The first date of exercise is December 30, 2010 and the last one in November 2014.
- Approved to increase the registered share capital of the Company from formerly Baht 165.00 million to Baht 206.25 million by issuance of 165.00 million new ordinary shares at the par value of Baht 0.25 per share, aggregated to Baht 41.25 million to support the exercise of the Company's warrants. The Company has registered the increment of the share capital and the amendment of the memorandum of association with the Ministry of Commerce on October 7, 2009.

In the fourth quarter of 2011, there were 6,635,000 units of warrants exercised to purchase 6,635,000 ordinary shares at Baht 0.50 per share, aggregating to Baht 3,317,500.00. This transaction is shown as a separate caption under the shareholders' equity "Advance received for ordinary share subscription", and the Company has registered this capital increase with the Ministry of Commerce on January 9, 2012.

As at December 31, 2011, the warrants with full conversion right to purchase ordinary shares but not yet exercised remained at 158,364,500 units.

16. Dividend paid and legal reserve

Dividend	Approved By	Dividend Paid (Unit : Thousand Baht)	Dividend Paid Per share	Date of Dividend Payment
Payment announced from the profit of the year 2010	the Annual General Meeting of shareholders for the year 2011 held on April 21, 2011	26,400	0.04 Bath	May 19, 2011
Payment announced from the profit of the year 2009	the Annual General Meeting of shareholders for the year 2010 held on April 27, 2010	23,100	0.035 Bath	May 25, 2010

Section 116 of the Public Limited Company Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution. For the year 2011 and 2010, the Company appropriated Baht 0.85 million and Baht 3.27 million respectively.

17. Capital management

The primary objectives of the Group Companies' capital management are to maintain their ability to continue as a going concern and to maintain an appropriate capital structure.

18. Executives' remuneration

In the consolidated and separate financial statements, the executives' remuneration are benefits paid to the directors of the Group Companies in accordance to Section 90 of Public Company Act, which not include salaries and related benefits paid to the executive directors of the Group Companies as follows :-

(Unit : Million Baht)

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>For the years ended December 31,</u>		<u>For the years ended December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Executives' remuneration	8.24	4.28	3.11	4.22

19. Natures of expenses

Consisted of :-

(Unit : Baht)

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>For the year ended December 31,</u>		<u>For the year ended December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Purchase of finished goods	2,908,008,333.90	2,387,445,506.03	2,290,855,335.27	1,991,651,102.42
Change in finished goods	(101,876,022.66)	(138,953,826.88)	17,339,718.19	(54,700,302.99)
Executives' compensation	17,466,481.46	17,468,326.00	12,329,000.00	13,232,000.00
Employees' compensation	49,920,857.92	40,000,674.85	32,355,450.83	26,814,524.75
Depreciation and amortization	22,489,562.10	21,466,700.00	12,918,230.18	13,024,035.51
Transport expenses	37,064,873.38	30,665,671.96	27,879,569.05	23,561,003.74
Interest expenses	17,659,421.29	9,488,875.94	12,469,167.44	7,139,482.14
Other expenses	114,615,274.67	97,328,828.64	82,267,991.75	76,087,912.10
Total	3,065,348,782.06	2,464,910,756.54	2,488,414,462.71	2,096,809,757.67

20. Financial information by sectors

The Group Companies' conduct the same main businesses i.e. importers/exporter and distributors of chemicals; thus, financial information is presented as the same business segment. Additionally, the majority of the operation of the Group Companies are solely in Thailand. As a result, all of the revenues, operating results and assets as reflected in these financial statements pertain to the aforementioned sole business segment and geographic area.

21. Income tax expenses

For the year ended December 31, 2011, and 2010, the Company calculated their income tax at 20% on profit before tax but after adding back items not allowed as expenses in tax calculation, which the majority was depreciation of vehicle with value exceeding Baht 1 million. The Company received tax benefit under Royal Decree No. 387 B.E. 2544 which authorized the decrease of tax rate to 20% of profit for the period covering the period of 5 consecutive accounting periods. The tax privilege is first utilized in the year 2007.

For the years ended December 31, 2011 and 2010, income tax of subsidiary companies are calculated at 30% of profit before income tax but after adding back allowances and various expenses not allowable for tax calculation purpose and deducting of income not to be included as taxable income and also expenses allowed to be deducted by increased amount.

22. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders (excluded other comprehensive income) by the weighted average number of issued and paid up ordinary shares during the year.

The diluted earnings per share is calculated by dividing the profit for the year attributable to shareholders (excluded other comprehensive income) by the weighted average number of ordinary shares held by outsiders during the year and adjusted to diluted equivalent ordinary shares, assuming the conversion of all dilutive potential ordinary shares to the ordinary shares. The Company's diluted equivalent ordinary shares are the warrants issued to the existing shareholders.

Basic and Diluted Earnings per Share can be presented as follows: -

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>For the years ended December 31,</u>			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Profit for the years (Unit : Baht)	151,339,255.68	82,236,250.17	137,235,629.41	65,498,010.05
Number of Weighted Average Share (Unit : Shares)	660,000,485	660,000,000	660,000,485	660,000,000
Effect of dilutive potential ordinary share				
- Warrants UKEM-W1 (Unit : Shares)	119,669,967	65,602,410	119,669,967	65,602,410
Number of dilutive potential ordinary share (Unit : Shares)	779,670,452	725,602,410	779,670,452	725,602,410
Basic earnings per share (Unit : Baht)	0.229	0.125	0.208	0.099
Effect of dilutive potential ordinary share (Unit : Baht)	(0.035)	(0.012)	(0.032)	(0.009)
Diluted earnings per share (Unit : Baht)	0.194	0.113	0.176	0.090

23. Commitments and contingent liabilities

23.1 Commitments and contingent liabilities of the Group Companies are as follows :-

	<u>Consolidated Financial Statements</u>				<u>Separate Financial Statements</u>			
	<u>As at December 31,</u>				<u>As at December 31,</u>			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	Million USD	Million Baht	Million USD	Million Baht	Million USD	Million Baht	Million USD	Million Baht
Letters of guarantee	-	88.14	-	88.14	-	77.00	-	77.00
Letters of guarantee (Unutilized)	-	261.86	-	196.86	-	248.00	-	190.00
Letters of credit and trust receipt (Unutilized)	-	1,147.64	-	843.36	-	961.69	-	778.25
Forward foreign exchange contracts (Unutilized)	2.74	1,019.49	1.66	396.00	2.74	731.49	0.66	393.00
Joint credit facility (Unutilized)	-	100.00	-	115.00	-	100.00	-	100.00
Receivables purchase facility	-	150.00	-	150.00	-	150.00	-	150.00
Import Foreign Letter of Credit	0.83	-	0.91	-	0.83	-	0.83	-
Stand by Letter of Credit	2.00	-	2.00	-	-	-	-	-

- 23.2 A subsidiary company has entered into an agreement to participate in the project of intelligent meeting room (agreement for supply of equipment, software and services for intelligent meeting solution) with True Universal Convergent Co., Ltd. (TUC) and Dosanet Co., Ltd. (located in South Korea) for the period of 2 years starting from February 1, 2010 to February 1, 2012 with right for extension for another year if no party gives its intention to cancel the agreement on the subsidiary company's part, it has to invest in all hardwares including insurance premiums to cover them for the value of Baht 5.00 million, pay marketing expense of Baht 0.10 million per year to TUC and pay training expense of Baht 0.20 million to Dosanet Co., Ltd., while TUC is responsible for expense in connecting internet to install I-Meeting Solution system and customers provision and Dosanet Co., Ltd. is responsible for acquisition of software and expertise for I-Meeting Solution system. Benefit arisen will be divided in proportion to revenues at the ratio specified in the agreement.
- 23.3 The Company and its two subsidiary companies have the total minimum future payments under the operating lease agreement (including operating lease agreement as detailed in note financial statement No.5.2) as follows: -

(Unit : Million Baht)

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
- Due in less than 1 year	2.39	3.94	1.44	3.18
- Due in 1 year to 5 years	10.10	11.68	7.63	11.25
- Due in more than 5 years	0.15	1.01	-	1.01
Total remaining obligation	12.64	16.63	9.07	15.44

24. Financial instruments

Policy to manage financial risk

The Group Companies possess risk regarding to the change of market interest rate and in currency exchange rate and from nonperformance of contractual obligations by counter parties. The Group Companies will consider using appropriate financial instruments when it considers necessary to manage such risks. However, the Group Companies do not have any policy to hold or issue any financial instruments for speculation or for trading.

Risk on interest rates

Risk on interest rates is derived from the change of interest rates in the future which affect upon the Group Companies' operating results and cash flows. Due to bearing short-term liabilities which require interests to be paid at floating interest rates, the Group Companies have not utilised any financial instrument to hedge against such risk.

Risk on exchange rates

Regarding risks on exchange rates, the Group Companies mainly involve with purchases of goods in foreign currencies. As at December 31, 2011 and 2010, the Group Companies have assets and liabilities in foreign currencies, to which the contract to hedge against risk of exchange rates has not been entered into, as follows :-

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Currencies</u>				
Thousand US Dollars Assets	-	4	-	-
Thousand US Dollars Liabilities	-	7,871	131	2,781

As at December 31, 2011 and 2010, the Company conducted forward foreign exchange contracts with commercial banks to hedge against such exchange rate risk from debt payment denominated in foreign currencies. The Company did not record such financial assets (liabilities) in the financial statements. The due date for payment of the forward foreign exchange contracts which are already applied remains not greater than 6 months. The detail can be shown as follows :-

<u>Consolidated and Separate Financial Statements</u>			
<u>Amount fixed in contract</u>		<u>Amount earned in contract</u>	
<u>'000 USD</u>		<u>'000 Baht</u>	
<u>As at December 31,</u>		<u>As at December 31,</u>	
<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
48	2,089	1,509	63,512

Net fair values of financial derivatives as at the statements of financial position date are as follows :-

	(Unit : Thousand Baht)	
	<u>Consolidated and Separate Financial Statements</u>	
	<u>As at December 31,</u>	
	<u>2011</u>	<u>2010</u>
Net fair values of forward foreign exchange contracts	14	(111)

Risk on credit provision

The majority of sales is in the form of wholesaling to companies which are highly secured in finance and contain good credit in term of repayment capability. It is noted that the Group Companies have built up a long time relationship with these clients which in the case of new customers the Group Companies will carefully consider credit worthiness. Additionally, the appropriated allowance for doubtful debt will be readily made thus it believes that the risk which the debtors will not repay is minimal.

Fair value

Due to the fact that financial assets and liabilities are mainly made in short term and loan bearing interest rates comparable to market rates; consequently, the management of the Group Companies believed such financial assets and liabilities are presented in value which is not materially different from relevant fair value.

25. Provident fund

The Group Companies and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The group companies and their employees contribute to the fund monthly at the rate of 2.00-5.00% of basic salaries. The fund, which is managed by Ayudhya Fund Management Co., Ltd., will be paid to the employees upon their termination of employment in accordance with the fund rules. For the years ended December 31, 2011 and 2010, in the consolidated financial statements, the group companies' contributions amounted to Baht 0.55 million and Baht 0.47 million respectively and in the separate financial statements, the Company's contributions is the same amount of Baht 0.27 million and Baht 0.23 million respectively.

26. Subsequent Event

In according to the minutes of the Company's board of director meeting No. 1/2555 held on February 27, 2012, it resolved to pay of dividends for the year 2011 at Baht 0.09 per share, for 666.64 million shares totaling Baht 60.00 million and the dividend payment will be on May 18, 2012.

In according to the minutes of Union Intraco Public Company Limited's (a subsidiary) board of directors meeting No.1/2555 held on February 23, 2012 it resolved to pay dividends for the year 2011 at Baht 0.11 per share for 130 million shares, totalling Baht 14.30 Million.

In according to the minutes of the extraordinary shareholders' meeting of UKEM ethanol and easter Co., Ltd. (a subsidiary) No.1/2555 held on January 31, 2012, it resolved the authorized show capital of the subsidiary from Baht 5.0 million consisting of 50,000 ordinary shares of per value at Baht 100.00 per share to Baht 35.00 million consisting of 350,000 ordinary shares of per value at Baht 100.00 per share by issuing 300,000 new ordinary shares of per value of at Baht 100.00 per share totalling Baht 30.00 million which has not yet called up.

The subsidiary company has registered the increment of the share capital and the amendment of the memorandum of association with the Ministry of Commerce on January 31, 2012.

25. Approval of financial statements

These financial statements have already been approved for issuance by the Union Petrochemical Public Company's board of directors on February 27, 2012.
