

**Thai Poly Acrylic Public Company Limited**  
**Notes to the Interim Financial Statements**  
**For the three-month periods ended 31 March 2009 and 2008**

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**1 General information**

Thai Poly Acrylic Public Company Limited is a public limited company, incorporated and resident in Thailand. The address of its registered office is as follows:

60-61 Moo 9, 4th Putthamonthon Road, Krathumlom, Sampran, Nakornpathom.

The Company is listed on the Stock Exchange of Thailand. The Company engages principally in the business of manufacturing and selling of Acrylic, Acrylonitrile Butadiene Styrene and High Impact Polystyrene sheets. Each of these products is considered as part of the same line of business.

These interim financial statements were approved by the Board of Directors on 14 May 2009.

These interim financial statements have been reviewed, not audited.

**2 Basis of preparation**

These interim financial statements are prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. The primary financial statements (i.e. balance sheets, statements of income, changes in shareholders' equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the financial statements are prepared in a condensed format according to Thai Accounting Standard (TAS) 41, 'Interim Financial Reporting' and additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The financial statements have been prepared under the historical cost convention.

An English version of the interim financial statements has been prepared from the statutory interim financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory interim financial statements shall prevail.

Comparative figures have been adjusted to conform with the minimum requirements announced by the Department of Business Development Regulation dated 30 January 2009 in relation to the format of financial statements B.E. 2552. It effects from 1 January 2009. The comparative figures in the statements of income have been adjusted as follows:

- The administrative expenses of approximately Baht 18.2 million have been presented separately from selling and administrative expenses.
- The management benefit expenses of approximately Baht 4.0 million have been presented separately from selling and administrative expenses and included in directors and management benefit expenses.

### **3 Summary of significant accounting policies**

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2008, except for an adoption of TAS 36 (Revised 2007) Impairment of Assets and TAS 54 (Revised 2007) Non-current Assets Held for Sale and Discontinued Operations for the period starting on 1 January 2009 which do not have significant impact to the financial statements being presented.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

These interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2008.

### **4 Short-term investments**

Time deposit with a bank of approximately Baht 1.5 million (31 December 2008 : Baht 1.5 million) was used as a security for bank overdraft facilities.

### **5 Related party transactions**

The major shareholders of the Company are Lucite International UK Overseas Holdco1 Limited (incorporated in England) which owns 42.28% and Asiatic Acrylic Company Limited (incorporated in Thailand) which owns 34.12% of the Company's shares, respectively. The remaining 23.60% of the shares are widely held.

Lucite International UK Overseas Holdco1 Limited is a subsidiary of Lucite International Group Limited (Ultimate parent company).

The material related party transactions consist of the transactions carried out with Lucite Group and Asiatic Acrylic Company Limited. They were carried out on the terms and conditions similar to those carried out with third parties and based on an arm's length basis. Service fee is charged based on the level of difficulty of service provided.

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**5 Related party transactions (Cont'd)**

The material transactions with related parties can be summarised as follows:

**i) Purchases/sales of goods and services for the three-month periods ended 31 March**

	<b>2009</b>	<b>2008</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>Baht</b>	<b>Baht</b>
	<hr/>	<hr/>
Sales of goods:		
Fellow subsidiaries	1,696,231	4,114,503
	<hr/>	<hr/>
	1,696,231	4,114,503
	<hr/>	<hr/>
Purchases of raw materials:		
Fellow subsidiaries	107,979,711	5,364,796
Subsidiary of ultimate parent	1,990,237	5,617,789
	<hr/>	<hr/>
	109,969,948	10,982,585
	<hr/>	<hr/>
Service fee expense:		
Fellow subsidiaries	854,097	1,216,674
Subsidiary of ultimate parent	264,939	501,809
	<hr/>	<hr/>
	1,119,036	1,718,483
	<hr/>	<hr/>
Materials and supplies in transit:		
Subsidiary of ultimate parent	-	883,539
	<hr/>	<hr/>
	-	883,539
	<hr/>	<hr/>

**ii) Outstanding balances arising from sales/purchases of goods and services as at**

	<b>31 March</b>	<b>31 December</b>
	<b>2009</b>	<b>2008</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>Baht</b>	<b>Baht</b>
	<hr/>	<hr/>
Trade accounts receivable - related companies:		
Fellow subsidiaries	1,699,487	2,139,259
	<hr/>	<hr/>
	1,699,487	2,139,259
	<hr/>	<hr/>
Trade accounts payable - related companies:		
Fellow subsidiaries	78,319,402	84,637,694
Subsidiary of ultimate parent	-	2,959,170
	<hr/>	<hr/>
	78,319,402	87,596,864
	<hr/>	<hr/>
Other payables - related companies:		
Fellow subsidiaries	1,195,201	3,247,710
Subsidiary of ultimate parent	795,256	934,596
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	1,990,457	4,182,306
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**6 Trade accounts receivable, net**

	<b>31 March 2009 Unaudited Baht</b>	<b>31 December 2008 Audited Baht</b>
Trade accounts receivable	261,999,295	306,074,803
<u>Less</u> Allowance for doubtful accounts	-	-
Trade accounts receivable, net	<u>261,999,295</u>	<u>306,074,803</u>

Aging of the outstanding trade accounts receivable can be analysed as follows:

	<b>31 March 2009 Unaudited Baht</b>	<b>31 December 2008 Audited Baht</b>
Current	231,531,444	259,778,666
Overdue:		
less than 3 months	28,026,799	44,908,034
3 - 6 months	1,778,775	-
6 - 12 months	639,911	1,341,057
Over 12 months	22,366	47,046
Trade accounts receivable	261,999,295	306,074,803
<u>Less</u> Allowance for doubtful accounts	-	-
Trade accounts receivable, net	<u>261,999,295</u>	<u>306,074,803</u>

**7 Inventories, net**

	<b>31 March 2009 Unaudited Baht</b>	<b>31 December 2008 Audited Baht</b>
Finished goods	40,247,015	40,362,697
Raw materials	38,272,714	38,255,069
Spare parts and factory supplies	33,347,011	39,949,475
	111,866,740	118,567,241
<u>Less</u> Allowance for obsolescence and net realisable value of finished goods	<u>(2,445,556)</u>	<u>(2,299,687)</u>
	109,421,184	116,267,554
<u>Add</u> Goods in transit	<u>1,064,923</u>	<u>15,894,301</u>
Inventories, net	<u>110,486,107</u>	<u>132,161,855</u>

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**8 Capital expenditure and commitments**

	<b>Property, plant and equipment Baht</b>	<b>Leasehold right Baht</b>	<b>Land for factory expansion Baht</b>	<b>Total Baht</b>
<b>For the three-month period ended 31 March 2009 (Unaudited)</b>				
Opening net book amount	246,451,459	4,327,319	104,782,995	355,561,773
Additions	651,955	-	-	651,955
Depreciation/amortisation	(10,492,177)	(252,893)	-	(10,745,070)
Closing net book amount	<u>236,611,237</u>	<u>4,074,426</u>	<u>104,782,995</u>	<u>345,468,658</u>

As at 31 March 2009, certain of the Company's land, buildings, machinery and equipment had been mortgaged and pledged as collateral for credit facilities obtained from local banks amounting to Baht 113 million.

**9 Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period (2009 : 12,150,000 shares; 2008 : 12,150,000 shares). There are no dilutive ordinary shares in issue during the period.

**10 Income tax**

The interim income tax expense is accrued based on management's estimate using the tax rate that would be applicable to expected total annual earnings which is 30% (the estimated tax rate for the three-month period ended 31 March 2009 was 30%).

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**11 Cash flows from operating activities**

Reconciliation of net profit before tax to cash flows from operating activities:

<b>For the three-month periods ended</b>		<b>31 March 2009 Unaudited Baht</b>	<b>31 March 2008 Unaudited Baht</b>
	<b>Notes</b>	<b>Unaudited Baht</b>	<b>Unaudited Baht</b>
Net profit before income tax		9,560,168	19,300,226
Adjustments for:			
Depreciation and amortisation	8	10,745,070	11,404,333
Gain on sales of equipment		-	(7,184)
Allowance for doubtful accounts		-	(382,403)
Allowance for obsolescence and net realisable value of finished goods	7	145,869	(386,415)
Changes in operating assets and liabilities			
- Trade accounts receivable		44,075,508	(10,933,504)
- Trade accounts receivable - related companies		439,772	2,582,479
- Inventories		21,529,879	(6,033,774)
- Value added tax receivable		(2,164,199)	(2,186,700)
- Other current assets		(17,022)	(1,710,780)
- Trade accounts payable - related companies		(9,277,462)	(2,772,991)
- Trade accounts payable - other companies		(117,657,378)	(45,938,900)
- Other payables - related companies		(2,191,849)	(828,340)
- Other payables - other companies		215,474	(2,034,791)
- Accounts payable - forward contracts, net		(1,312,417)	-
- Accrued expenses		2,770,823	(504,318)
- Other current liabilities		(4,610,770)	(1,764,566)
Cash generated from (used in) operations		(47,748,534)	(42,197,628)
Interest paid		-	-
Income tax paid		-	-
Net cash generated from (used in) operations		<u>(47,748,534)</u>	<u>(42,197,628)</u>

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**12 Commitments**

**(a) Lease and Service Agreements**

The Company had entered into lease agreements covering land, buildings, storage tank for chemicals, vehicles and other service agreements.

The future minimum payments under non-cancellable agreements are as follows:

	<b>31 March 2009 Unaudited Baht</b>	<b>31 December 2008 Audited Baht</b>
Not later than 1 year	4,470,150	3,816,400
Later than 1 year but not later than 5 years	5,617,500	6,213,750
	<u>10,087,650</u>	<u>10,030,150</u>

**(b) Letters of Guarantees**

As at 31 March 2009, the Company had commitments with banks for bank guarantees in respect of customs duties, electricity usage and business agreements amounting to approximately Baht 4.50 million (31 December 2008 : Baht 4.66 million).

**13 Segment information**

The Company engages principally in the business of manufacturing and selling of Acrylic, Acrylonitrile Butadiene Styrene and High Impact Polystyrene sheets. Each of these products is considered part of the same line of business which is regarded as one business segment.

Sales of the Company comprised mainly local sales and export sales to neighbouring countries. In addition, the Company also had export sales to countries in Middle East, Australia and USA.

The geographical segment information for the three-month periods ended 31 March 2009 and 2008 is presented below:

	<b>2009</b>				
	<b>Local sales and export sales to neighbouring countries Baht</b>	<b>Export sales to countries in Middle East Baht</b>	<b>Export sales to Australia Baht</b>	<b>Export sales to USA Baht</b>	<b>Total Baht</b>
Sales and services income	196,185,106	35,820,227	33,228,813	1,959,918	267,194,064
Cost of sales and services					<u>(234,889,126)</u>
Segment result					<u><u>32,304,938</u></u>

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**13 Segment information (Cont'd)**

	<b>2008</b>				
	<b>Local sales and export sales to neighbouring countries Baht</b>	<b>Export sales to countries in Middle East Baht</b>	<b>Export sales to Australia Baht</b>	<b>Export sales to USA Baht</b>	<b>Total Baht</b>
Sales and services income	283,992,417	36,321,342	56,675,530	2,004,579	378,993,868
Cost of sales and services					<u>(330,376,476)</u>
Segment result					<u><u>48,617,392</u></u>

Due to the fact that these geographical segments are sharing the same revenue-generated assets and liabilities, the Company does not allocate cost of sales and services and assets and liabilities among these geographical segments.

**14 Post balance sheet events**

On 27 April 2009, the shareholders at the Annual General Meeting passed a resolution to declare a dividend for the year 2008 of Baht 4.00 per share, totaling Baht 48.60 million.