

1 General information

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

Head office : 60-61 Moo 9, 4th Putthamonthon Road, Krathumlom, Sampran, Nakornpathom

Branch 1 : 134/5 Krungthonburi Road, Klongtonsai, Klongsan, Bangkok

Branch 2 : 77/20 Moo 12, Raikink, 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 have been approved by the Company’s Board of Directors on 14 May 2010.

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) 34 (Revised 2007), ‘Interim Financial Reporting’ (formerly TAS 41) and additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

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.

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 2009.

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 2009.

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4 Short-term investments

Short-term investments represent time deposit (12 months) with a bank of Baht 1 million (31 December 2009 : Baht 1.5 million) which 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, of which the ultimate parent company is Mitsubishi Rayon Company Limited (incorporated in Japan).

The material related party transactions consist of the transactions carried out with Lucite Group, Mitsubishi Rayon 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.

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

	2010	2009
	Unaudited	Unaudited
	Baht	Baht
Sales of goods:		
Fellow subsidiaries	1,007,409	1,696,231
	<u>1,007,409</u>	<u>1,696,231</u>
Purchases of raw materials:		
Fellow subsidiaries	278,145	107,979,711
Subsidiary of ultimate parent	158,761,066	1,990,237
	<u>159,039,211</u>	<u>109,969,948</u>
Service fee expenses:		
Fellow subsidiaries	2,006,420	854,097
Subsidiary of ultimate parent	223,622	264,939
	<u>2,230,042</u>	<u>1,119,036</u>
Materials and supplies in transit:		
Subsidiary of ultimate parent	1,369,428	-
	<u>1,369,428</u>	<u>-</u>

5 Related party transactions (Cont'd)

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

	31 March 2010 Unaudited Baht	31 December 2009 Audited Baht
Trade accounts receivable - related companies:		
Fellow subsidiaries	982,145	4,514,302
	<u>982,145</u>	<u>4,514,302</u>
Trade accounts payable - related companies:		
Fellow subsidiaries	167,581	98,806
Subsidiary of ultimate parent	199,549,611	195,547,788
	<u>199,717,192</u>	<u>195,646,594</u>
Other payables - related companies:		
Fellow subsidiaries	2,973,819	5,313,757
Subsidiary of ultimate parent	222,073	579,520
	<u>3,195,892</u>	<u>5,893,277</u>

iii) Directors and management benefit expenses

Management benefit expenses represent salaries, retirement benefits and other benefits paid to management. Directors benefit expenses represent meeting fees and gratuities as approved by the shareholders in the Annual General Meeting of shareholders.

6 Trade accounts receivable (net)

	31 March 2010 Unaudited Baht	31 December 2009 Audited Baht
Trade accounts receivable	356,910,369	331,418,881
<u>Less</u> Allowance for doubtful accounts	<u>(708,430)</u>	<u>(718,430)</u>
Trade accounts receivable (net)	<u>356,201,939</u>	<u>330,700,451</u>

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6 Trade accounts receivable (net) (Cont'd)

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

	31 March 2010 Unaudited Baht	31 December 2009 Audited Baht
Current	337,116,003	295,194,674
Overdue:		
less than 3 months	17,281,525	35,208,074
3 - 6 months	1,524,738	194,260
6 - 12 months	788,154	611,233
Over 12 months	199,949	210,640
Trade accounts receivable	356,910,369	331,418,881
<u>Less</u> Allowance for doubtful accounts	(708,430)	(718,430)
Trade accounts receivable (net)	<u>356,201,939</u>	<u>330,700,451</u>

7 Inventories (net)

	31 March 2010 Unaudited Baht	31 December 2009 Audited Baht
Finished goods	34,800,443	28,422,133
Raw materials	47,913,224	37,931,768
Spare parts and factory supplies	36,477,216	31,978,280
	119,190,883	98,332,181
<u>Less</u> Allowance for obsolescence and net realisable value of finished goods	(3,429,180)	(3,560,249)
	115,761,703	94,771,932
Inventories in transit	5,907,278	8,577,147
Inventories (net)	<u>121,668,981</u>	<u>103,349,079</u>

8 Capital expenditure and commitments

	Property, plant and equipment Baht	Prepaid rental expenses Baht	Land for factory expansion Baht	Total Baht
For the three-month period ended				
31 March 2010 (Unaudited)				
Opening net book amount	207,500,289	3,301,692	104,782,995	315,584,976
Additions	718,637	-	-	718,637
Depreciation/amortisation	(9,052,079)	(252,895)	-	(9,304,974)
Closing net book amount	199,166,847	3,048,797	104,782,995	306,998,639

As at 31 March 2010, the Company's land, buildings, machinery and equipment at cost of Baht 181 million (31 December 2009 : Baht 181 million) had been mortgaged and pledged as collateral for credit facilities obtained from local banks amounting to Baht 198 million (31 December 2009 : Baht 198 million).

9 Expense by nature

The following expenditure items for the three-month periods ended 31 March 2010 and 2009, classified by nature, have been charged in arriving at profit before finance costs and income tax:

	31 March 2010 (Baht)			
	Cost of sales	Selling expenses	Administrative expenses	Total
Raw materials and consumables used	279,955,506	-	-	279,955,506
Changes in inventories of finished goods	(6,378,310)	-	-	(6,378,310)
Depreciation	8,305,684	39,888	706,507	9,052,079
Repairs and maintenance expenditure	2,378,905	47,959	267,837	2,694,701
Amortisation of prepaid rental expenses	252,895	-	-	252,895
Staff costs	12,670,937	921,295	3,885,464	17,477,696
Other expenses	20,300,807	13,571,181	5,955,538	39,827,526
Total	317,486,424	14,580,323	10,815,346	342,882,093

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9 Expense by nature (Cont'd)

The following expenditure items for the three-month periods ended 31 March 2010 and 2009, classified by nature, have been charged in arriving at profit before finance costs and income tax: (Cont'd)

	31 March 2009 (Baht)			Total
	Cost of sales	Selling expenses	Administrative expenses	
Raw materials and consumables used	198,132,161	-	-	198,132,161
Changes in inventories of finished goods	115,682	-	-	115,682
Depreciation	9,553,080	64,655	874,442	10,492,177
Repairs and maintenance expenditure	1,551,269	12,715	116,848	1,680,832
Amortisation of prepaid rental expenses	252,893	-	-	252,893
Staff costs	11,039,649	900,807	3,862,356	15,802,812
Other expenses	14,390,261	9,595,373	6,259,452	30,245,086
Total	235,034,995	10,573,550	11,113,098	256,721,643

10 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 (2010 : 12,150,000 shares; 2009 : 12,150,000 shares). There are no potential dilutive ordinary shares in issue during the three-month periods ended 31 March 2010 and 2009.

11 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 25% (the estimated tax rate for the three-month period ended 31 March 2009 was 30%).

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12 Cash flows from operating activities

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

For the three-month periods ended		31 March 2010 Unaudited Baht	31 March 2009 Unaudited Baht
	Notes		
Profit before income tax		29,726,875	9,560,168
Adjustments for:			
Depreciation and amortisation	8	9,304,974	10,745,070
Allowance for doubtful accounts (Reversal)	6	(10,000)	-
Allowance for obsolescence and net realisable value of finished goods (Reversal)	7	(131,069)	145,869
Interest income		(259,463)	(33,721)
Interest expenses		30,976	51,756
Unrealised (gain) loss on exchange rate		103,838	(30,683)
Changes in operating assets and liabilities			
- Trade accounts receivable		(25,491,488)	44,075,508
- Trade accounts receivable - related companies		3,532,157	439,772
- Accounts receivable - forward contracts (net)		(22,396)	-
- Inventories		(18,188,833)	21,529,879
- Value added tax receivable		(1,228,884)	(2,164,199)
- Loans to employees		(32,784)	84,716
- Other current assets		(1,992,408)	(17,022)
- Trade accounts payable - related companies		4,070,598	(9,277,462)
- Trade accounts payable - other companies		26,225,662	(117,657,378)
- Other payables - related companies		(2,697,385)	(2,191,849)
- Other payables - other companies		649,153	215,474
- Accounts payable - forward contracts (net)		(782,330)	(1,312,417)
- Accrued expenses		(14,870,369)	2,770,823
- Other current liabilities		(546,791)	(4,610,770)
Net cash generated from (used in) operations		<u>7,390,033</u>	<u>(47,676,466)</u>

13 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 lease payments under non-cancellable agreements are as follows:

	31 March 2010 Unaudited Baht	31 December 2009 Audited Baht
Not later than 1 year	4,959,970	4,244,025
Later than 1 year but not later than 5 years	3,232,500	3,828,750
	<u>8,192,470</u>	<u>8,072,775</u>

(b) Letters of Guarantees

As at 31 March 2010, the Company had commitments with banks for bank guarantees in respect of electricity usage and others amounting to approximately Baht 4.50 million (31 December 2009 : Baht 5.20 million).

14 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 2010 and 2009 is presented below:

	2010 (Unaudited)				
	Local sales and export sales to neighbouring countries Baht	Export sales to countries in Middle East Baht	Export sales to Australia Baht	Export sales to USA Baht	Total Baht
Sales and services income	307,799,464	28,681,636	28,847,014	1,565,780	366,893,894
Cost of sales and services					<u>(317,486,424)</u>
Segment result					<u>49,407,470</u>

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14 Segment information (Cont'd)

	2009 (Unaudited)				
	Local sales and export sales to neighbouring countries Baht	Export sales to countries in Middle East Baht	Export sales to Australia Baht	Export sales to USA Baht	Total Baht
Sales and services income	196,185,106	35,820,227	33,228,813	1,959,918	267,194,064
Cost of sales and services					(235,034,995)
Segment result					<u>32,159,069</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.

15 Borrowing facilities

As at 31 March 2010, the significant undrawn borrowing facilities in respect of Trust Receipt, Packing Loan, Promissory Note and Bank Overdraft were Baht 192 million (31 December 2009 : Baht 193 million).

16 Post balance sheet events

On 28 April 2010, the shareholders at the Annual General Meeting passed a resolution to declare a dividend for the year 2009 of Baht 4.50 per share, totaling Baht 54.68 million.