1. Corporate information

Thai Poly Acrylic Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its major shareholders are Lucite International UK Overseas Holdco1 Limited, incorporated in England and Asiatic Acrylic Company Limited, incorporated in Thailand, with shareholdings of 42.3 percent and 34.1 percent, respectively. Lucite International UK Overseas Holdco1 Limited is a subsidiary of Lucite International Group Limited, incorporated in England and the ultimate parent company of the Group is Mitsubishi Rayon Company Limited, incorporated in Japan. The Company is principally engaged in the manufacture and distribution of Acrylic, Acrylonitrile Butadiene Styrene and High Impact Polystyrene sheets. The registered office of the Company is at 60-61 Moo 9, 4th Putthamonthon Road, Krathumlom, Sampran, Nakornpathom.

2. Basis of preparation

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

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

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

3. Adoption of new accounting standards during the year

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

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

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

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate

Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services

These accounting standards do not have any significant impact on the financial statements, except for the accounting standard for employee benefits, as detailed below.

TAS 19 Employee Benefits

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

The Company has changed this accounting policy in the current year and recognised the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current year. The change has the effect of decreasing the profit of the Company for the year 2011 by Baht 1 million, (0.1 Baht per share). The cumulative effect of the changes in the accounting policy has been separately in the statement of changes in shareholders' equity.

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

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

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the accounting standard for income taxs, as detailed below.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

5. Changing in accounting estimation

Useful lives of machinery and equipment

In 2011, the Company reviewed and changed the useful lives of some machinery and equipment from 5 and 10 years to 15-20 years. The change became effective immediately from 1 January 2011 onwards. The change has the effect of increasing the profit of the Company for the year 2011 by Baht 8 million, or 0.6 Baht per share.

6. Significant accounting policies

6.1 Revenue recognition

Sales of goods

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

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

6.2 Cash and cash equivalents

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

6.3 Trade receivables

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

6.4 Inventories

Finished goods are valued at the lower of average cost and net realisable value. Average cost includes all production costs and attributable factory overheads.

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of cost (first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.

6.5 Property, plant and equipment/Depreciation

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

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

Buildings	-	20 years
Buildings improvement	-	5 years
Machinery and equipment	-	5 - 20 years
Furniture, fixtures and office equipment	-	3 and 5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

6.6 Intangible assets and amortisation - computer software

Computer software is measured at cost. Following initial recognition, computer software is carried at cost less any accumulated amortisation and allowance for impairment losses (if any).

Computer software with finite lives is amortised on a straight-line basis over the useful life of 5 years and tested for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method of such computer software are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

6.7 Related party transactions

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

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

6.8 Foreign currencies

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

Gains and losses on exchange are included in determining income.

6.9 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

6.10 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plan. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligations under the defined benefit plan and other long-term employee benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

6.11 Provisions

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

6.12 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

7. Significant accounting judgements and estimates

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

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligations under the defined benefit plan and other long-term employee benefit plan are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

8. Related party transactions

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

(Unit: Million Baht)

	2011	2010	Pricing policies
Transactions with related parties			
Sales of goods	7	6	With reference to market price
Purchases of raw materials	620	696	As agreed with reference to market price
Service expenses	5	7	Contract price and as agreed

The balances of the accounts between the Company and those related parties as at 31 December 2011 and 2010 are as follows:

(Unit: Thousand Baht)

	2011	2010
Trade receivables - related parties (Note 9)		
Fellow subsidiaries	1,802	1,086

	(Unit: Thousand Baht)	
	2011	2010
Trade and other payables - related parties (Note 13)		
Fellow subsidiaries	3,386	11,046
Subsidiaries of ultimate parent		
Thai MMA Company Limited	148,952	207,313
Others	8,569	16,886
Total trade and other payables - related parties	160,907	235,245

Directors and management's benefits

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

	(Unit: Thousand Baht)	
	2011	2010
Short-term employee benefits	22,639	18,324
Post-employment benefits	315	-
Other long-term benefits	7	-
Total	22,961	18,324

9. Trade and other receivables

	(Unit: Thousand Baht)	
	2011	2010
Trade receivables - related parties		
Aged on the basis of due dates		
Not yet due	1,802	1,086
Total trade receivables - related parties	1,802	1,086
Trade receivables - unrelated parties		
Aged on the basis of due dates		
Not yet due	262,273	350,426
Past due		
Up to 3 months	44,210	33,054
3 - 6 months	1,403	3,082
6 - 12 months	3	82
Over 12 months	708	708
Total	308,597	387,352
Less: Allowance for doubtful debts	(708)	(708)
Total trade receivables - unrelated parties, net	307,889	386,644
Total trade receivables - net	309,691	387,730
Other receivables	561	460
Total trade and other receivables - net	310,252	388,190

10. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	2011	2010	2011	2010	2011	2010
Finished goods	51,451	61,817	(5,650)	(4,227)	45,801	57,590
Raw materials	45,890	42,243	-	-	45,890	42,243
Spare parts and factory supplies	40,705	32,582	-	-	40,705	32,582
Good in transit	2,962	5,471	-	-	2,962	5,471
Total	141,007	142,113	(5,649)	(4,227)	135,358	137,886

11. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and buildings improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2010	157,288	139,334	402,720	30,379	11,363	7,083	748,167
Additions	-	23	2,210	1,500	-	6,974	10,707
Disposals/Write-off	-	-	(33)	(201)	-	(206)	(440)
Transfer in (out)	-	529	1,006	-	-	(1,535)	-
31 December 2010	157,288	139,886	405,903	31,678	11,363	12,316	758,434
Additions	83,826	-	1,376	473	-	11,912	97,587
Disposals/Write-off	-	-	-	(10,346)	-	-	(10,346)
Transfer in (out)	-	-	6,747	1,954	-	(8,701)	-
31 December 2011	241,114	139,886	414,026	23,759	11,363	15,527	845,675
Accumulated depreciation:							
1 January 2010	-	103,943	293,199	29,136	9,605	-	435,883
Depreciation for the year	-	10,880	22,668	941	918	-	35,407
Depreciation on disposals	-	-	(33)	(200)	-	-	(233)
31 December 2010	-	114,823	315,834	29,877	10,523	-	471,057
Depreciation for the year	-	8,861	13,868	934	404	-	24,067
Depreciation on disposals	-	-	-	(10,346)	-	-	(10,346)
31 December 2011	-	123,684	329,702	20,465	10,927	-	484,778
Net book value:							
31 December 2010	157,288	25,063	90,069	1,801	840	12,316	287,377
31 December 2011	241,114	16,202	84,324	3,294	436	15,527	360,897

Depreciation for the year	
2010 (Baht 33 million included in manufacturing cost, and the balance in selling and administrative expenses)	35,407
2011 (Baht 22 million included in manufacturing cost, and the balance in selling and administrative expenses)	24,067

As at 31 December 2011, certain plant and equipment items had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 324 million (2010: Baht 304 million).

The Company has pledged assets amounting to approximately Baht 183 million (2010: Baht 183 million) as collateral against credit facilities received from financial institutions, as described in Note 15 to the financial statements.

12. Intangible assets - computer software

(Unit: Thousand Baht)

	2011	2010
Cost		
1 January	2,050	-
Additions	32	2,050
31 December	2,082	2,050
Accumulated amortisation		
1 January	-	-
Amortisation during the year	347	-
31 December	347	-
Net book value as at 31 December	1,735	2,050
Amortisation expenses for the year	347	-

13. Trade and other payables

(Unit: Thousand Baht)

	2011	2010
Trade payables - related parties	156,669	230,663
Trade payables - unrelated parties	109,065	145,487
Amount due to related parties	4,238	4,582
Other payables	12,646	12,093
Accrued expenses	24,157	18,456
Total trade and other payables	306,775	411,281

14. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Legal severance payment plan	Long service awards	Total
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earnings (Note 3)	9,769	1,359	11,128
Current service cost	640	133	773
Interest cost	410	50	460
Benefits paid during the year	(85)	(372)	(457)
Balance at end of year	10,734	1,170	11,904

Long-term employee benefit expenses included in the profit or loss for the year ended 31 December 2011 amounted to Baht 1 million.

Principal actuarial assumptions at the valuation date were as follows:

	% per annum
Discount rate	4.3
Future salary increase rate	4.5
Staff turnover rate (depending on age of employee)	0 - 45.4

15. Credit facilities

The credit facilities of the Company granted by financial institutions amounting to Baht 245 million (2010: Baht 245 million) are secured by the following:

a) The pledges/mortgages by land, buildings, machinery and equipment of the Company, with cost totaling Baht 183 million (2010: Baht 183 million)

b) The pledges/mortgages by twelve-month fixed deposit (for bank overdraft facilities)

16. Statutory reserve

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

17. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	2011	2010
Raw materials and consumables used	1,168,422	1,254,856
Changes in inventories of finished goods	10,366	(33,395)
Salaries, wages and other employee benefits	95,249	88,673
Fuel and utility expenses	78,450	74,651
Transportation expenses	32,307	36,495
Depreciation and amortisation	24,622	36,432
Repairs and maintenance expenditure	8,768	10,438

18. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

19. 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 and service income by geographic markets of the Company for the years ended 31 December 2011 and 2010 are as follows:

(Unit: Million Baht)

	2011	2010
Thailand	996	1,046
Other countries in Asia	235	267
Australia and New Zealand	153	164
Countries in Europe	96	53
Others	33	22
Total	1,513	1,552

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

20. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The registered provident fund plan was approved by the Ministry of Finance on 1 June 1999. Both employees and the Company contribute to the fund monthly at the rate of 3 or 5 or 7 percent of basic salary. The fund, which is managed by a fund manager, will be paid to employees upon termination in accordance with the fund rules.

21. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht per share)
Final dividends for year 2010	Annual General Meeting of the shareholders on 27 April 2011	49	4.0
Final dividends for year 2009	Annual General Meeting of the shareholders on 28 April 2010	55	4.5

22. Commitments and contingent liabilities

22.1 Capital commitments

As at 31 December 2011, the Company had capital commitments of Baht 7 million, relating to the acquisitions of machinery and equipment.

22.2 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of buildings. The terms of the agreements are generally within three years.

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

	(Unit: Million Baht)
Payable within:	
Less than 1 year	1
1 to 5 years	2

22.3 Service agreement commitments

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

	(Unit: Million Baht)
Payable within:	
Within 1 year	2
1 to 5 years	1

22.4 Bank guarantees

As at 31 December 2011, there were outstanding bank guarantees of approximately Baht 7 million issued by a bank on behalf of the Company in respect of electricity usage and others.

23. Financial instruments

23.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Interest rate risk

The Company is exposed to the normal interest rate risk related to its deposits at financial institutions. However, since most deposits at financial institutions bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2011 classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Million Baht)

	Fixed interest rates				
	Within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate
					(% per annum.)
Financial assets					
Cash and cash equivalents	-	121	13	134	0.65-0.875
Current investment - fixes deposit	1	-	-	1	2.50
Trade and other receivables	-	-	310	310	-
	1	121	323	445	
Financial liabilities					
Trade and other payables	-	-	307	307	-
Liabilities under finance lease agreements	1	-	-	1	0.56
	1	-	307	308	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from the purchases/ sales of goods and machinery that are denominated in foreign currencies. The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2011 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2011
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	3.6	0.6	31.6912
Australia	0.6	-	32.1971
Euro	-	0.1	41.0274
Japanese yen	-	4.9	0.4084

23.2 Fair values of financial instruments

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

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

24. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

25. Reclassification

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

26. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2012.