

Thai Poly Acrylic Public Company Limited

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 2012

1. General information

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard 34 *Interim Financial Reporting*, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.2 New accounting standard not yet effective

During the current period, the Federation of Accounting Professions issued Financial Reporting Standard 8 *Operating Segments* that is effective for fiscal years beginning on or after 1 January 2013.

The Company's management believes that the above financial reporting standard will not have any significant impact on the financial statements for the year when it is initially applied.

1.3 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2011.

(Unaudited but reviewed)

2. Related party transactions

During the periods, 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)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June		Pricing policies
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
<u>Transactions with related parties</u>					
Sales of goods	7	-	11	3	With reference to market price
Purchases of raw materials	162	154	317	338	As agreed with reference to market price
Service expenses	1	1	2	2	Contract price and as agreed

The balances of the accounts between the Company and those related parties as at 30 June 2012 and 31 December 2011 are as follows:

(Unit: Thousand Baht)

	30 June 2012	31 December 2011
		(Audited)
<u>Trade receivables - related parties (Note 3)</u>		
Fellow subsidiaries	7,492	1,802
<u>Trade and other payables - related parties (Note 6)</u>		
Fellow subsidiaries	3,218	3,386
Subsidiaries of ultimate parent		
Thai MMA Company Limited	213,072	148,952
Others	13,182	8,569
Total trade and other payables - related parties	229,472	160,907

Directors and management's remunerations

During the three-month and six-month periods ended 30 June 2012, the Company had employee benefits of their directors and management recognised as expenses totaling Baht 5 million and Baht 10 million, respectively (2011: Baht 5 million and Baht 9 million, respectively).

(Unaudited but reviewed)

3. Trade and other receivables

	(Unit: Thousand Baht)	
	30 June 2012	31 December 2011
		(Audited)
Trade receivables - related parties		
Aged on the basis of due dates		
Not yet due	7,492	1,802
Total trade receivables - related parties	<u>7,492</u>	<u>1,802</u>
Trade receivables - unrelated parties		
Aged on the basis of due dates		
Not yet due	331,097	262,273
Past due		
Up to 3 months	77,307	44,210
3 - 6 months	1,901	1,403
6 - 12 months	-	3
Over 12 months	534	708
Total	410,839	308,597
Less: Allowance for doubtful debts	(531)	(708)
Total trade receivables - unrelated parties, net	<u>410,308</u>	<u>307,889</u>
Total trade receivables - net	417,800	309,691
Other receivables	1,518	561
Total trade and other receivables - net	<u>419,318</u>	<u>310,252</u>

4. Reduce cost to net realisable value of inventories

Movements of the reduce cost to net realisable value of inventories account during the six-month period ended 30 June 2012 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2012	5,649
Add: Reduce cost to net realisable value of inventories increase during the period	2,792
Less: Reversal of reduce cost to net realisable value of inventories during the period	<u>(2,660)</u>
Balance as at 30 June 2012	<u>5,781</u>

(Unaudited but reviewed)

5. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2012 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2012	360,897
Add: Acquisitions during the period - at cost	725
Less: Disposals/Write-offs during the period - net book value at disposal/write-off date	(483)
Depreciation for the period	(9,874)
Net book value as at 30 June 2012	<u>351,265</u>

6. Trade and other payables

	(Unit: Thousand Baht)	
	30 June 2012	31 December 2011
		(Audited)
Trade payables - related parties	228,164	156,669
Trade payables - unrelated parties	185,785	109,065
Other payables - related parties	1,308	4,238
Other payables - unrelated parties	12,536	13,222
Accrued expenses	21,208	24,157
Total trade and other payables	<u>449,001</u>	<u>307,351</u>

7. Provision for long-term employee benefits

Movements of the provision for long-term employee benefits account during the six-month period ended 30 June 2012 are summarised below.

	(Unit: Thousand Baht)		
	Legal severance payment plan	Long service awards	Total
Balance as at 1 January 2012	10,734	1,170	11,904
Recognition during the period	557	80	637
Balance as at 30 June 2012	<u>11,291</u>	<u>1,250</u>	<u>12,541</u>

8. Credit facilities

The credit facilities of the Company granted by financial institutions amounting to Baht 245 million (31 December 2011: 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 (31 December 2011: Baht 183 million)
- b) The pledge/mortgage by twelve-month fixed deposit (for bank overdraft facilities)

9. Corporate income tax

Corporate income tax for the period has been calculated by multiplying income before income tax for the period by the estimated effective tax rate for the year.

10. 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 three-month and six-month periods ended 30 June 2012 and 2011 are as follows:

	(Unit: Million Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Thailand	289	269	546	585
Other countries in Asia	89	51	142	104
Australia and New Zealand	13	33	38	67
Countries in Europe	9	27	38	52
Others	6	5	10	13
Total	<u>406</u>	<u>385</u>	<u>774</u>	<u>821</u>

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.

11. Dividend paid

During the six-month periods ended 30 June 2012 and 2011, the Company declared the following dividends for payment to its shareholders.

<u>Dividend</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht per share)
Final dividend for year 2011	Annual General Meeting of the shareholders on 27 April 2012	55	4.5
Final dividend for year 2010	Annual General Meeting of the shareholders on 27 April 2011	49	4.0

12. Commitments and contingent liabilities**12.1 Operating lease and service agreement commitments**

The Company has entered into lease agreement in respect of the lease of buildings and several service agreements. The terms of the agreements are generally between 1 to 3 years.

As at 30 June 2012, future minimum lease payments required under these non-cancellable operating lease and service agreements were as follows:

(Unit: Million Baht)

Payable within:	
Less than 1 year	4
1 to 5 years	1

12.2 Bank guarantees

As at 30 June 2012, there were outstanding bank guarantees of Baht 7 million issued by a bank on behalf of the Company in respect of electricity usage and others.

13. Foreign currency risk

The balances of financial assets and liabilities of the Company denominated in foreign currencies as at 30 June 2012 are summarised below.

<u>Foreign currency</u>	<u>Financial assets</u>	<u>Financial liabilities</u>	<u>Average exchange rate</u> as at 30 June 2012
	(Million)	(Million)	(Baht per 1 foreign currency unit)
USD	3.4	0.4	31.8261
AUD	0.1	-	32.1435
JPY	-	10.3	0.4014
EUR	-	0.2	39.8333

(Unaudited but reviewed)

The outstanding forward exchange contracts of the Company as at 30 June 2012 are summarised below.

Foreign currency	Amount	Contractual exchange rate
	(Million)	(Baht per 1 foreign currency unit)
Contracts to sell foreign currencies		
USD	1.9	31.2999 - 31.6708

14. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 August 2012.