

Thai Poly Acrylic Public Company Limited
Notes to interim financial statements
For the three-month period ended 31 March 2014

1. General information

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2012) "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 standards

(a) Accounting standards that became effective in the current accounting year

The Company disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effects of these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, and believes that they are not relevant to the business of the Company or do not have a significant impact.

(b) Accounting standards that will become effective in the future

The Company has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effect of this financial reporting standard and believes that it is not relevant to the business of the Company.

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 2013.

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		Pricing policies
	ended 31 March		
	<u>2014</u>	<u>2013</u>	
<u>Transactions with related parties</u>			
Sales of goods	1	2	With reference to market price
Purchases of raw materials	163	159	As agreed with reference to market price
Service expenses	2	1	Contract price and as agreed

The balances of the accounts between the Company and those related parties as at 31 March 2014 and 31 December 2013 are as follows:

	(Unit: Thousand Baht)	
	<u>31 March 2014</u>	<u>31 December 2013</u> (Audited)
<u>Trade receivables - related parties (Note 3)</u>		
Fellow subsidiaries	<u>3,442</u>	<u>4,840</u>
<u>Trade and other payables - related parties (Note 6)</u>		
Fellow subsidiaries	3,355	6,370
Subsidiaries of ultimate parent		
Thai MMA Company Limited	197,114	168,434
Others	<u>6,217</u>	<u>7,104</u>
Total trade and other payables - related parties	<u>206,686</u>	<u>181,908</u>

Directors and management's remunerations

During the three-month period ended 31 March 2014, the Company had employee benefits of their directors and management recognised as expenses totaling Baht 4 million (2013: Baht 6 million).

(Unaudited but reviewed)

3. Trade and other receivables

	(Unit: Thousand Baht)	
	31 March 2014	31 December 2013
		(Audited)
Trade receivables - related parties		
Aged on the basis of due dates		
Not yet due	3,442	4,840
Total trade receivables - related parties	3,442	4,840
Trade receivables - unrelated parties		
Aged on the basis of due dates		
Not yet due	243,949	277,411
Past due		
Up to 3 months	55,291	26,991
3 - 6 months	3,900	1,105
6 - 12 months	31	-
Over 12 months	22	245
Total	303,193	305,752
Less: Allowance for doubtful debts	(1,958)	(1,958)
Total trade receivables - unrelated parties, net	301,235	303,794
Total trade receivables - net	304,677	308,634
Other receivables	650	749
Total trade and other receivables - net	305,327	309,383

4. Reduce cost to net realisable value of inventories

Movements of the reduce cost to net realisable value of inventories account during the three-month period ended 31 March 2014 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2014	5,850
Add: Reduce cost to net realisable value of inventories increase during the period	1,892
Less: Reversal of reduce cost to net realisable value of inventories during the period	(635)
Balance as at 31 March 2014	7,107

5. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2014 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2014	403,625
Add: Acquisitions during the period - at cost	1,354
Less: Disposals during the period - net book value as at disposal date	(24)
Depreciation for the period	(4,163)
Net book value as at 31 March 2014	<u>400,792</u>

The Company had a piece of land with a carrying value of approximately Baht 104 million which is currently not being used in its operation.

6. Trade and other payables

	(Unit: Thousand Baht)	
	31 March 2014	31 December 2013
		(Audited)
Trade payables - related parties	204,463	179,475
Trade payables - unrelated parties	111,664	125,835
Amounts due to related parties	2,223	2,433
Other payables	16,884	24,433
Accrued expenses	23,998	21,534
Total trade and other payables	<u>359,232</u>	<u>353,710</u>

7. Provision for long-term employee benefits

Movements of the provision for long-term employee benefits account during the three-month period ended 31 March 2014 are summarised below.

	(Unit: Thousand Baht)		
	Legal severance payment plan	Long service awards	Total
Balance as at 1 January 2014	14,725	1,366	16,091
Recognition during the period	696	99	795
Balance as at 31 March 2014	<u>15,421</u>	<u>1,465</u>	<u>16,886</u>

8. Income tax

Income tax expenses for the three-month periods ended 31 March 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2014</u>	<u>2013</u>
Current income tax:		
Interim corporate income tax charge	2,108	4,396
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>530</u>	<u>(197)</u>
Income tax expenses reported in the statements of comprehensive income	<u><u>2,638</u></u>	<u><u>4,199</u></u>

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

9. Earnings per share

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

	For the three-month periods ended 31 March	
	<u>2014</u>	<u>2013</u>
Profit for the period (Thousand Baht)	10,481	16,668
Weighted average number of ordinary shares (Thousand shares)	121,500	121,500
Earnings per share (Baht per share)	0.09	0.14

10. Segment information

The Company is engaged principally in the manufacture and sale of Acrylic sheets, Acrylonitrile Butadiene Styrene sheets, High Impact Polystyrene sheets and other extruded plastic sheets. Each of these products is considered part of the same line of business, which is regarded as a single operating segment. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment.

Geographic information

Sales by geographical segments of the Company for the three-month periods ended 31 March 2014 and 2013 are as follows:

	(Unit: Million Baht)	
	<u>2014</u>	<u>2013</u>
Segment in Thailand	180	272
Segment in overseas	112	118
Total	<u>292</u>	<u>390</u>

11. Commitments and contingent liabilities**11.1 Operating lease and service commitments**

As at 31 March 2014, the Company had future minimum payments required under these non-cancellable operating lease and service contracts which are payable within one year amounted to Baht 2 million (31 December 2013: Baht 3 million).

11.2 Bank guarantees

As at 31 March 2014, there were outstanding bank guarantees of Baht 7 million (31 December 2013: Baht 7 million) issued by a bank on behalf of the Company in respect of electricity usage and others.

12. Foreign currency risk

The balances of financial assets and liabilities of the Company denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	As at	As at	As at	As at	As at	As at
	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	3.6	2.7	0.5	0.5	32.4432	32.8136
Australian dollar	0.5	0.4	-	-	29.9958	29.1776
Japanese yen	-	-	10.2	8.6	0.3155	0.3130
Euro	-	-	0.1	0.1	44.6075	45.0217

The outstanding forward exchange contracts of the Company are summarised below.

As at 31 March 2014			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2.2	32.3100 - 32.8000	16 June 2014 to 1 August 2014

As at 31 December 2013			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.6	31.1242 - 31.6042	14 February 2014 to 11 April 2014

13. Event after the reporting period

On 23 April 2014, the Annual General Meeting of the Company's shareholders passed a resolution to approve dividend payment of a total of Baht 0.25 per share, or a total of Baht 30.4 million, in respect of the 2011 and 2012 profit. The Company will pay and record such dividend in the second quarter of the current year.

14. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 May 2014.