

Thai Poly Acrylic Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 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 interim 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 ended 30 September		For the nine-month periods ended 30 September		Pricing policies
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
	<u>Transactions with related parties</u>				
Sales of goods	4	7	20	13	With reference to market price
Purchases of raw materials	139	136	437	424	As agreed with reference to market price
Service expenses	3	1	6	4	Contract price and as agreed

The balances of the accounts between the Company and those related parties as at 30 September 2014 and 31 December 2013 are as follows:

(Unit: Thousand Baht)

	<u>30 September 2014</u>	<u>31 December 2013</u> (Audited)
<u>Trade receivables - related parties (Note 3)</u>		
Fellow subsidiaries	3,205	4,840
Subsidiaries of ultimate parent	119	-
Total trade receivables - related parties	3,324	4,840
<u>Trade and other payables - related parties (Note 6)</u>		
Fellow subsidiaries	3,256	6,370
Subsidiaries of ultimate parent		
Thai MMA Company Limited	187,349	168,434
Others	6,366	7,104
Total trade and other payables - related parties	196,971	181,908

Directors and management's remunerations

During the three-month and nine-month periods ended 30 September 2014, the Company had employee benefits of their directors and management recognised as expenses totaling Baht 5 million and Baht 14 million, respectively (2013: Baht 4 million and Baht 15 million, respectively).

3. Trade and other receivables

	(Unit: Thousand Baht)	
	30 September 2014	31 December 2013
		(Audited)
Trade receivables - related parties		
Aged on the basis of due dates		
Not yet due	2,427	4,840
Past due up to 3 months	897	-
Total trade receivables - related parties	<u>3,324</u>	<u>4,840</u>
Trade receivables - unrelated parties		
Aged on the basis of due dates		
Not yet due	236,544	277,411
Past due		
Up to 3 months	51,993	26,991
3 - 6 months	198	1,105
6 - 12 months	3,059	-
Over 12 months	1,356	245
Total	<u>293,150</u>	<u>305,752</u>
Less: Allowance for doubtful debts	(1,958)	(1,958)
Total trade receivables - unrelated parties, net	<u>291,192</u>	<u>303,794</u>
Total trade receivables - net	294,516	308,634
Other receivables	537	749
Total trade and other receivables - net	<u><u>295,053</u></u>	<u><u>309,383</u></u>

(Unaudited but reviewed)

4. Reduce cost to net realisable value of inventories

Movements of the reduce cost to net realisable value of inventories account during the nine-month period ended 30 September 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	3,102
Less: Reversal of reduce cost to net realisable value of inventories during the period	(1,847)
Balance as at 30 September 2014	<u>7,105</u>

5. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2014 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2014	403,625
Add: Acquisitions during the period - at cost	2,882
Less: Disposals during the period - net book value as at disposal date	(108)
Depreciation for the period	(12,884)
Net book value as at 30 September 2014	<u>393,455</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)	
	<u>30 September 2014</u>	<u>31 December 2013</u>
		(Audited)
Trade payables - related parties	194,720	179,475
Trade payables - unrelated parties	100,417	125,835
Amounts due to related parties	2,251	2,433
Other payables	8,236	24,433
Accrued expenses	25,518	21,534
Total trade and other payables	<u>331,142</u>	<u>353,710</u>

7. Provision for long-term employee benefits

Movements of the provision for long-term employee benefits account during the nine-month period ended 30 September 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	2,065	298	2,363
Balance as at 30 September 2014	16,790	1,664	18,454

8. Income tax

Income tax expenses for the three-month and nine-month periods ended 30 September 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Interim corporate income tax charge	1,201	1,506	6,462	10,187
Deferred tax:				
Relating to origination and reversal of temporary differences	44	568	656	89
Income tax expenses reported in the statements of comprehensive income	1,245	2,074	7,118	10,276

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 30 September		For the nine-month periods ended 30 September	
	2014	2013	2014	2013
	Profit for the period (Thousand Baht)	4,458	9,504	27,647
Weighted average number of ordinary shares (Thousand shares)	121,500	121,500	121,500	121,500
Earnings per share (Baht per share)	0.04	0.08	0.23	0.36

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 and nine-month periods ended 30 September 2014 and 2013 are as follows:

	(Unit: Million Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2014	2013	2014	2013
Segment in Thailand	180	216	531	712
Segment in overseas	115	119	355	352
Total	295	335	886	1,064

11. Dividends paid

During the nine-month periods ended 30 September 2014 and 2013, 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 2013	Annual General Meeting of the shareholders on 23 April 2014	30.4	0.25 ⁽¹⁾
Final dividend for year 2012	Annual General Meeting of the shareholders on 22 April 2013	60.8	5.00 ⁽²⁾

⁽¹⁾ 121.5 million ordinary shares at the par value of Baht 1 each

⁽²⁾ 12.15 million ordinary shares at the par value of Baht 10 each

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

Future minimum payments required under these non-cancellable operating lease and service agreements were as follows.

	(Unit: Million Baht)	
	<u>30 September 2014</u>	<u>31 December 2013</u>
Payable within:		
Less than 1 year	4	3
1 to 3 years	2	-

12.2 Bank guarantees

As at 30 September 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.

13. 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	
	30 September	31 December	30 September	31 December	30 September	31 December
	2014	2013	2014	2013	2014	2013
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	3.4	2.7	0.5	0.5	32.5161	32.8136
Australian dollar	0.6	0.4	-	-	30.1602	29.1776
Japanese yen	-	-	11.5	8.6	0.2989	0.3130
Euro	-	-	0.2	0.1	41.3681	45.0217

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

As at 30 September 2014

Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2.0	32.0498 - 32.2450	26 December 2014 to 6 February 2015

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

14. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 November 2014.