Thai Poly Acrylic Public Company Limited

Notes to financial statements

For the year ended 31 December 2014

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 Mitsubishi Rayon Lucite Group Limited, incorporated in England and the ultimate controlling party of the Group is Mitsubishi Chemical Holding Corporation, incorporated in Japan. The Company is principally engaged in the manufacture and distribution of Acrylic sheets, Acrylonitrile Butadiene Styrene sheets, High Impact Polystyrene sheets and other extruded plastic 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 Thai Financial Reporting 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. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 *Financial Reporting in Hyperinflationary Economies*
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

(b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognises actuarial gains and losses arising from post-employment benefits immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company already recognised actuarial gains and losses arising from post-employment benefits immediately in other comprehensive income.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company believes that this standard will not have any significant impact on the Company's financial statements.

4. Significant accounting policies

4.1 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.

4.2 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.

4.3 Trade accounts receivable

Trade accounts receivable 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.

4.4 Inventories

Finished goods are valued at the lower of cost (under the weighted average method) and net realisable value and includes all production costs and attributable factory overheads.

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

4.5 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
Building improvements	-	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 and under construction.

4.6 Intangible assets and amortisation - computer software

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

Computer software with finite life 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.

4.7 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.

4.8 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of buildings and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.9 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

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.

4.10 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.

4.11 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. 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.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

4.12 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.

4.13 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current 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.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profits will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.14 Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are charged to profit or loss. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards 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 judgements and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Reduction of inventory to net realisable value

In determining a reduction of inventory to net realisable value, the management needs to make judgements and estimates based upon, among other things, slow-moving inventories and net realisable value.

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.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

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.

6. 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)

	2014	2013	Transfer pricing policies
Transactions with related parties			
Sales of goods	29	20	With reference to market price
Purchases of raw materials	565	549	As agreed with reference to market price
Service expenses	5	5	Contract price and as agreed

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

(Unit: Thousand Baht)

	2014	2013
Trade receivables - related parties (Note 8)		
Fellow subsidiaries	9,408	4,840
Trade and other payables - related parties (Note 11)		
Fellow subsidiaries	2,801	6,370
Subsidiaries of ultimate parent		
Thai MMA Company Limited	176,322	168,434
Others	3,820	7,104
Total trade and other payables - related parties	182,943	181,908

Directors and management's benefits

During the years ended 31 December 2014 and 2013, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	2014	2013
Short-term employee benefits	17,756	19,135
Post-employment benefits	928	821
Other long-term benefits	4	6
Total	18,688	19,962

7. Cash and cash equivalents

(Unit: Thousand Baht)

	2014	2013
Cash	50	50
Bank deposits	97,055	134,772
Total	97,105	134,822

As at 31 December 2014, bank deposits in saving accounts carried interests between 0.25 and 0.63 percent per annum (2013: between 0.25 and 0.50 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	2014	2013
Trade receivables - related parties		
Aged on the basis of due dates		
Not yet due	6,878	4,840
Past due		
Up to 3 months	2,530	-
Total trade receivables - related parties	9,408	4,840
Trade receivables - unrelated parties		
Aged on the basis of due dates		
Not yet due	217,118	277,411
Past due		
Up to 3 months	55,504	26,991
3 - 6 months	258	1,105
6 - 12 months	588	-
Over 12 months	3,701	245
Total	277,169	305,752
Less: Allowance for doubtful debts	(1,958)	(1,958)
Total trade receivables - unrelated parties, net	275,211	303,794
Total trade receivables - net	284,619	308,634
Other receivables	565	749
Total trade and other receivables - net	285,184	309,383

9. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
Finished goods	60,728	45,705	(9,305)	(5,850)	51,423	39,855
Raw materials	39,229	34,991	-	-	39,229	34,991
Spare parts and factory supplies	49,539	44,701	-	-	49,539	44,701
Goods in transit	2,652	6,059	-	-	2,652	6,059
Total	152,148	131,456	(9,305)	(5,850)	142,843	125,606

During the current year, the Company reduced cost of inventories by Baht 5 million (2013: Baht 4 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 2 million (2013: Baht 5 million), and reduced the amount of inventories recognised as expenses during the year.

10. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2013	241,114	138,999	415,283	18,303	10,455	46,448	870,602
Additions	-	203	4,154	1,170	5,670	33,516	44,713
Disposals/Write-off	-	(966)	(8,968)	(73)	(5,290)	-	(15,297)
Transfer in (out)	-	874	11,628	18	-	(12,520)	-
31 December 2013	241,114	139,110	422,097	19,418	10,835	67,444	900,018
Additions	-	-	1,174	369	553	5,540	7,636
Disposals/Write-off	-	(41)	(2,214)	(1,071)	(774)	(84)	(4,184)
Transfer in (out)	-	31,445	23,483	291	-	(55,219)	-
31 December 2014	241,114	170,514	444,540	19,007	10,614	17,681	903,470
Accumulated depreciation:							
1 January 2013	-	127,721	340,178	15,873	10,280	-	494,052
Depreciation for the year	-	2,833	12,589	1,283	926	-	17,631
Depreciation on disposals/write-off	-	(966)	(8,961)	(73)	(5,290)	-	(15,290)
31 December 2013	-	129,588	343,806	17,083	5,916	-	496,393
Depreciation for the year	-	2,272	12,783	1,286	1,145	-	17,486
Depreciation on disposals/write-off	-	(23)	(2,202)	(1,070)	(774)	-	(4,069)
31 December 2014	-	131,837	354,387	17,299	6,287	-	509,810
Net book value:							
31 December 2013	241,114	9,522	78,291	2,335	4,919	67,444	403,625
31 December 2014	241,114	38,677	90,153	1,708	4,327	17,681	393,660

Depreciation for the year

2013 (Baht 15 million included in manufacturing cost, and the balance in selling and administrative expenses)	17,631
2014 (Baht 14 million included in manufacturing cost, and the balance in selling and administrative expenses)	17,486

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.

As at 31 December 2014, the Company has motor vehicles with net book value of Baht 4 million (2013: Baht 5 million) which were acquired under finance lease agreements.

As at 31 December 2014, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 402 million (2013: Baht 364 million).

11 Trade and other payables

(Unit: Thousand Baht)

	2014	2013
Trade payables - related parties	181,082	179,475
Trade payables - unrelated parties	78,200	125,835
Amounts due to related parties	1,861	2,433
Other payables	10,062	24,433
Accrued expenses	21,571	21,534
Total trade and other payables	292,776	353,710

12. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2014 and 2013, which represents compensation payable to employees after they retire from the Company and other long-term employee benefits, namely long service awards, was as follows:

(Unit: Thousand Baht)

	2014		
	Legal severance payment plan	Long service awards	Total
Defined benefit obligation at beginning of year	14,725	1,366	16,091
Current service cost	2,187	346	2,533
Interest cost	552	51	603
Benefits paid during the year	(152)	(312)	(464)
Defined benefit obligation at end of year	17,312	1,451	18,763

(Unit: Thousand Baht)

	2013		
	Legal severance payment plan	Long service awards	Total
Defined benefit obligation at beginning of year	12,285	1,256	13,541
Current service cost	1,976	323	2,299
Interest cost	464	47	511
Benefits paid during the year	-	(260)	(260)
Defined benefit obligation at end of year	14,725	1,366	16,091

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Thousand Baht)

	2014	2013
Current service cost	2,533	2,299
Interest cost	603	511
Total expenses recognised in profit or loss	3,136	2,810
Line items in profit or loss under which such expenses are included		
Cost of sales	1,170	1,024
Selling and administrative expenses	1,966	1,786

As at 31 December 2014, cumulative actuarial losses, which were recognised in other comprehensive income of the Company, amounted to Baht 0.4 million (2013: Baht 0.4 million).

Key actuarial assumptions used for the valuation are as follows:

	Percent per annum
Discount rate	3.8
Future salary increase rate	4.0
Staff turnover rate (depending on age of employees)	0 - 45.3

The amounts of defined benefit obligations and experience adjustments for the current year and the past four years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligations	Experience adjustments on the obligations
Year 2014	18,763	-
Year 2013	16,091	-
Year 2012	13,541	(746)
Year 2011	11,904	-
Year 2010	11,128	-

13. Undrawn credit facilities

As at 31 December 2014, undrawn credit facilities of the Company granted by financial institutions amounted to approximately Baht 231 million (2013: Baht 231 million).

14. 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 statutory reserve has fully been set aside.

15. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	2014	2013
Raw materials and consumables used	936,452	1,055,257
Changes in finished goods	(15,024)	17,456
Salaries, wages and other employee benefits	113,354	115,725
Fuel and utility expenses	60,057	81,887
Transportation expenses	32,705	33,373
Depreciation and amortisation	17,971	18,114
Repair and maintenance expenditure	9,212	11,558

16. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

	2014	2013
Current income tax:		
Current income tax charge	7,455	7,954
Deferred tax:		
Relating to origination and reversal of temporary differences	546	487
Income tax expenses reported in the statement of comprehensive income	8,001	8,441

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	2014	2013
Accounting profit before tax	39,420	41,858
Applicable tax rate	20 percent	20 percent
Accounting profit before tax multiplied by income tax rate	7,884	8,372
Effects of:		
Additional deductible expenses	(76)	(83)
Non-deductible expenses	193	152
Income tax expenses reported in the statement of comprehensive income	8,001	8,441

The components of deferred tax assets and deferred tax liabilities as at 31 December 2014 and 2013 are as follows:

(Unit: Thousand Baht)

	2014	2013
Deferred tax assets		
Reduce cost of inventories to net realisable value	1,861	1,170
Provision for long-term employee benefits	3,752	3,218
Others	722	836
Total	6,335	5,224
Deferred tax liabilities		
Difference depreciation for accounting and tax purpose	(6,209)	(4,644)
Duty drawback under section 19 bis	(1,002)	(909)
Total	(7,211)	(5,553)
Deferred tax liabilities - net	(876)	(329)

17. 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.

On 22 April 2013, the Annual General Meeting of the Company's shareholders passed a resolution to approve a change in the par value of the Company's shares from Baht 10 per share to Baht 1 per share. The Company registered the change in par value with the Ministry of Commerce on 10 May 2013. Therefore, the weighted average number of ordinary shares in issue during the year 2013 is the number of shares after having reflected the change in par value as if the share split had occurred at the beginning of the earliest period reported.

The following table sets forth the computation of basic earnings per share:

	2014	2013
Profit for the year (Thousand Baht)	31,419	33,417
Weighted average number of ordinary shares		
(Thousand shares)	121,500	121,500
Earnings per share (Baht per share)	0.26	0.28

18. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company is principally engaged 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

Revenues from sales is based on locations of the customers for the years ended 31 December 2014 and 2013 are as follows:

(Unit: Million Baht)

	2014	2013
Thailand	697	913
Overseas	521	479
Total	1,218	1,392

Major customer

For the years 2014 and 2013, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

19. 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. During the year 2014, the Company contributed Baht 4 million (2013: Baht 4 million) to the fund.

20. Dividends

Dividends	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht per share)
For the year ended 31 December 2014			
Final dividend for year 2013	Annual General Meeting of the shareholders on 23 April 2014	30.4	0.25 [(1)]
For the year ended 31 December 2013			
Final dividend for year 2012	Annual General Meeting of the shareholders on 22 April 2013	60.8	5.0 [(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

21. Commitments and contingent liabilities

21.1 Operating lease and service commitments

The Company has entered into lease agreements 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)

	As at 31 December	
	2014	2013
Payable:		
In up to 1 year	5	3
In over 1 and up to 3 years	2	-

21.2 Bank guarantees

As at 31 December 2014, there were outstanding bank guarantees of approximately Baht 7 million (2013: Baht 7 million) issued by a bank on behalf of the Company in respect of certain performance bonds as required in the normal course of business to guarantee electricity usage and others.

22. Financial instruments

22.1 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, current investment - fixed deposit, trade and other receivables, trade and other payables, and liabilities under finance lease agreements. 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 and other 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 and other receivables, as stated in the statement of financial position.

Interest rate risk

The Company is exposed to interest rate risk related primarily to its deposits at financial institutions and liabilities under finance lease agreements. Most of the Company's financial assets and liabilities 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 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.

(Unit: Million Baht)

	As at 31 December 2014					
	Fixed interest rates					
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate
						(% p.a.)
Financial assets						
Cash and cash equivalents	-	-	97	-	97	0.25 - 0.63
Current investment - fixed deposit	1	-	-	-	1	1.50
Trade and other receivables	-	-	-	285	285	-
	1	-	97	285	383	
Financial liabilities						
Trade and other payables	-	-	-	293	293	-
Liabilities under finance lease agreements	1	2	-	-	3	0.40 - 0.66
	1	2	-	293	296	

(Unit: Million Baht)

	As at 31 December 2013					
	Fixed interest rates					
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate
						(% p.a.)
Financial assets						
Cash and cash equivalents	-	-	135	-	135	0.25 - 0.50
Current investment - fixed deposit	1	-	-	-	1	2.00
Trade and other receivables	-	-	-	309	309	-
	1	-	135	309	445	
Financial liabilities						
Trade and other payables	-	-	-	354	354	-
Liabilities under finance lease agreements	1	3	-	-	4	0.40 - 0.66
	1	3	-	354	358	

Foreign currency risk

The Company’s exposure to foreign currency risk arises mainly from the purchases/sales of goods that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

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

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2014	2013	2014	2013	2014	2013
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	3.2	2.6	2.4	0.5	32.9630	32.8136
Australian dollar	0.6	0.4	-	-	26.8068	29.1776
Euro	-	-	-	0.1	40.0530	45.0217
Japanese yen	-	-	6.9	8.6	0.2738	0.3130

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

As at 31 December 2014

Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.9	32.1950 - 33.0075	6 February 2015 to 15 May 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

22.2 Fair values of financial instruments

Since the majority of the Company’s financial instruments are short-term in nature and deposits at financial institutions bear interest rates which are close to the market rate, their fair value is not expected to be materially different from the amounts presented in statement 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.

23. 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.

24. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2013 have been reclassified to conform to the current year's classification. The reclassifications are as follows:

(Unit: Thousand Baht)

	As reclassified	As previously reported
Sales	1,392,210	1,375,743
Other income - scrap sales	21,964	38,431

The reclassifications had no effect to previously reported profit or shareholder's equity.

25. Event after the reporting period

On 25 February 2015, the Board of Directors' meeting passed a resolution to propose the payment of a dividend of Baht 0.20 per share, or a total of Baht 24.3 million, to its shareholders from the retained earnings. The dividend payment will be proposed to the Annual General Meeting of the Company's shareholders for approval.

26. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2015.