

# ANNUAL REPORT 2010



THAI POLY ACRYLIC PUBLIC COMPANY LIMITED

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## MESSAGE FROM THE CHAIRMAN



2010 was expected to be a year of continuous recovery and indeed the world had experienced stronger than expected growth of economy in the year. Unfortunately, the growth in Thailand was somewhat distorted by the political uneasiness in the country and natural disasters experienced in several key markets in the region. These coupled with changes of lifestyle had impacted the demand of acrylic cast sheet not only in the domestic market but also in certain key export markets.

MMA supply became very tight toward second half of the year owing to unexpected strengthening demand in LCD related industries and MMA price was skyrocketed throughout the year as results. Volume sale of acrylic cast sheet was therefore lower than expected though marginally increased from the year before and the profit margin was seriously impacted by the extremely high MMA cost amidst fierce competition in the market place.

Volume sales of non-acrylic sheet especially that of ABS/HIPS, on the other hand, had experienced an exceptional growth attributed to the strong demand in fridge and automotive industries. Profitability of non-acrylic business was also higher than budget and similar to that achieved in the previous year. Unfortunately the extraordinary

contribution of both volume and margins from non-acrylic extruded business were insufficient to offset the margin shortfall in cast sheet business despite of the efforts made on fixed cost control.

Total sale revenue achieved in the year at Baht 1,536.7 millions was 7.9% above budget and 24.5% higher than that achieved in the previous year. Gross Profit of Baht 149.4 millions, on the other hand, was 13.5% below budget and 10.2% lower than that achieved in the previous year on back of the soared raw material costs and inability to fully recover the cost impacts in selling prices.

Net Profit achieved in the year at Baht 52.0 millions was however slightly below the budget of Baht 54.9 millions and that of Baht 61.2 millions achieved in the previous year. Earning per share at Baht 4.28 was therefore lower than the budget of Baht 4.54 and that of Baht 5.04 per share achieved in the previous year. Under these circumstances, the Company has decided to distribute a dividend of Baht 4.00 per share to the shareholders which is expected to be paid in May 2011.

The Company has continued with excellent performance on safety, health and environment in the year and a cumulative 13,475,000 working hours without Reportable Injury was achieved at end of December 2010.

Looking to 2011, fears of uncertainties are still around in the year. Costs of the raw materials are expected to continue growing in tandem with the rising prices of oil and oil derivative products. In particular, the price hike of MMA is expected to continue giving the anticipated tight supply and healthy demand in the LCD related industries.

Nevertheless, I am confident that the Company will continue to outperform with the on-going efforts to enhance acrylic cast sheet profitability and to broaden the sales portfolio of the Company. Besides, we shall also continue with our efforts to explore the most optimal ways forward to resolve the land and plant relocation issues.

Taking this opportunity I would like to express my sincere thanks to the Management and all the employees in striving to perform under the very difficult market conditions and to all the shareholders for their understanding and supports given to the Management.

(Sei-Jin Liou)  
Chairman of the Board of Directors



Thai Poly Acrylic Public Company Limited (TPA) is a leading manufacturer of cast acrylic sheet and extrusion facilities for ABS, HIPS including various plastic sheets such as PP profile, PS, and PMMA sheet. The combined production capacity is over 22,000 tons per annum.

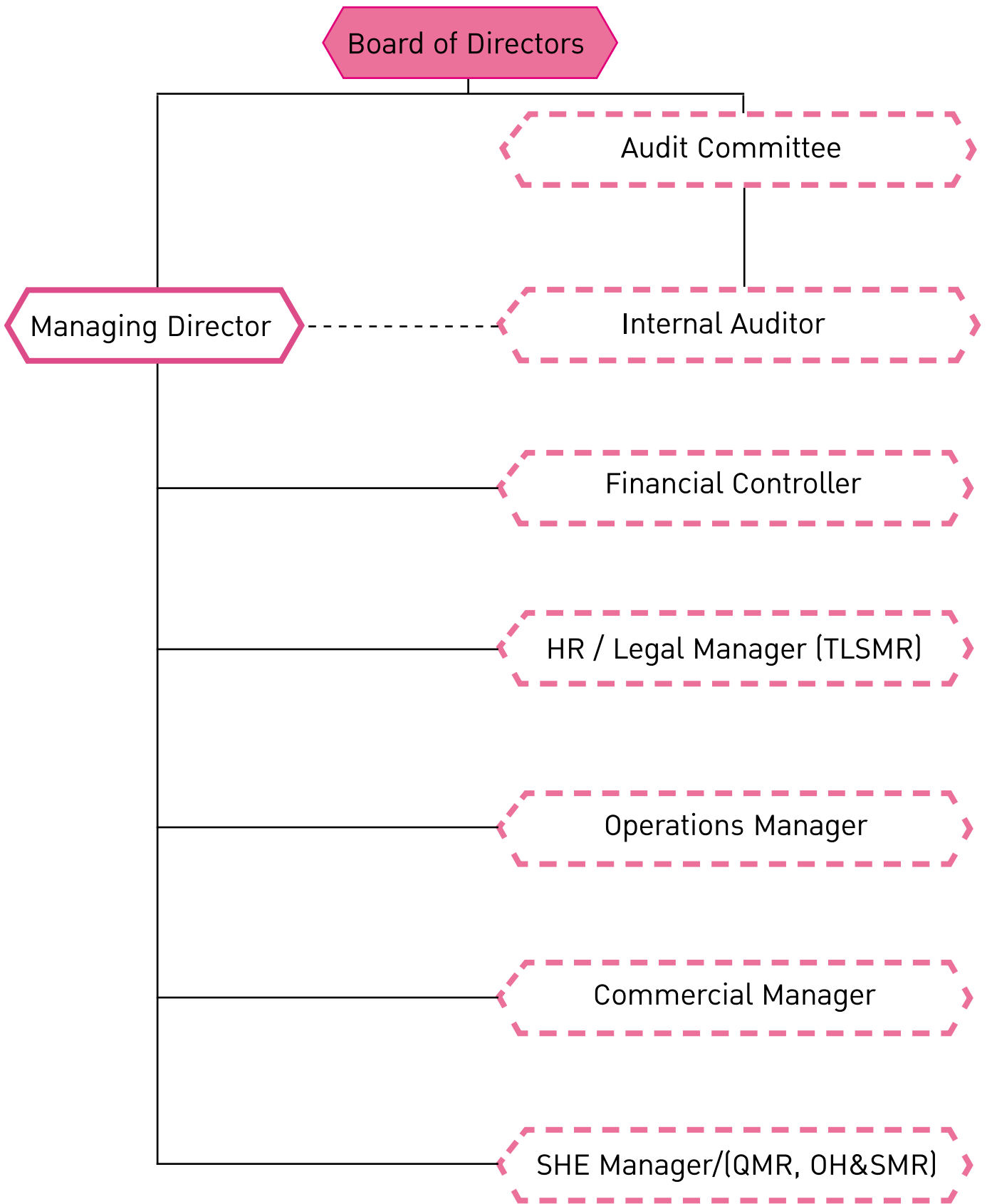
The company was registered in 1985 under the management of Mr.Charoon Limchiyawat and family. Capital founded at Baht 10 millions and had been raised to Baht 121.5 millions in 1994 and had become a public company of Thailand's Stock Exchange and registered number: 01075370 02257 Today, the major share holder of the company is Lucite International Co. Ltd., the world's major manufacturer of Methyl Methacrylate and Acrylic Sheet.

Our business objective is to expand volume and revenue for both cast and extrusion operations by using efficient machinery and new products development.

In addition, the company has a strategic plan for realizing productivity improvements year on year to remain competitive against the Asian casters and sheet manufacturers.

Our head office and factory located at :	60 — 61 Moo 9, Phutthamonthon 4 Rd., Krathumlom, Sam Phran, Nakhonpathom 73220, Thailand Telephone : (662) 429 2020, 429 2487-8, 889 8720-5 Facsimile : (662) 429 2541, 888 5951
Sales office located at :	134/5 Krung Thonburi Road, Klong Tonsai, Klong San, Bangkok 10600, Thailand (662) 860 8765-70 (662) 860 9106, 860 8762. <a href="http://www.thaipolyacrylic.com">http://www.thaipolyacrylic.com</a>
Registrar :	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, 4, 6-7th Floor, Rachadapisek Rd., Klongtoey, Bangkok 10110 (662) 229-2800 (662) 359-1259
Auditor :	PricewaterhouseCoopers ABAS Ltd. 179/74-80, 15 <sup>th</sup> Floor Bangkok City Tower, South Sathorn Rd., Bangkok 10120 (662) 286-9999, 344-1000 (662) 286-5050
Legal Advisor:	BZ Legal Advisor Law Office 86 Chatkaew Village Soi 5 Happy Land Rd., Kwaeng Klongjan, Bangkapi, Bangkok 10240 (662) 733 1655 (662) 375 1782
	Mr. Nipon Sritong-in 56/91 Moo7, Bangkruey — Sainoi Rd., T.Bangkruey, A.Bangkruey, Nonthaburi 11103 (662) 886-3664 (662) 886-3664
Shareholding in other Business Entity at and above 10%	-Nil-

# ORGANIZATION CHART



## BOARD OF DIRECTORS



Name	Mr. Sei Jin Liou
Title	Chairman
Age	62
Education	- Master of Science (MS) in Agriculture, National Taiwan University
Shareholding in the company	None
Work Experience during last 5 years 1999 - Present	- Vice President & General Manager Kaohsiung Monomer Company Limited. Part of the Lucite International Group



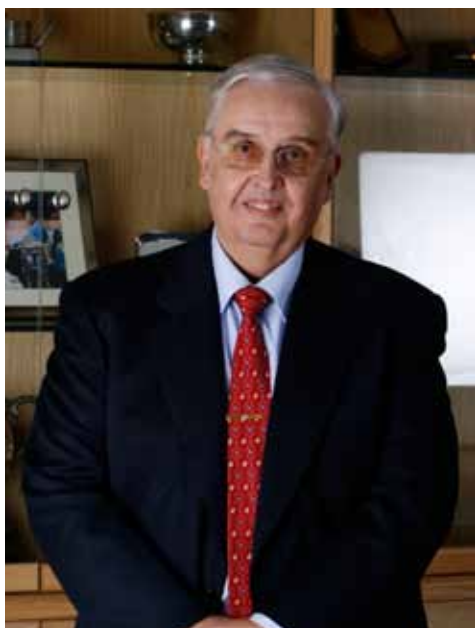
Name	Mr. Ian Lambert
Title	Director
Age	56
Education	- MA & Mphil, Chartered Accountant. Cambridge University
Shareholding in the company	None
Work Experience during last 5 years 2003 - Present	- Chief Executive Officer Lucite International Group Limited.



Name	Mr. Ju-Hsiung Liu
Title	Director
Age	56
Education	- M.B.A. University of North Texas, Denton, U.S.A.
Shareholding in the company	None
Work Experience during last 5 years 2006 - Present	- Financial Director Asia, Lucite International
2005 - 2006	- Director Primax Electronic Limited, Taiwan



Name	Mr. Jan Dam Pedersen
Title	Director
Age	59
Education	- Diploma, EAC's full time course in Business Administration - Various high level business courses, IMD Switzerland
Shareholding in the company	None
Work Experience during last 5 years	
August 2010 — Present	- President, Brenntag Ingredients (Thailand) Public Company Limited
2001-July 2010	- Managing Director, The East Asiatic (Thailand) Public Company Limited.



Name	Mr. Hans Henrik Melchior
Title	Director
Age	66
Education	- Bachelor of Science (Marketing)
Shareholding in the company	None
Work Experience during last 5 years	
2011 - present	- Executive Director The East Asiatic 2010 (Thailand) Company Limited.
Oct 2010 - present	- Director Asiatic Acrylics Company Limited.
2001 - 2010	- Corporate Advisor The EAC Thailand Group. - Corporate Advisor Brenntag Ingredients (Thailand) Plc. (previously named The East Asiatic (Thailand) Plc.)
1996 - 2009	- Company Secretary Thai Poly Acrylic Plc. Asiatic Acrylics Company Limited
1992 - 2008	- Company Secretary The EAC Thailand Group.







Name	Mr. Suchitr Srivetbodee
Title	Director
Age	62
Education	<ul style="list-style-type: none"> <li>- Bachelor's Degree in Finance, West Virginia State Collage, USA</li> <li>- Master's Degree in Business Administration (MBA) Pittsburgh State University of Kansas, USA.</li> </ul>
Shareholding in the company	26,000 shares
Work Experience during last 5 years 1998 - Present	<ul style="list-style-type: none"> <li>- Managing Director Thai Poly Acrylic Public Company Limited.</li> </ul>
Director Training Program	<ul style="list-style-type: none"> <li>- Director Accreditations Program Thai Institute of Directors Association (IOD)</li> </ul>



Name	Mr. Seri Sakdisawasdi
Title	Independent Director Chairman of Audit committee
Age	75
Education	<ul style="list-style-type: none"> <li>- Bachelor Degree in Accounting Chulalongkom University, Bangkok, Thailand</li> <li>- Certificate of Management Development Program, University of California, Berkeley</li> </ul>
Shareholding in the company	None
Work Experience during last 5 years 1997 — Present	<ul style="list-style-type: none"> <li>- Independent Director</li> <li>- Chairman of Audit Committee Thai Poly Acrylic Public Company Limited.</li> </ul>
Director Training Program (DAP)	<ul style="list-style-type: none"> <li>- Audit Committee Program (ACP)</li> <li>- Monitoring the system of internal control and risk management (MIR)</li> <li>- Monitoring the internal audit function (MIA) Thai Institute of directors Association (IOD)</li> </ul>





Name	Assistant Professor Wattanee Phanachet
Title	Independent Director Member of Audit Committee
Age	73
Education	<ul style="list-style-type: none"> <li>- Bachelor Degree in Accounting Chulalongkorn University Bangkok, Thailand</li> <li>- M.A. Degree in Accounting University of Alabama, USA</li> </ul>
Professional Qualification	<ul style="list-style-type: none"> <li>- Certified Public Accountant of Thailand</li> </ul>
Shareholding in the company	None
Work Experience during 5 years	<ul style="list-style-type: none"> <li>2007 — Present               <ul style="list-style-type: none"> <li>- Independent Director and Member of Audit Committee</li> <li>- Esso (Thailand) Public Company Limited</li> </ul> </li> <li>2005 — Present               <ul style="list-style-type: none"> <li>- Appointed by the Civil Service Commission as</li> <li>- Specialist in the field of Finance and Accounting.</li> </ul> </li> <li>1999 — Present               <ul style="list-style-type: none"> <li>- Independent Director and Chairman of Audit Committee</li> <li>- Capital Nomura Securities Public Company Limited</li> </ul> </li> <li>1999 — Present               <ul style="list-style-type: none"> <li>- Independent Director and Member of Audit Committee</li> <li>- Thai Poly Acrylic Public Company Limited</li> </ul> </li> </ul>
Director Training Program	<ul style="list-style-type: none"> <li>- Director Certification Program (DCP)</li> <li>- DCP Refresher Course</li> <li>- Audit Committee Programm (ACP)</li> <li>- Monitoring the System of Internal control and the Risk Management (MIR)</li> <li>- Thai Institute of directors Association (IOD)</li> </ul>





Name	Mr. Sorasakdi Suchart
Title	Independent Director Member of Audit Committee
Age	74
Education	- Bachelor Degree in Commerce Thammasart University Bangkok, Thailand
Shareholding in the company	5,000 shares
Work Experience during last 5 years 1999 - Present	- Independent Director - Member of Audit Committee Thai Poly Acrylic Public Company Limited.
Director Training Program	- Director Accreditation Program (DAP) - Audit Committee Program (ACP) - Monitoring the System of Internal Control and the Risk Management (MIR) - Monitoring the Internal Audit Function (MIA) Thai Institute of directors Association (IOD)



Name	Miss Patcharee Maneetamwong
Title	Company Secretary
Age	36
Education	- Bachelor of Laws Chulalongkorn University - Master of Laws Chulalongkorn University
Shareholding in TPA	- None

## MANAGEMENT TEAM



Mr. Suchitr Srivetbodee  
Managing Director



Mr. Thanetr Khumchoedchoochai  
Commercial Manager



Miss Somjit Bunpiboonmitr  
Financial Controller



Mr. Wiwat Homlaor  
Operations Manager



Mr. Pongsin Muangsri  
SHE Manager/(QMR, OH&SMR)



Mr. Thanawat Kulprasertat  
HR/Legal Manager (TLSMR)



Mr. Yotin Tamrongsawapark  
Casting Plant Manager



Mr. Phairat Kumdee  
Extrusion Plant Manager



Mrs. Nongrutai Boonpetch  
R & T Manager





Mr. Pongthorn Chuencharoen  
Site Engineering Manager



Miss Kanittha Phuangjeen  
Sales & Product Manager



Mr. Pongsun Assavasirijinda  
Sales & Product Manager



Mr. Wittaya Mongkolkachit  
Technical Center Manager



Mrs. Janjira Thumsorn  
Export Sales Manager



Mr. Mondop Ponpai  
Export Sales Manager



Mrs. Masaya Rungrueng  
Secretary to Manager Director



Miss Ratchanee Piboonmahachotikul  
Internal Auditor

## SHAREHOLDERS

30/12/2010

The total authorized number of ordinary share is 12,150,000 share with a par value of Baht 10 per share. All issued shares are fully paid.

No	Name/Surname/Company	Amount Total	% of total Shares
1	LUCITE INTERNATIONAL UK OVERSEAS HOLDCO1 LIMITED.	5,137,436	42.28
2.	ASIATIC ACRYLIC COMPANY LIMITED.	4,145,053	34.12
3.	THAILAND SECURITIES DEPOSITORY COMPANY LIMITED FOR DEPOSITORS	2,107,368	17.35
4.	EAC ASIA (THAILAND) COMPANY LIMITED.	341,600	2.81
5.	THAILAND SECURITIES DEPOSITORY COMPANY LIMITED FOR DEPOSITORS	133,600	1.10
		11,865,057	97.66

DIVIDEND POLICY Flexible but to be considered and approved by the Meeting of Shareholders from time to time



## 1. The Company's Important Product Lines are as follows: -

### 1.1 Cast Acrylic Product Line

The Company produces and distributes Cast Acrylic Sheets under the registered trademark of "Moden Glas" and other sub brands of special grade acrylic sheets, e.g. impact modified sheets under the registered trademark of "IMPACT" and sanitary ware grade for bathtub production under the registered trademarks "Moden Glas" and "Lucite TS". Moreover, the Company also engages in "made to order" acrylic sheets under overseas customers own trademarks, based on an agreement on a case-by-case basis.

Acrylic Sheet is thermoformable plastic with even, translucent and transparent physical properties. The product features several unique outstanding properties such as capability of being transformed and moulded into various forms with high heat treatment and retaining the desired configurations when cooled down to normal ambient temperature. It has light weight, high capacity to withstand high impact, and provides convenience for engravings, painting, filling, or silk screen paintings in several forms or a diversity of numerous other decorative structures and fixtures in several colors as desired.

Acrylic Sheet is an intermediate product capable of replacing a variety of natural materials, such as wood, glass, steel, aluminum, and plywood, making it applicable for interior design applications and architectural design applications such as furniture works, sanitary wares and partitions, as well as multi-purpose uses including corrugated sheet, display cases, billboards, and telephone booths. The Company's acrylic products are available in various thicknesses from 1.5 mm to 40 mm.

### 1.2 Extrusion Product Line

The Company produces and distributes ABS sheets and High Impact Polystyrene sheets and other high quality plastic products, using several extrusion machine systems under the trademark of "Moden Plas", and also made-to-order products for both domestic and overseas customers.

ABS/HIPS sheets are intermediate products mainly used as components in refrigerator manufacturing. ABS Sheet is even, translucent, white-colored, made from polymer plastic pellets, i.e. Acrylonitrile Butadiene Styrene (ABS) pellets, of which unique properties are reflectivity and glossiness. High Impact Sheet is even, translucent, white-colored, made from the High Impact Polystyrene polymer.

The High Impact Sheet properties are very close to those of ABS Sheet, but slightly different in certain special properties.

The Company can produce ABS sheets and High Impact Polystyrene sheet (HIPS) and other high quality plastic products using extrusion machine glossy and frost, ABS capped PMMA etc. with width and lengths ranging to 2.5 meters and the thicknesses from 1.5 mm to 10.0 mm. by the new model machines imported from leading manufacturers overseas.

## 2. Market and Industry Competition

### 2.1 Market Development

#### Acrylic Sheet

The Company recognizes the importance of Research and Development as a scientific mean for developing both the acrylic sheets as well as other extruded products that offer special properties, such as energy saving and environmental compatibility, and can be used in various applications, e.g. illuminated sign boards and light guide panels, etc. Furthermore, the Company continues to explore new technology in fabricating and thermoforming large sheets and sheets as thick as 40.0 mm, as well as continually develops bath sheet grade products that are easier to thermoform and anti-bacterial, which therefore are more value-added and respond to the needs of both local and foreign customers.

#### ABS and High Impact Polystyrene (HIPS) Sheet

The Company continues to focus on further improvement of sheet quality according to the production standards of ABS & HIPS sheets and, more important, the sheet quality must be up to each customer's specifications and expectations

as the products are made to order and the raw materials and the product specifications are varied from one customer to another.

Last year the Company has successfully developed new formula PE (Poly Ethylene) sheets and high impact extruded acrylic sheets suitable for various applications, such as in production of the automotive accessories industry and refrigerator parts, etc.

## 2.2 Industry Trend and Competition Overview

### Acrylic Sheet

Last year the overall demand in acrylic sheets declined by about 10.0% from the previous year. The domestic demand especially had a sharp drop in the 1<sup>st</sup> quarter as a result of the continued effects of global economic recession as well as domestic political conditions. However, the business conditions have improved considerably. The Company was able to increase sales from the 2<sup>nd</sup> to 4<sup>th</sup> quarters, with rises in sales of acrylic sheets both domestically and internationally. In addition, the materials prices in 2009 were rather stable from the beginning of the year. Although the prices were raised in the 4<sup>th</sup> quarter in accordance with the rising oil prices, the Company was able to increase sales and maintain profits.

### Extruded Plastics

Sales and demand of most extruded plastics depend primarily on the domestic market; in other words, approximately 90.0% are sold domestically. The continued impacts from the global economic recession as well as the unstable political situation during the previous year caused sales of extruded plastics, especially ABS and HIPS sheets, in 2 main markets i.e. the electronic appliances and automobiles industries, to drop sharply during the previous year until the 1<sup>st</sup> quarter of 2009. However, the demand for ABS and HIPS sheets seemed to improve significantly following the noticeable recovery of the domestic electronic appliances and automobiles industries during the 2<sup>nd</sup> quarter through to the end of last year. As a result, sales of extruded plastics products during last year fell just a little bit below target. But the Company's overall profits slightly exceeded target. This is because sales of value-added items increased, as did last year's overall efficiency in production.

## 3. Important Manufacturing Policy

The Company at all time shall focus on the following issues and concerns:

1. Review and set appropriate annual targets in productivity enhancement, waste reduction as well as efficiency improvement year on year.
2. Upgrade the manufacturing tools and equipments that can contribute to process waste reduction as well as further improvement of sheet quality to meet world class standards and customers' utmost satisfaction.
3. Implement cost-saving activities, such as improvement plans in production process, S&OP, etc. with the prime objective in cost reduction to maintain competitiveness.
4. Development of new products, in particular special value-added items, remains the Company's important trade policy.
5. The Company gives importance to skills enhancement of its personnel. Despite the negative impacts from global economic recession and the continued domestic economic slowdown until the 1<sup>st</sup> quarter of 2009, the Company still gave high priority to personnel training. Seminars and workshops in various fields were organized and meetings between organizations to exchange ideas were encouraged. The aim is to promote enhancement of production efficiency through constructive communication, brainstorming process, and involvement in the problem-solving process, all of which will ultimately benefit the Company.
6. Continuously improve the quality of products and services by listening to both local and overseas customers' ideas, needs as well as complaints, and determining the appropriate actions for improvements to meet the customers' utmost satisfaction.
7. A top policy of the Company's is safety, occupational health and environment of the employees as well as the community. It is a duty and responsibilities of every executive and personnel to be involved and is used as a key performance indicator.





## 1. Risks in the Manufacturing Process

### Risks pertaining to materials sourcing

The main raw material used in the manufacture of acrylic sheets is MMA (Methyl Metha Acrylate). The Company imports MMA from overseas and also acquires some volume of it locally for the production throughout the year at the volumes and market prices to be agreed upon one month in advance prior to shipment. The Company has formulated purchasing plans with contacted suppliers in advance to ensure binding commitment for MMA supply and also to ensure that the Company is always adequately and consistently supplied with MMA for the production requirement, and the prices are to be agreed upon on a monthly basis at fair market prices that can be monitored using reliable sources and can be mutually agreed on by both parties.

In the manufacture of plastic sheets under the extrusion system, the main raw materials are ABS, HIPS, PP and PE plastic pellets, most of which can be produced domestically. Some types of the materials are imported from overseas but only in the case where some specific types are not available locally, or in the case the imported materials are cheaper.

The principles and the purchasing plans applied in acquiring raw materials both locally and overseas, therefore, protect the Company against related risks so that the Company adequately has each type of materials as required by its Sales & Operations Planning, which is reviewed every month and made 3 months in advance. Some risks are still present as the raw material prices may fluctuate, but the risks are not significant because the Company has no policy of storing more than 2 months' amount of the estimated materials needed in the production plan. This practice helps reduce the risks of price fluctuation to an acceptable level.

## 2. Risks in Operating the Business

### Risks pertaining to new competitors

In operating its business, the Company is faced with risks from competition both domestically and overseas. However, in relation to this, the company has formulated a policy for creating the product differentiation by emphasizing the quality of the goods for which a quality warranty can be issued and recognition from overseas; and by competitive pricing and by emphasizing the development of the valued-added products, e.g., bath sheet, sheet acrylic or acrylic sheet, edge-lighting acrylic panel and high Impact Modified Acrylic Sheet, etc. This is to enhance the competition potential and the growth of the business on a long-term basis.

Furthermore, the Company continue to keep good business relationship with key customers and also providing technical sales assistance not only to the customers but also include customer's customers in such a manner that they are acquainted with the product knowledge and are more capable to fabricate the product with a greater efficiency.

This can be considered one of the Company's competitive edges, which greatly satisfies customers in each of the marketing channels.



### 3. The risk relating to the management

#### 3.1 The risk of purchasing goods by the large shareholders

Although the Company made reciprocal business transactions with Lucite International and subsidiaries of which the majority will be purchase transactions of raw materials used in the manufacture of Acrylic sheets and the entering into a Sale of Acrylic Sheets Agreement with overseas, where Lucite International established an office or sales office in certain countries such as China, Korea, Australia and New Zealand, etc. The execution of the said transactions are subject to the management and agreement in which the company shall monitor the market price of the raw materials regularly and have the price agreed with Lucite International. Once the proposed price is agreed the company shall apply trade discount and conversion rate into the price calculation. The company also fixes the selling price and trade discount and commission taking into account the prevailing sheet price sold to each customer.

Items of related deals between the Company and Lucite International has been examined by the Audit Committee and the Committee is of the opinion that the price and trading terms mentioned above has entered into based on the buying-selling price criteria according to fair and reasonable market price.

#### 3.2 Risk pertaining to the Company's Shareholding Structure

Lucite International UK Overseas Holding Company Limited Group, Asiatic Acrylic Company Limited and East Asiatic (Thailand) Public Company Limited as a group of majority shareholders hold 79.21% of the company shares, thus they are in a position to influence in any subject that legally required majority votes at the Shareholding Meeting. However, in compliance to the Corporate Good Governance and for business transparency, the Board of Directors have appointed 3 independent directors who are actively performing as the Company's Audit Committee and all of them are well qualified professionals with outstanding qualifications as prescribed by the Stock Exchange of Thailand. All other Company's directors, besides the Independent Directors, are also experts and professionals in various educational fields who are committed to manage the business for the upmost benefits of the company and to the shareholders. The executive directors and non-executive directors who are representatives of the Company's major shareholders are always participated in the Board meetings when there are major issues raised in the meeting agenda. None of them have ever received any Director's fee or any kind of remuneration as the Company's director.



## 1. Management Structure

### Board of Directors

As of December 31, 2010 the Board of Directors comprises of 9 members whose names are listed below:

- |   |                      |
|---|----------------------|
| 1) Mr. Sei Jin Liou                       | Chairman             |
| 2) Mr. Ian Lambert                        | Director             |
| 3) Mr. Liu, Ju-Hsiung Rex                 | Director             |
| 4) Mr. Jan Dam Pedersen                   | Director             |
| 5) Mr. Jouni Matti Tapio Asikainen        | Director             |
| 6) Mr. Suchitr Srivetbodee                | Director             |
| 7) Mr. Seri Sakdisawasdi                  | Independent Director |
| 8) Mr. Sorasakdi Suchart                  | Independent Director |
| 9) Assistant Professor Wattanee Phanachet | Independent Director |

Company Secretary is Miss Patcharee Maneetamwong

### Scope of authorities of the Board of Directors

The Board of Directors assigns authorities to the appointed directors to sign and engage in any legal obligations on behalf of the company as prescribed by the Public Limited Companies Act and within the scope of the company's objectives. The Board of Directors also reserve the right to revoke the authorities given to such persons.

### The authorities of these appointed directors are :

- 1) To file a complaint and proceed with legal action on behalf of the company including to settle a dispute or assign arbitrator to settle any dispute.
- 2) To purchase, procure, lease, lease out, hold ownership or right of possession, modify, utilize, or carry out anything related to the assets and gains from those assets.
- 3) To sell, transfer, accept pledge, mortgage, exchange, or distribute assets in other way.
- 4) To borrow money, guarantee debtors, aval or endorse bills of exchange or other kinds of transferable financial instruments.
- 5) To bail out directors, officials, or employees of the company charged in criminal court cases as a result of their performance carrying out the company's business.
- 6) To hold shares and/or manage other public or private limited companies as well as collaborate with those companies to carry out specified business.
- 7) To carry out any duties that can only be performed by natural persons in accordance with the company's objectives.
- 8) To prepare the company's financial statements, financial documents, and submit evaluation reports on the adequacy of the company's internal control system.

The approved authority to sign legal obligations on behalf of the company requires two authorized directors to jointly sign their names together with the company's seal affixed.

## Audit Committee

As of December 31, 2010, the Audit Committee comprises 3 members whose names are listed below:

- |   |                          |
|---|--------------------------|
| 1) Mr. Seri Sakdisawasdi                  | Audit Committee Chairman |
| 2) Mr. Sorasakdi Suchart                  | Audit Committee          |
| 3) Assistant Professor Wattanee Phanachet | Audit Committee          |

Secretary of the Audit Committee is Miss Ratchanee Piboonmahachotikul

## Duties and Responsibilities

The Audit Committee has the duties to perform as prescribed by the Stock Exchange of Thailand as follows:

- 1) To review the Company's financial reporting process to ensure that it is accurate and adequate.
- 2) To review the Company's internal control system and internal audit to ensure that they are suitable and efficient.
- 3) To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.
- 4) To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration.
- 5) To attend a non-management meeting with an auditor at least once a year.
- 6) To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.
- 7) To determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
- 8) To prepare, and to disclose in the Company's annual report, an Audit Committee's report which must be signed by the Audit Committee's chairman and consist of at least the following information :
  - 8.1 an opinion on the accuracy, completeness and creditability of the Company's financial report.
  - 8.2 an opinion on the adequacy of the Company's internal control system.
  - 8.3 an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business.
  - 8.4 an opinion on the suitability of an auditor.
  - 8.5 an opinion on the transactions that may lead to conflicts of interests.
  - 8.6 the number of the Audit Committee meetings, and the attendance of such meetings by each committee member.
  - 8.7 an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter.
  - 8.8 other transactions which, according to the Audit Committee's opinion, should be known to the shareholders or general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.
- 9) In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results, the Audit Committee shall report it to the Company's Board of Directors for rectification within the period of time that the Audit Committee thinks fit :



- 9.1 a transaction which causes a conflict of interest.
- 9.2 any fraud, irregularity, or material defect in an internal control system.
- 9.3 an infringement of the law on securities and exchange, the Exchange's regulations, or any law relating to the Company's business.

If the Company's Board of Directors or management fails to make a rectification within the period of time under the first paragraph, any Audit Committee member may report on the transaction or act under 9.1, 9.2 and 9.3 to the Securities and Exchange Commission or the Stock of Exchange of Thailand.

- 10) If the Auditor discovers any suspicious circumstance that the director, manager or any person responsible for the operation of such juristic person commits an offence the Securities and Exchange Act B.E. 1992 under the second paragraph of Section 281/2, Section 305, Section 306, Section 308, Section 309, Section 310, Section 311, Section 312 or Section 313, the Auditor shall inform the fact relating to such circumstance to the Audit Committee in order to continue the inspection without delay and the Audit Committee shall report the result of preliminary inspection to the Securities and Exchange Commission and the Auditor within thirty days.

Suspicious circumstances that shall be informed under the first paragraph and procedures for acquiring the fact relating to such circumstances shall comply with the notification of the Capital Market Supervisory Board.

- 11) In case that Audit Committee member wishes to resign before the expiration of his term of service, he should give a notice thereof to the company one month in advance together with reason therefore so that the Company's Board of Directors or shareholders' meeting can consider appointing another director who is fully qualified to replace the resigning member.
- 12) To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

The Audit Committee is responsible to the Company's Board of Directors according to the duties and responsibilities assigned by the Company's Board of Directors, while the responsibilities for all activities of the company towards shareholders, stakeholder and other persons are still vested in the entire the Company's Board of Directors.

### Managing Director

Mr. Suchitr Srivetbodee is the company's managing director whose scope of authorities is as follows:

#### Scope of authorities of the Managing Director

- 1) To consider the appointment, transfer, dismissal, discharge, and approval of resignations of the company's employees at every level.
- 2) To consider remunerations including salary, bonus, and other benefits as well as annual remuneration adjustments of the company's employees at every level.
- 3) To approve the determination and changes in conditions on trade as assigned by the Board of Directors.
- 4) To consider and approve the purchasing of fixed assets within the signing authority as assigned by the Board of Directors.
- 5) To consider and carry out any operation related to general management of the company except the acquisition and sale of the company's assets and other connected transactions that must be operated in accordance with the notification of the Securities Exchange of Thailand and other related laws.

As of December 31, 2010 the Company's Management Team comprises 17 persons whose names are listed below :

1)	Mr. Suchitr	Srivetbodee	Managing Director
2)	Mr. Thanetr	Khumchoedchoochai	Commercial Manager
3)	Mr. Wiwat	Hom la-or	Operations Manager
4)	Mr. Thanawat	Kulprasertat	Human Resource/Legal Manager (TLSMR)
5)	Miss Somjit	Bunpiboonmitr	Financial Controller
6)	Mr. Yotin	Tamrongsawapark	Casting Plant Manager
7)	Mr. Phairat	Kumdee	Extrusion Plant Manager
8)	Mr. Pongthorn	Chuencharoen	Site Engineering Manager
9)	Mr. Pongsin	Muangsi	SHE Manager/(QMR, OH&SMR)
10)	Mrs Noungrutai	Boonpetch	Research & Technical Manager
11)	Mr. Wittaya	Mongkolkachit	Technical Center Manager
12)	Miss Kanittha	Phuangjeen	Sales & Product Manager
13)	Mr. Pongsun	Asavasirijinda	Sales & Product Manager
14)	Mr. Mondop	Ponpai	Export Sales Manager (1)
15)	Mrs. Janjira	Thumsorn	Export Sales Manager (2)
16)	Miss Ratchanee	Piboonmahachotikul	Internal Auditor
17)	Mrs. Masaya	Rungrueng	Secretary

## 2. Directors and Management Selection

The selection and election of the directors shall be proceeded through the shareholder meeting as following:-

- The selection of the director will be considered and selected by the Board of Directors.
- To nominate the selected Directors to be appointed by the shareholders at the general meeting of shareholders.
- Each director must obtain the votes of more than a half of the total vote of the shareholder who has the right to vote and attends the meeting.

The general meeting of shareholders shall elect and appoint the company's directors. The criteria and procedure for the appointment of directors are as follows :

- 1) One shareholder's share is good for one vote.
- 2) In the election of directors, the method of voting is to elect individual directors one person at a time or collectively, several persons at a time, or any other method as the meeting of shareholders may see fit; but in passing each resolution, it must be voted on with all the votes entitlements under 1. The votes may not be divided between persons or groups to any extent.
- 3) The election of directors shall be decided by a majority of votes. In case of tied votes, the chairman of the meeting shall be entitled to a casting vote.

In accordance with clauses 22 and 50 of the company's articles of association, one-third of the directors shall retire from the office at every annual general meeting of the shareholders. The retiring directors shall be those who have been longest in the office on the rotation basis. The chairman of the meeting shall request for the election of new directors until the vacant positions are filled.

Management selection is responsibility of the Managing Director as described in the Scope of authorities of the Managing Director.



### 3. Remuneration for the Board and Management

#### Financial Remuneration

##### Board of Directors

In 2010, the Company paid remuneration to the Audit Committee, consisting of 3 independent Directors totaling Baht 1,205,000.00 in form of annual Director's fees of Baht 939,000.00, Audit Committee meeting allowances totaling 7 times and Board meeting allowances totaling 6 times of Baht 247,000.00 and Annual General Meeting 1 time of Baht 19,000.00

##### Executives

In 2010, the company paid salary, bonus, and other remunerations to executive directors and executive officers totaling Baht 19,628,192.00. Moreover, the company also paid contributions of Baht 942,653.50 to the executive's provident fund.

Other remunerations

-none-

### 4. Control of Inside Information

Since 1996 it has been the company's policy that all the executives and employees shall adhere to the company's regulations concerning the ethical code of conduct or business ethics. The company's executives and employees are forbidden from using internal information for personal benefits and have to avoid conflicts of interest. The company always supervises and reports the movement of the company's shares held by executives and employees.

### 5. Personnel

As of December 31, 2010 the company's employees consisted of :

Administration	41	persons
Production	278	persons
Total	319	persons

The remuneration of company's employees in 2010 including salary, bonus, and other compensation fund, totaled Baht 59,072,079.50 and also contributions to the provident fund Baht 1,884,709.50

In the last 3 years, there has been no significant change in number of employees and no significant labors disputes.

### 6. Important Policy on Employees Development

The company shall provide its staff with training so that they will recognize their responsibility in product quality improvement and in serving customers demands to their utmost satisfactions



# PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Board is obliged to perform its duties for the best interests of the shareholders and shall treat its stakeholders and all parties concerned with utmost fairness and produce quality products and services to fit the needs and requirements of the customers.

The Board adheres to the principles of good corporate governance, ensuring that its business transactions are properly conducted with transparency and fairness for the mutual benefits to the Company's shareholders, stakeholders as well as the community and society where it operates.

This document is prepared as the Company's Corporate Governance Policy, in accordance with that mandated by the Stock Exchange of Thailand in 2006, and is reported in five separate categories, as follows:

## 1. The Rights of Shareholders

The rights of shareholders include all basic rights as both an investor and an owner of the Company; for instance, the rights to buy new shares, sell or transfer owned shares, the rights to receive dividends, the rights to attend the shareholder meetings, the rights to express or raise questions at the meetings, the rights to make decision by voting on important affairs of the Company, e.g. nomination of Directors, amendment of memorandum and articles of association and regulations of the Company, etc.

Notwithstanding all of the aforementioned fundamental rights, the Company, in 2009, launched the following measures to support and facilitate the exercise of the shareholders' rights:

1. In the case where any shareholder is unable to attend a meeting by himself/herself, the Company allows such shareholder to assign the Managing Director or any of the Company's independent directors as proxy to attend the meeting on his/her behalf by using any of the proxy forms enclosed with the meeting invitation letter.
2. At the meeting, the Company encourages the shareholders to freely comment, suggest or raise any question that he/she may have on each agenda item prior to the vote for resolution in each agenda item. At the meeting, sufficient details in each agenda item of the meeting must be provided to all shareholders. Should any shareholder have any concern or question to any specific agenda item, the Company will assign the board's directors and the top executives, whose responsibilities correspond to the concern/question, to give the clarification or the answer.

In addition, the Company provides the opportunity for the minority shareholders to nominate candidates to be elected as Directors and to propose agenda items prior to the general meeting of shareholders. The company has provided this opportunity for the minority shareholder to be elected as Directors and to propose agenda items prior to the general meeting of shareholders since 24 December 2010 until 31 January 2011.

## 2. Equitable Treatment of Shareholders

The Board is aware and shall provide equitable treatment to every individual shareholder and every group of shareholders, whether they are major or minor shareholders, individual investors or institutions, locally or overseas. Therefore, the Board shall make every effort in enhancing equality to all value shareholders, in particular the minor shareholders. For instance:

- To fix the rights to vote at the meetings according to the number of shares owned by each individual shareholder,
  - allowing one share one vote.

The Board has assigned responsibility to the independent directors to oversee the minority shareholders' interests by allowing minority shareholders to contact the independent directors directly for any issues and concerns that they may have over the Company's matters. The independent directors shall consider the issues, investigate the



- matters and find proper method in dealing with the situation. The independent directors shall present the issues that they consider important and affecting the shareholders or the business operations to the attention of the Board and may propose to set it as an agenda item for a shareholders' meeting in order to report the issues raised
- by the minority shareholders and how the matters have been resolved.

The Company provides an opportunity to the minority shareholders to suggest or propose agenda items and/or nominees to be elected as Directors in the shareholders' meetings to the independent directors via the Company's website: [www.thaipolyacrylic.com](http://www.thaipolyacrylic.com) or e-mail: [masaya.rungrueng@lucite.com](mailto:masaya.rungrueng@lucite.com) or via mail to the address

- shown on the website (Attention: Khun Masaya Rungrueng).

The Board has established necessary measures to control the use as well as to prevent the misuse of the Company's internal information for personal benefits, specifically those within the Company, namely Directors, all executives, all personnel working in related departments, including their spouses and minor children. For instance, should any Directors or top executives sell or buy the Company shares, they are required to report the shareholding

- transactions to SEC within 3 working days for public disclosure.

The Board shall convene the Shareholders' Annual General Meeting within 4 months after the end of the fiscal year and shall provide shareholders with the notice of the meeting and a clearly stated agenda with the Board's opinions on each agenda item. The notice and meeting agenda along with adequate supporting documents shall be delivered timely to the domestic and foreign shareholders prior to the meeting. Other information related to the meeting such as the Company's annual report, proxy forms, as well as details of the procedure to be used in the meeting should be supplied to the shareholders so that they have sufficient time to study the documents and information and the meeting procedure prior to the meeting.

At the Shareholders' Meeting, all shareholders have equal rights to express their opinions and suggestions and raise questions for each agenda item during the meeting.

Besides the Annual General Meeting of Shareholders, the Board may call an Extraordinary Shareholders' Meeting at any time it deems necessary. Likewise, shareholders may jointly request such a meeting in writing with sufficient justification, according to the Company's Articles of Association on calling such meetings. If warranted, an Extraordinary Shareholders' Meeting must take place within one month after the written request is received.

The Company recognizes the importance of each shareholder and respects each shareholder's rights. Therefore, the Company has implemented the aforementioned policies. The summarized details of the Company's action

- are as follows:

The Company has sent the invitation letter, in which date, time, and place of the meeting are addressed, to each shareholder 14 days prior to the date of the meeting. In 2009, the Annual General Meeting of Shareholders was held once on 28<sup>th</sup> April 2010, and record date was established to determine the shareholders who have the rights

- to attend and vote in the meeting.

At the annual general meeting, 6 directors (over half of the Board) as well as the auditors and the Company's

- executives attended the meeting. The list of attendees was shown in the minutes of the meeting.

The Company has prescribed that the vote card be used. Each shareholder was requested to cast his/her vote to each important agenda item separately in order that each shareholder was able to cast his/her vote to each agenda item in a free manner. After the voting, the Company counted and disclosed the results of the shareholders'

- resolution for each specific agenda item.

The Company, in its Ethical Code of Conduct, has prescribed that the Company's directors, executives, or employees must not use the information obtained in their position for their own self-interest or for conducting any business that is in competition or relation with the Company, as well as must not use the internal information for personal gains in selling or buying shares of the Company. In 2010, there was no occurrence of any conflict of interests or use of internal information for personal gains in sale/purchase of the Company's shares. In addition, the structure of the Company's shareholding in 2010 has been clearly provided in the Company's annual report.

- The Company has disclosed the details of the nominees for Directors, Independent Directors, and the Company's auditors in the invitation letter for the annual general meeting submitted to all shareholders.
- From 2010 onwards, the Company has provided the minority shareholders the opportunity to suggest additional agenda items to the shareholders' meetings to the Board of Directors via [www.thaipolyacrylic.com](http://www.thaipolyacrylic.com) or [masaya.rungrueng@lucite.com](mailto:masaya.rungrueng@lucite.com).
- The Company has also provided the opportunity for the minority shareholders to nominate any qualified candidate for the election to the Board by sending their nomination to [www.thaipolyacrylic.com](http://www.thaipolyacrylic.com) or [masaya.rungrueng@lucite.com](mailto:masaya.rungrueng@lucite.com), to be considered by the independent directors before submission to the Company's Board of Directors.

### 3. The Roles of Stakeholders

The Company conducts its business with responsibility to ensure mutual benefits to all groups of stakeholders so that the administration and the business operations of the Company shall not have an impact on the rights of stakeholders concerned, namely shareholders, employees, customers, creditors, competitors, community and society.

- **Shareholders:** Besides the basic rights stipulated by the laws and the rights according to the Company's regulations that have been described earlier in the section of the Rights of Shareholders, the Company allows the shareholders the rights, as the owners of the Company, to make suggestions or comments on the Company's affairs directly to the independent directors. Each comment and suggestion shall be treated as confidential and considered with prudence before being presented to the Board of Directors.
- **Employees:** The Company regards all employees as its essential asset and shall continue to develop competence and integrity of the employees. The Company shall provide its employees with good benefits such as medical treatment scheme and provident fund scheme and shall treat all employees in such a way that they are happy to perform their tasks, by providing workplace that is safe and with healthy environment. The Company has set an operational manual as a mechanism for the employees to file their complaints or to report any concerns about illegal, unethical or unfair practices within the Company.

The Company has been treating all employees in the manner that allows them to work with happiness by promoting safe working environment as well as providing appropriate welfares, facilities, and entertainments.

- **Customers:** The Company is dedicated to providing customers with maximum benefits in terms of product and service quality at a competitive price. The customers shall be provided with all relevant data sheet and product information and the technical service assistance as well as the complaint handling procedure, to ensure customers' satisfaction.
- **Creditors:** The Company shall maintain good relationship with the creditors in such a way that they have trust and confidence. In doing so, the Company shall commit itself to and honor any promises and obligations agreed with the creditors.
- **Competitors:** The Company shall treat its business competitors in accordance with the laws and generally accepted trade principles. The Company shall operate its business within a fair competitive context and shall not take any unfair, illegal advantage of its business competitors.
- **Community and Society:** The Company continues to operate its business that is beneficial to the nation's economy, society and the community in which the Company is located, especially by providing support and opportunities for better education and development for young people in sports, innovations, science, and technology. In addition, the Company shall co-operate with the community and the government agencies in preventing any action that may be hazardous to the environment, the community and the society as a whole.



The important projects implemented for the community and the society in 2010 are as follows:

1. To provide children with bicycles as Children's Day gifts at the Krathum Lom Municipality
2. To provide the students of the Krathum Lom School with scholarship of Baht 30,000 for supporting pursuant to the Company's policy.
3. To provide the Phumthamonthon Police Station with motorcycle windshields
4. To provide people affected by flood with financial support as well as necessity items.

#### 4. Disclosure and Transparency

Apart from disclosure of the Company's information and financial statements to the public through various channels under the conditions stipulated by the law on a complete, accurate, sufficient and timely basis, the Company shall disclose the following information to the public to ensure transparency of the business operations:

- Disclose the performance and attendance records of sub-committees.
- Disclose corporate governance policy and the results of its implementation

In 2007, the Company established in writing the policy of good corporate governance, and disclosed the results of implementation with the regard to the policy in the annual report for 2010 as well as publicized such results via [www.thaipolyacrylic.com](http://www.thaipolyacrylic.com) under the headline of Good Corporate Governance.

- Disclose the policy on remuneration for the board's directors and top executives, including forms, types, and the amount of the remuneration.
- Allow the general public, including the community and institutions, to raise questions through the Company's website and/or direct contact with the Managing Director or the authorized executives for the appointment of meeting.
- Because some directors reside abroad, they may assign a proxy to attend a shareholders' meeting on their behalf. However, the Board has a policy of having all of its directors attend every meeting where there are important issues in the meeting agenda, such as the consideration and approval of future investments and expansion, and the consideration and approval of the annual operating results and financial statements, etc.

In addition to the aforementioned data, the Company has addressed, in the 2010 Annual Report in both Thai and English languages, the information as to the name list and the duties of the Board of Directors, the Audit Committee, the remunerations for the directors and the executives as well as the Board of Directors' responsibilities in making the financial report.

#### 5. The Board Structure, Roles and Responsibilities of the Board and the Sub-Committees

##### 5.1 Structure of the Board

The Company is of the opinion that the Board shall comprise a well-balanced number of not more than 9 directors, consisting of 3 independent directors, 1 top executive, and representatives of the major shareholders for the remainder. This took effect after the Annual General Meeting of Shareholders in 2009.

##### 5.2 Chairman and Managing Director

With respect to the difference in duties and responsibilities between the Chairman, as the head at the policy level, and the Managing Director of the Company, as the chief of the management executives who look after all aspects of the business operations following the policy, the Company deems it appropriate to separate the roles and responsibilities of the two positions and that the two positions shall not be held by the same person in order to ensure the balance of authority.

The Company has not appointed an independent director as Chairman, as advised in the good corporate governance guidelines of SET, but the independent directors have full independence to express their opinions to the Board.

### 5.3 The Sub-Committees

Considering the Company's Board structure, the Company has appointed all 3 Independent Directors to work as Audit Committee, which reports directly to the Board of Directors.

The Audit Committee shall have the authority and responsibility to oversee, review, and assess the operations of the Company to ensure conformity with the laws and regulations of the regulating authorities, as well as the Company rules and regulations and the code of conduct. The Audit Committee is also responsible to oversee and enhance corporate financial statements and reporting systems in accordance with the international standards, and shall oversee and review regularly the Company's internal control, internal audit, and risk management systems in order to ensure that all systems are adequate, updated and efficient.

The Audit Committee shall perform its duties independently. It can assign or supervise the internal auditors to audit all systems and can present its opinions freely to the Board of Directors. In addition, the Audit Committee can consult with the Company's external auditors and management executives regarding matters of the Company, or it may seek advice from experts in specialized fields as appropriate, such as legal and accounting experts.

The Company is in support of establishing Nomination Committee or Remuneration Committee, as advised by the SET, but as this task can still be managed by the Board itself, the Company has currently chosen not to establish the sub-committee.

### 5.4 Roles and Responsibilities of the Board

The Board of Directors shall be fully responsible for setting the Company's vision, mission, corporate policies and objectives, and shall regularly review the business strategic plans to ensure the Company's growth, efficient performance and competitiveness in the dynamic global environment. The Board shall also review and assess the performance of the top management and the overall performance of the Company, and oversee the Company's risk management systems and the corporate governance policy to ensure the continuous improvement and conformity with the international standards.

The Board's directors shall devote their time and efforts for the Company's growth and shall take responsibility in protecting the Company's interests without seeking personal benefits or acting in conflict of the Company's interests. The utmost duty of the Board of Directors is to ensure corporate growth and stability, and attain balanced and sustainable benefits for all stakeholders, especially the shareholders.

In 2010, there were 6 board meetings. Prior to each meeting the Company submitted the meeting agenda and information for each item on the agenda to each member of the Board of Directors so that the members had sufficient time to study the details about each agenda item.

As for the consideration of each agenda item, Chairman of the Board, as the chairman of the meetings, granted each director the chance to give opinions in a free manner. As for the vote on each agenda item, each director has one vote. Resolutions are passed by a majority of votes and in case of equal votes the chairman of the meeting has the right to cast the deciding vote.

After each meeting, the secretary of the Board of Directors shall prepare the meeting minutes and present it to the Chairman of the Board of Directors to approve by signature. All minutes are to be approved in the subsequent meeting. After that, the minutes are systematically filed and stored in hard copies in the office of the Managing Director, together with all of the supporting documents of the meeting to facilitate easy access for future reference.



Furthermore, the Company has established an internal audit system since 2000. The responsibilities of the Internal Auditor are to audit and to monitor the sufficiency of the internal control system, as well as to audit the operations of the management and the Company's risk management. The Internal Auditor works independently and reports directly to the Company's Audit Committee. In 2010, the Internal Auditor had 7 meetings with the Audit Committee, where all members of the committee were present. The performed duty of the Audit Committee was recorded and presented in an audit committee report after every meeting.

### 5.5 Qualifications and Nomination of the Board of Directors

The Board of Directors shall identify qualified candidates to replace the directors retiring at the end of their terms or for any other reasons, and shall consider and submit a list of nominees to the Shareholders' Meeting for resolution. It is the Board's responsibility to consider and select candidates who are highly qualified, experienced professionals from various fields, who demonstrate breadth of vision and great leadership, who have competence as well as a proven record of high moral standards, integrity, and professionalism.

### 5.6 Term of Office of the Board of Directors

The Company has prescribed that all Directors, including Independent Directors, shall be appointed on a 3 years term and shall be retired on a rotation basis. According to the Company's Article of Association, one third of the Company's directors shall be retired on the rotation basis at every annual general meeting. However, the retired directors can be re-elected at the shareholders' meeting.

In the case any director has tendered his/her resignation or is to be retired for any other reasons prior to the end of his/her term, the Board can appoint a succeeding director and he or she can remain in the position to complete the remaining term of the former director.

### 5.7 Remuneration of the Board and Management

None of the Company's directors, except the independent directors and executive directors, shall receive any form of remuneration and benefits from the Company. The independent directors are provided with agreed annual director's fees and per diem meeting allowances, of which the rates are considered fair in the industry in which the Company operates.

Regarding the remuneration of the Managing Director and top executives, the Chairman and the Board shall consider the individual performance and achievements and the Company's overall performance against the agreed budget of the particular year.

Remuneration shall be disclosed transparently in the Company's annual report. The Company has disclosed in its 2010 Annual Report details regarding the remuneration for Independent Directors and the Company's executives. Non-Executive Directors did not receive any kinds of remuneration from being the directors of the Company.

### 5.8 Risk Management

The Board sets policies and establishes the risk management system for preventing and managing those identified risks. The system is applied throughout the business operations along with the systems of monitoring, analysis, standards comparison, and assessment of the risk management, as well as an audit system. The Board has assigned the Audit Committee to oversee the audit system in order to ensure that the Company's risk management and the implementations have been properly conducted. The Audit Committee shall report regularly to the Board the progress of implementation of the risk management.

### 5.9 Assessment of the Board of Directors

The Board of Directors has conducted self-assessment and recorded the results in the minutes of the board meetings. After consideration, the Board is of the opinion that it is not currently necessary to disclose the results of the assessment to the public.



## The Company's activities in 2010



### Children's Day Activity

9 January 2010

TPA treated its employees' children with food and gifts.

### Support to Public Sector

28 January 2010

TPA supported the Krathum Lom Municipality with bicycles to be given away as Children's Day gifts.



### Educational Fund

26 May 2010

TPA provided support to the government with a 30,000 baht educational fund for students of the Krathum Lom School. The fund was provided in accordance with the company's policy.

### Buddhist Lent

23 July 2010

TPA with its Human Resources Department organized a campaign encouraging employees to refrain from alcohol during Buddhist lent.



### Support to Government Agency

24 August 2010

TPA provided support and assistance by making motorcycle windshields and giving them to the Phutthamonthon Police Station.





### Support to Flood Victims

26 October 2010

TPA provided financial support as well as necessity items to people affected by flood.



### Annual Physical Check-up

25 November 2010

TPA arranged for an annual physical check-up to safeguard the employees' health.

### Fire Drill Training and Practice

28 December 2010

TPA organized the fire drill training and practice for 2010 to prepare the employees to be ready and know what to do in an emergency situation.



### Workshop Promoting Harmony within Organization

28 December 2010

TPA, always valuing its human resources, invited an external expert to conduct a workshop for its employees in order to promote harmony, enhance efficiency, as well as increase knowledge and skills of its personnel, which will ultimately benefit the company itself.

## RELATED PARTY TRANSACTIONS

The material related party transactions consist of the transactions carried out with Lucite Group Mitsubishi Rayon Group and Asiatic Acrylic Company Limited. They were carried out on the terms and conditions similar to those carried out with third parties and based on an arm's length basis. Service fee is charged based on the level of difficulty of service provided.

In 2010 the company had related transactions with corporate entities which might cause the conflict of interests and would be subject to the regulations of the Stock Exchange of Thailand as follows:-

### a) Purchases/sales of goods and services for the years ended 31 December 2010

( Unit : Million Baht.)

Parties that might cause the conflict	Relationship	Type of transaction	Transaction Value	Price Policy	Reason
Lucite International Japan Ltd.	Shareholder is Lucite International UK Overseas Holdco1 Limited	Purchases of raw materials	0.78	Market price.	Quality and lead time.
Lucite International (Shanghai) Trading Ltd.	Shareholder is Lucite International UK Overseas Holdco1 Limited	Sales of goods	6.12	Selling price is based on an arm's length basis.	To expand the business in China.
		Service fee	1.61	Service fee is charged based on the level of difficulty of service provided.	
Lucite International Korea Ltd.	Shareholder is Lucite International UK Overseas Holdco1 Limited	Service fee	4.10	Service fee is charged based on the level of difficulty of service provided	To expand the business in Korea.
Lucite International Singapore Pte. Ltd. (Singapore)	Shareholder is Lucite International UK Overseas Holdco1 Limited	Service fee	0.23	Service fee is charged based on the level of difficulty of Service provided.	To expand the business in Singapore.
		Purchases of raw materials	54.89	Market price	Quality and prevent loss of supply.



## a) Purchases/sales of goods and services for the years ended 31 December 2010

( Unit : Million Baht.)

Parties that might cause the conflict	Relationship	Type of transaction	Transaction Value	Price Policy	Reason
Lucite International UK Ltd. (Darwen)	Shareholder is Lucite International UK Overseas Holdco1 Limited	Purchases of raw materials	16.71	Market price	Quality and prevent loss of supply. To expand the business in United Kingdom.
		Materials and supplies in transit	1.70		
		Service fee	0.58	Service fee is charged based on the level of difficulty of service provided.	
Lucite International Holland B.V.	Shareholder is Lucite International UK Overseas Holdco1 Limited	Purchases of raw materials	1.11	Market price.	Quality and special product.
Thai MMA Co.,Ltd	Shareholder is Mitsubishi Rayon Co.,Ltd	Purchases of raw materials	579.99	Market price.	Quality and prevent loss of supply.
Diapolyacrylate Co.,Ltd	Shareholder is Mitsubishi Rayon Co.,Ltd	Purchases of raw materials	42.26	Market price.	Quality and prevent loss of supply.

b) Outstanding balances arising from sales/purchases of goods and services  
as at 31 December 2010

( Unit : Million Baht.)

Parties that might cause the conflict	Relationship	Type of transaction	Transaction Value	Price Policy	Reason
Lucite International (Shanghai) Trading Ltd.	Shareholder is Lucite International UK Overseas Holdco1 Limited	Trade accounts receivable	1.09	Selling price is based on an arm's length basis.	To expand the business in China.
		Other payable	0.17	Service fee is charged based on the level of difficulty of service provided.	
Lucite International Korea Ltd.	Shareholder is Lucite International UK Overseas Holdco1 Limited	Other payable	3.85	Service fee is charged based on the level of difficulty of service provided.	To expand the business in Korea.
Lucite International Asia Pacific Pte. Ltd. (Singapore)	Shareholder is Lucite International UK Overseas Holdco1 Limited	Other payable	0.21	Service fee is charged based on the level of difficulty of service provided.	To expand the business in Singapore.
		Trade accounts payable	6.81	Market price.	Quality and prevent loss of supply.
Lucite International UK Ltd. (Darwen)	Shareholder is Lucite International UK Overseas Holdco1 Limited	Trade accounts payable	5.11	Market price.	Quality and prevent loss of supply.
		Other payable	0.35	Service fee is charged based on the level of difficulty of service provided.	To expand the business in United Kingdom.
Thai MMA Co.,Ltd.	Shareholder is Mitsubishi Rayon Co.,Ltd	Trade accounts payable	207.31	Market price.	Quality and prevent loss of supply.
Diapolyacrylate Co.,Ltd.	Shareholder is Mitsubishi Rayon Co.,Ltd	Trade accounts payable	11.43	Market price.	Quality and prevent loss of supply.

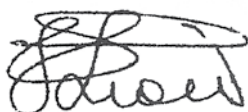


## REPORT ON ACCOUNTABILITY OF THE BOARD OF DIRECTORS TO THE FINANCIAL REPORT

The Board of Directors has full responsibility not only to oversee the effectiveness of the overall business performance year on year, but to ensure the accuracy and completeness of financial statements that all relevant information must be disclosed and prepared in accordance with generally accepted accounting standards in Thailand.

The Board of Directors also provides full support for an effective internal control system under the supervision of the Audit Committees, comprising of all three independent directors who are qualified and independent to set up the financial control system including the related party transaction which could potentially have involved a conflict of interest, in order to assure the reliability of the financial statements which are the intention and policy of the company to do the business in compliance with good corporate governance.

The Board of directors has considered the 2010 Financial Statements and hereby ensured the accuracy and appropriate disclosure of the Company's financial statements as at December 31, 2010.



(Mr. Sei Jin Liou)

Chairman of the Board of Directors



(Mr. Suchitr Srivetbodee)

Managing Director



บริษัท ไทยโพลีอะคริลิก จำกัด (มหาชน)  
THAI POLY ACRYLIC PUBLIC COMPANY LIMITED.

Audit Committee Report

Year 2010

To The Shareholders

The Audit Committee of Thai Poly Acrylic Public Co., Ltd. Comprised of 3 independent directors, having Mr.Seri Sakdisawasdi as Chairman, Assistant Professor Wattanee Phanachet and Mr. Sorasakdi Suchat as committed member. The Audit committee reports to the Company's Board of Directors, and its scope of authority, duties and responsibilities are specified in the audit committee charter.

In 2010, the Audit Committee held 7 meetings with the auditor, internal auditor and company's management and every committee member attended in every meeting, the main topics of the meetings are as follows:

1. The Audit Committee reviewed the Company's financial statement of the quarterly and year 2010 and agreed that the Company's financial statements were prepared according to the generally accepted accounting principles and standards, including disclosures of adequate relevant information in footnotes and related party transactions are in compliance with the guidelines of the Stock Exchange of Thailand.
2. The Audit Committee reviewed the Company's internal control system in conjunction with the auditor and the management, and found that the internal control system to be appropriate and adequate.
3. The Audit Committee reviewed the internal audit independency, the annual internal audit plans, the scope of the internal audit unit and the internal audit results, including the evaluation of the internal auditor's job performance and found no deficiencies.
4. The Audit Committee found that the Company is in full compliance with the applicable regulations of the Stock Exchange of Thailand and other relevant authorities.
5. The Audit Committee reviewed and evaluated its own performance and found that it was in accordance to the scope of authority, duties, responsibilities specified in the Audit Committee charter.
6. Consider, select, specify the compensation for the auditor, and submit it to the Company's Board of Directors who will then propose it to the general meeting of shareholders for their appointment of Ernst & Young Office Limited as the Company's auditor for 2011. The audit fee amounting to Baht 1,100,000 and having any one of the following persons conducts an audit :

- |                               |  |
|-------------------------------|--|
| 1. Mr. Supachat Phanyawattano | Certified Public Accountant(Thailand) No.3930 and/or |
| 2. Mr. Narong Puntawong       | Certified Public Accountant(Thailand) No.3315 and/or |
| 3. Miss. Siraporn Ouannunkun  | Certified Public Accountant(Thailand) No.3844        |

60-61 หมู่ 9 ถนนพหลโยธินสาย 4 ตำบลกระทุ่มล้ม อำเภอสองพี่น้อง จังหวัดนครปฐม 73220  
60-61 Moo 9, Phuthamonthon Rd., No.4 Krathumliom, Sampran, Nakhonpathom 73220 THAILAND.  
Tel. (662) 429-2020, 429-2487-8, 889-8720-5 Fax : (662) 429-2534, 429-2541, 888-5953  
www.thaipolyacrylic.com





บริษัท ไทยโพลีอะคริลิค จำกัด (มหาชน)  
THAI POLY ACRYLIC PUBLIC COMPANY LIMITED.

Furthermore, the Audit Committee had a meeting with the auditor, excluding Company's management, to consult independently about the relevant issues pertaining to the preparation of the Company's financial statements, risk management and information disclosures which would benefit the financial statements readers, including the adequacy of the Company's internal control system.

Seri Sakdisawasdi

Chairman of the Audit Committee

22 February 2011

60-61 หมู่ 9 ถนนพหลโยธินสาย 4 ตำบลกระทุ่มล้ม อำเภอสสามพราน จังหวัดนครปฐม 73220  
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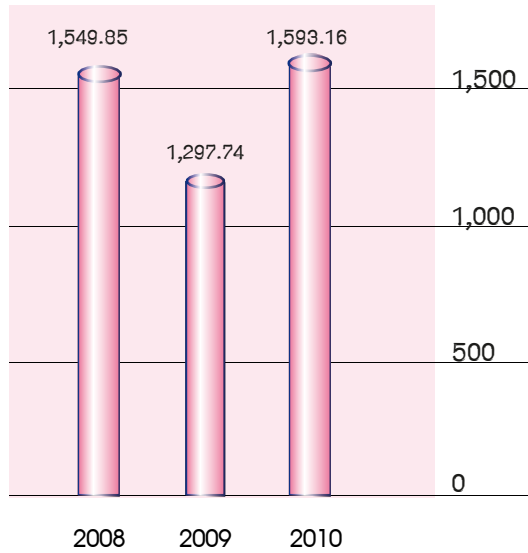


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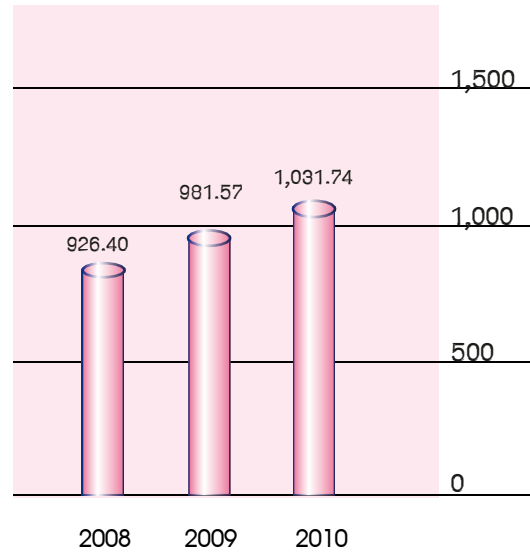


## Financial Overview

Revenues (Million Baht)



Assets (Million Baht)



		2010	2009	2008
Revenues	(Million Baht)	1,593.16	1,297.74	1,549.85
Expenses	(Million Baht)	1,523.08	1,219.58	1,480.42
Net profit (loss)	(Million Baht)	51.99	61.19	48.17
Earnings (Loss) per share	(Baht)	4.28	5.04	3.96
Shares	(Million Baht)	12.15	12.15	12.15
Assets	(Million Baht)	1,031.74	981.57	926.40
Liabilities	(Million Baht)	428.19	375.33	332.75
Shareholders' Equity	(Million Baht)	603.55	606.24	593.65
Book Value per share	(Million Baht)	49.68	49.90	48.86



# Explanation Financial Analysis & Operating Performance





To the Shareholders and the Board of Directors of Thai Poly Acrylic Public Company Limited

I have audited the accompanying balance sheet of Thai Poly Acrylic Public Company Limited as at 31 December 2010, and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Thai Poly Acrylic Public Company Limited for the year ended 31 December 2009, were audited by another auditor in the same firm as myself, whose report dated 24 February 2010, expressed an unqualified opinion on those statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Poly Acrylic Public Company Limited as at 31 December 2010, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.



Anutai Poomsurakul  
Certified Public Accountant (Thailand) No. 3873  
PricewaterhouseCoopers ABAS Limited

Bangkok  
25 February 2011

# Financial Statements

## Balance Sheets

Thai Poly Acrylic Public Company Limited  
As at 31 December 2010 and 2009

	Notes	2010 Baht	2009 Baht
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	5	204,949,618	216,802,399
Short-term investments	6	1,005,333	1,502,600
Trade accounts receivable (net)	8	386,644,082	330,700,451
Trade accounts receivable - related companies	7	1,086,156	4,514,302
Inventories (net)	9	137,886,188	103,349,079
Value added tax receivable		3,281,606	4,421,490
Loans to employees		413,694	398,542
Other current assets	10	4,373,945	3,897,945
Total current assets		739,640,622	665,586,808
Non-current assets			
Property, plant and equipment (net)	11	287,376,880	312,283,284
Computer software in progress	12	2,050,000	-
Prepaid rental expenses (net)	13	2,276,065	3,301,692
Deposits		400,031	400,031
Total non-current assets		292,102,976	315,985,007
Total assets		1,031,743,598	981,571,815

The notes to the financial statements on pages 113 to 134 form an integral part of these financial statements.



**Balance Sheets**  
**Thai Poly Acrylic Public Company Limited**  
**As at 31 December 2010 and 2009**

	Notes	2010 Baht	2009 Baht
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade accounts payable - related companies	7	230,662,757	195,646,594
Trade accounts payable - other companies		145,487,096	115,390,658
Other payables - related companies	7	4,582,278	5,893,277
Other payables - other companies		12,093,059	9,283,685
Accounts payable - forward contracts (net)	24	1,745,072	782,330
Current portion of finance lease liabilities	14	425,902	932,428
Accrued income tax		7,927,968	9,790,896
Accrued expenses		19,779,417	33,233,623
Other current liabilities		4,910,280	3,375,063
<b>Total current liabilities</b>		<b>427,613,829</b>	<b>374,328,554</b>
<b>Non-current liabilities</b>			
Finance lease liabilities	14	575,456	1,001,358
<b>Total non-current liabilities</b>		<b>575,456</b>	<b>1,001,358</b>
<b>Total liabilities</b>		<b>428,189,285</b>	<b>375,329,912</b>
<b>Shareholders' equity</b>			
Share capital	15		
Registered			
12,150,000 ordinary shares, par value of Baht 10 each		121,500,000	121,500,000
Issued and paid-up			
12,150,000 ordinary shares, par value of Baht 10 each		121,500,000	121,500,000
Premium on share capital	15	233,350,000	233,350,000
Retained earnings			
Appropriated - legal reserve	16	12,150,000	12,150,000
Unappropriated		236,554,313	239,241,903
<b>Total shareholders' equity</b>		<b>603,554,313</b>	<b>606,241,903</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,031,743,598</b>	<b>981,571,815</b>

The notes to the financial statements on pages 113 to 134 form an integral part of these financial statements.

## Statements of Income

Thai Poly Acrylic Public Company Limited

For the years ended 31 December 2010 and 2009

	Notes	2010 Baht	2009 Baht
Sales (net)	7	1,536,735,497	1,234,817,624
Services income		14,944,778	18,813,748
Cost of sales and services		(1,402,234,943)	(1,087,134,095)
<b>Gross profit</b>		<b>149,445,332</b>	<b>166,497,277</b>
Sales of production scrap		35,638,428	35,273,305
Other income		5,845,339	8,833,342
<b>Profit before expenses</b>		<b>190,929,099</b>	<b>210,603,924</b>
Selling expenses		(58,647,770)	(54,550,016)
Administrative expenses		(43,975,935)	(51,352,882)
Directors and management benefit expenses		(18,219,170)	(26,545,173)
<b>Total expenses</b>		<b>(120,842,875)</b>	<b>(132,448,071)</b>
<b>Profit before finance costs and income tax</b>		<b>70,086,224</b>	<b>78,155,853</b>
Finance costs - interest expenses	17	(95,061)	(311,681)
<b>Profit before income tax</b>		<b>69,991,163</b>	<b>77,844,172</b>
Income tax	18	(18,003,753)	(16,654,928)
<b>Net profit for the year</b>		<b>51,987,410</b>	<b>61,189,244</b>
<b>Basic earnings per share</b>	19	<b>4.28</b>	<b>5.04</b>

The notes to the financial statements on pages 113 to 134 form an integral part of these financial statements.

Statements of Changes in Shareholders' Equity  
 Thai Poly Acrylic Public Company Limited  
 For the years ended 31 December 2010 and 2009

Baht						
	Note	Issued and paid-up share capital	Premium on share capital	Legal reserve	Unappropriated retained earnings	Total
<b>Opening balance</b>		Note 15	Note 15	Note 15		
1 January 2010		121,500,000	233,350,000	12,150,000	239,241,903	606,241,903
Net profit for the year		-	-	-	51,987,410	51,987,410
Dividends paid	20	-	-	-	(54,675,000)	(54,675,000)
<b>Closing balance</b>						
31 December 2010		121,500,000	233,350,000	12,150,000	236,554,313	603,554,313
<b>Opening balance</b>						
1 January 2009		121,500,000	233,350,000	12,150,000	226,652,659	593,652,659
Net profit for the year		-	-	-	61,189,244	61,189,244
Dividends paid	20	-	-	-	(48,600,000)	(48,600,000)
<b>Closing balance</b>						
31 December 2009		121,500,000	233,350,000	12,150,000	239,241,903	606,241,903

The notes to the financial statements on pages 113 to 134 form an integral part of these financial statements.



## Statements of Cash Flows

Thai Poly Acrylic Public Company Limited

For the years ended 31 December 2010 and 2009

	Notes	2010 Baht	2009 Baht
<b>Cash flows from operating activities</b>	21	52,270,575	152,727,388
<b>Cash flows from investing activities</b>			
Interest received		1,035,669	177,900
Proceeds from sales of equipment		21,957	-
Purchases of plant and equipment		(7,721,927)	(4,463,484)
Purchases of computer software		(1,762,000)	-
Proceeds from deposits		-	72,995
Net cash used in investing activities		(8,426,301)	(4,212,589)
<b>Cash flows from financing activities</b>			
Proceeds from short-term loan from a financial institution		-	20,000,000
Repayment on short-term loan from a financial institution		-	(20,000,000)
Finance lease repayments		(1,027,489)	(1,361,154)
Dividends paid	20	(54,675,000)	(48,600,000)
Net cash used in financing activities		(55,702,489)	(49,961,154)
<b>Net increase (decrease) in cash and cash equivalents</b>		(11,858,215)	98,553,645
Cash and cash equivalents at the beginning of the year		216,802,399	118,307,151
Unrealised gain (loss) on exchange rate from foreign currency bank accounts		5,434	(58,397)
<b>Cash and cash equivalents at the end of the year</b>		204,949,618	216,802,399
<b>Supplementary information for cash flows</b>			
<u>Property, plant, equipment and computer software in progress</u>			
Purchases of property, plant, equipment and computer software in progress	11, 12	12,757,049	2,693,871
Payables on purchases of property, plant, equipment and computer software in progress (increase) decrease		(3,273,122)	1,769,613
Cash payment for purchases of property, plant, equipment and computer software in progress		9,483,927	4,463,484

The notes to the financial statements on pages 113 to 134 form an integral part of these financial statements.

# Notes to the Financial Statements

Thai Poly Acrylic Public Company Limited  
For the years ended 31 December 2010 and 2009

## 1 General information

Thai Poly Acrylic Public Company Limited is a public limited company, incorporated and resident in Thailand. The address of its registered office is as follows:

Head office	:	60-61 Moo 9, 4 <sup>th</sup> Putthamonthon Road, Krathumlom, Sampran, Nakornpathom.
Branch 1	:	134/5 Krungthonburi Road, Klongtonsai, Klongsan, Bangkok.
Branch 2	:	77/20 Moo 12, Raikink, Sampran, Nakornpathom.

The Company is listed on the Stock Exchange of Thailand. 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 as part of the same line of business.

The financial statements have been approved by the Company's board of directors on 25 February 2011.

## 2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543 being those Thai Accounting Standards ("TAS") issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

An English version of the financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.



## 2 Accounting policies (Cont'd)

### 2.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards and accounting framework

#### a) Accounting framework

The amendment of accounting framework is effective on 26 May 2010.

#### b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards

The following new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 January 2011 and 1 January 2013, but the Company has not early adopted them:

#### Effective for the periods beginning on or after 1 January 2011

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
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
TFRIC 15		Agreements for the Construction of Real Estate



## 2 Accounting policies (Cont'd)

### 2.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards and accounting framework (Cont'd)

a) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

The following new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 January 2011 and 1 January 2013, but the Company has not early adopted them: (Cont'd)

#### Effective for the periods beginning on or after 1 January 2013

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

The Company's management has determined that the new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards have significant impact to the financial statements being presented as follows:

TAS 1 (Revised 2009), the revised standard will prohibit the presentation of items of income and expenses in the statement of changes in equity. Entities can choose whether to present one statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated statement of financial position as at the beginning comparative period in addition to the current requirement to present statement of financial position at the end of the current period and comparative period. However, for the financial statements which period beginning on or after 1 January 2011 and are the first period applying this standard, an entity can choose to present statement of financial position only two periods without the statement of financial position as at the beginning comparative period. The Company will apply TAS 1 (Revised 2009) from 1 January 2011. It is likely that both income statement and statement of comprehensive income will be presented as one statement.

TAS 12 deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. The Company will apply this standard from 1 January 2013 retrospectively with expected to have deferred tax accounts in relation to differences arising from depreciation on property, plant and equipment, allowance for doubtful accounts, allowance for inventories obsolescence and finance lease which will affect retained earnings and income tax expense. The management is currently assessing the impact of applying this standard.

## 2 Accounting policies (Cont'd)

### 2.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards and accounting framework (Cont'd)

b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

TAS 16 (Revised 2009), the revised standard requires the entity to include in cost of PPE, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has obligation to do. An entity requires that an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The revised standard also requires an entity to review useful life, residual value and depreciation method at least at each financial year-end. The Company will apply this standard from 1 January 2011. The management is currently assessing the impact of applying this standard.

TAS 19 deals with accounting for employee benefits. The standard classifies employee benefits into 4 categories: a) short-term employee benefits b) post-employment benefits (including defined contribution plan and defined benefit plan) c) other long-term employee benefits and d) termination benefits. The standard requires the entity to measure the defined benefit plan and other long-term employee benefits by using the Projected Unit Credit method (PUC). An entity can choose to recognise any actuarial gain or loss for defined benefit plan either in other comprehensive income or profit and loss. Actuarial gain or loss for other long-term employee benefits shall be recognised in profit and loss. The Company will apply this standard from 1 January 2011. The management is currently assessing the impact of applying this standard.

### 2.3 Foreign currency translation

Items included in the financial statements are measured using Thai Baht. The financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Thai Baht at the exchange rates prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of income.

### 2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

### 2.5 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.



## 2 Accounting policies (Cont'd)

The Company maintains an allowance for doubtful accounts to reflect impairment of trade receivables relating to estimated losses resulting from the default or inability of customers to make required payments. The allowance is based on consideration of historical collection experience, known and identified instances of default of each customer.

### 2.6 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost of raw materials is determined by the first-in, first-out method while cost of finished goods and work in process is determined by the weighted average method.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

The cost of purchase of raw materials comprises both the purchase price and costs directly attributable to the acquisition of the raw materials, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating capacity.

Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

The Company maintains an allowance for obsolete and defective inventories to reflect impairment of inventories. The allowance is based on the consideration of inventory turnover and deterioration of each category especially for finished goods, the Company will fully set up an allowance for obsolete and defective inventories for finished goods which have no movement longer than 1 year. In addition, the Company also maintains an allowance for net realisable value to reflect the estimated losses resulting from the selling prices of inventories which are less than their costs. The allowance is based on the consideration of committed selling prices and the trend of selling prices in the market.

### 2.7 Property, plant and equipment

Land is stated at historical cost. All other property, plant and equipment is stated at historical cost less accumulated depreciation.

Depreciation of assets acquired before the year 1992 is calculated on the diminishing balance method at the rate of 20% per annum and depreciation of assets acquired from the year 1992 onwards is calculated on the straight line method to write off the cost of each asset, except for land which is not depreciated, over the estimated useful life as follows:

Buildings improvement	5	years
Buildings	20	years
Machinery and equipment	5,10	years
Furniture, fixtures and office equipment	3,5	years
Motor vehicles	5	years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

## 2 Accounting policies (Cont'd)

Repairs and maintenance are charged to the statement of income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the statement of income.

### 2.8 Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives, not exceeding a period of 3 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of 3 years.

### 2.9 Prepaid rental expenses

Expenditure on acquired leasehold right on land is capitalised and amortised using the straight-line method over the lease period.

### 2.10 Impairment of assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Assets that suffered an impairment are reversed for possible impairment loss if the estimation of the recoverable amounts were changed in subsequent period after the Company's recognition of impairment.

### 2.11 Leases - where the company is the lessee

Leases of property, plant and equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period. The property, plant and equipment acquired under



finance leases is depreciated over the useful life of the asset.

## 2 Accounting policies (Cont'd)

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

### 2.12 Employee benefits

The Company operates a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and by the Company. The Company's contributions to the provident fund are charged to the statement of income in the year to which they relate.

"The post employment benefits under the Thai Labour Law" are not recognised in the financial statements.

### 2.13 Deferred income taxes

The Company does not recognise income taxes payable or receivable in future periods with respect to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment, allowance for doubtful accounts, allowance for inventories obsolescence and finance lease.

### 2.14 Provisions

Provisions, excluding the provisions for employee benefits, are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

### 2.15 Accounting for derivative financial instruments

Foreign currency forward contracts establish a predetermined exchange rate ("forward rate") at which the Company will receive foreign currency amounts on a predetermined future date. Obligations under forward contracts are recognised in the balance sheet on inception. At the balance sheet date the foreign currency amounts receivable or payable under these contracts are translated at the balance sheet exchange rate. Unrealised gains or losses that result from the translation are recognised in the statement of income. Any premium or discount equal to the difference between the exchange rate and the forward rate at the inception of the contract is amortised over the life of the contract.

### 2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services net of output tax and discounts. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from rendering services is recognised when services are rendered.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity when it is determined that such income will accrue to the Company.





## 2 Accounting policies (Cont'd)

### 2.17 Dividends

Dividends are recorded in the financial statements in the period in which they are approved by the shareholders.

### 2.18 Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that are subject to risks and returns that are different from those of components operating in other economic environments.

Segment information is presented by geographical areas of the Company's operations.

## 3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## 4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

## 5 Cash and cash equivalents

	2010 Baht	2009 Baht
Cash on hand	50,000	50,000
Deposits at banks - current deposits	13,196,411	38,844,739
- savings deposits	191,703,207	107,907,660
<b>Bill of exchange</b>	-	70,000,000
	<b>204,949,618</b>	<b>216,802,399</b>

As at 31 December 2010, the interest rates of savings deposits were between 0.25% and 0.50% per annum (2009 : 0.25% and 0.50% per annum).

As at 31 December 2009, bill of exchange with a bank of Baht 70 million bore interest at the rate of 1.13% per annum and was due for redemption in March 2010.



## 6 Short-term investments

Short-term investments represent time deposit (12 months) with a bank of approximately Baht 1 million (2009 : Baht 1.5 million) which was used as a security for bank overdraft facilities.

## 7 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The major shareholders of the Company are Lucite International UK Overseas Holdcol Limited (incorporated in England) which owns 42.28% and Asiatic Acrylic Company Limited (incorporated in Thailand) which owns 34.12% of the Company's shares, respectively. The remaining 23.60% of the shares are widely held.

Lucite International UK Overseas Holdco1 Limited is a subsidiary of Lucite International Group Limited, of which the ultimate parent company is Mitsubishi Rayon Company Limited (incorporated in Japan).

The material related party transactions consist of the transactions carried out with Lucite Group, Mitsubishi Rayon Group, and Asiatic Acrylic Company Limited. They were carried out on the terms and conditions similar to those carried out with third parties and based on an arm's length basis. Service fee is charged based on the level of difficulty of service provided.

The material transactions with related parties can be summarised as follows:

## 7 Related party transactions (Cont'd)

### i) Purchases/sales of goods and services for the years ended 31 December

	2010 Baht	2009 Baht
Sales of goods:		
Fellow subsidiaries	6,119,287	9,801,905
	<u>6,119,287</u>	<u>9,801,905</u>
Purchases of raw materials:		
Fellow subsidiaries	56,783,835	309,518,996
Subsidiary of ultimate parent	638,958,987	550,852,037
	<u>695,742,822</u>	<u>550,852,037</u>
Service fee:		
Fellow subsidiaries	5,934,074	5,901,236
Subsidiary of ultimate parent	581,048	808,041
	<u>6,515,127</u>	<u>6,709,277</u>
Materials and supplies in transit:		
Fellow subsidiaries	-	99,451
Subsidiary of ultimate parent	1,702,849	2,815,266
	<u>1,702,849</u>	<u>2,914,717</u>

### ii) Outstanding balances arising from sales/purchases of goods and services as at 31 December

	2010 Baht	2009 Baht
Trade accounts receivable - related companies:		
Fellow subsidiaries	1,086,156	4,514,302
	<u>1,086,156</u>	<u>4,514,302</u>
Trade accounts payable - related companies:		
Fellow subsidiaries	6,813,259	98,806
Subsidiary of ultimate parent	223,849,498	195,547,788
	<u>230,662,757</u>	<u>195,646,594</u>
Other payable - related companies:		
Fellow subsidiaries	4,233,657	5,313,757
Subsidiary of ultimate parent	348,621	579,520
	<u>4,582,278</u>	<u>5,893,277</u>

### iii) Directors and management benefit expenses

Management benefit expense represents salaries, retirement benefits and other benefits paid to management. Directors benefit expense represents meeting fees and gratuities as approved by the shareholders in the Annual General Meeting of shareholders.

## 8 Trade accounts receivable (net)

	2010 Baht	2009 Baht
Trade accounts receivable	387,352,512	331,418,881
<u>Less</u> Allowance for doubtful accounts	(708,430)	(718,430)
Trade accounts receivable (net)	<u>386,644,082</u>	<u>330,700,451</u>

## 8 Trade accounts receivable (net) (Cont'd)

Aging of the outstanding trade accounts receivable as of 31 December can be analysed as follows:

	2010 Baht	2009 Baht
Current	350,426,102	295,182,045
Overdue:		
less than 3 months	33,054,092	35,208,074
3 - 6 months	3,081,969	206,890
6 - 12 months	81,919	611,233
Over 12 months	708,430	210,639
<u>Trade accounts receivable</u>	387,352,512	331,418,881
<u>Less</u> Allowance for doubtful accounts	(708,430)	(718,430)
<u>Trade accounts receivable (net)</u>	386,644,082	330,700,451

## 9 Inventories (net)

	2010 Baht	2009 Baht
Finished goods	61,817,019	28,422,133
Raw materials	42,243,292	37,931,768
Spare parts and factory supplies	32,582,533	31,978,280
	136,642,844	98,332,181
<u>Less</u> Allowance for obsolescence of finished goods	(4,227,221)	(3,560,249)
	132,415,623	94,771,932
<u>Add</u> Inventories in transit	5,470,565	8,577,147
<u>Inventories (net)</u>	137,886,188	103,349,079

## 10 Other current assets

	2010 Baht	2009 Baht
Prepaid expenses	963,972	1,293,146
Refundable import duty	1,914,584	972,683
Premium on forward contracts	641,353	805,786
Others	854,036	826,330
	4,373,945	3,897,945

## 11 Property, plant and equipment (net)

	Land improvement Baht	Buildings improvement Baht	Buildings Baht	Machinery and equipment	Furniture, fixtures and equipment Baht	Motor vehicles Baht	Fixed assets under construction and installation Baht	Total Baht
<b>At 31 December 2008</b>								
Cost	157,288,393	74,630,178	63,948,408	392,955,108	30,153,411	11,362,698	15,174,421	745,512,617
Less Accumulated depreciation	-	(48,976,535)	(41,532,237)	(267,821,355)	(27,657,009)	(8,291,027)	-	(394,278,163)
Net book amount	157,288,393	25,653,643	22,416,171	125,133,753	2,496,402	3,071,671	15,174,421	351,234,454
<b>For the year ended 31 December 2009</b>								
Opening net book amount	157,288,393	25,653,643	22,416,171	125,133,753	2,496,402	3,071,671	15,174,421	351,234,454
Additions	-	26,500	-	558,832	107,673	-	2,000,866	2,693,871
Transfers	-	729,037	-	9,206,059	118,327	-	(10,053,423)	-
Disposals/write-offs	-	-	-	-	-	-	(39,142)	(39,142)
- cost	-	-	-	-	-	-	-	-
- accumulated depreciation	-	-	-	-	-	-	-	-
Depreciation charge (Note 17)	-	(10,237,155)	(3,197,421)	(25,377,470)	(1,479,449)	(1,314,404)	-	(41,605,899)
Closing net book amount	157,288,393	16,172,025	19,218,750	109,521,174	1,242,953	1,757,267	7,082,722	312,283,284
<b>At 31 December 2009</b>								
Cost	157,288,393	75,385,715	63,948,408	402,719,999	30,379,411	11,362,698	7,082,722	748,167,346
Less Accumulated depreciation	-	(59,213,690)	(44,729,658)	(293,198,825)	(29,136,458)	(9,605,431)	-	(435,884,062)
Net book amount	157,288,393	16,172,025	19,218,750	109,521,174	1,242,953	1,757,267	7,082,722	312,283,284



11 Property, plant and equipment (net)

	Land improvement	Buildings	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Fixed assets under construction and installation	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>For the year ended 31 December 2010</b>							
Opening net book amount	16,172,025	19,218,750	109,521,174	1,242,953	1,757,267	7,082,722	312,283,284
Additions	23,000	-	2,209,678	1,500,405	-	6,973,966	10,707,049
Transfers	529,104	-	1,005,624	-	-	(1,534,728)	-
Disposals/write-offs	-	-	(32,536)	(200,677)	-	(206,185)	(439,398)
- cost	-	-	32,535	199,808	-	-	232,343
- accumulated depreciation	(7,682,312)	(3,197,420)	(22,667,933)	(940,848)	(917,885)	-	(35,406,398)
Depreciation charge (Note 17)	9,041,817	16,021,330	90,068,542	1,801,641	839,382	12,315,775	287,376,880
Closing net book amount	157,288,393	16,021,330	90,068,542	1,801,641	839,382	12,315,775	287,376,880
<b>At 31 December 2010</b>							
Cost	75,937,819	63,948,408	405,902,765	31,679,139	11,362,698	12,315,775	758,434,997
Less Accumulated depreciation	(66,896,002)	(47,927,078)	(315,834,223)	(29,877,498)	(10,523,316)	-	(471,058,117)
Net book amount	9,041,817	16,021,330	90,068,542	1,801,641	839,382	12,315,775	287,376,880



## 11 Property, plant and equipment (net) (Cont'd)

Property, plant and equipment include land for factory expansion of Baht 104.78 million.

The above assets acquired under finance leases represented motor vehicles as per following details:

	2010 Baht	2009 Baht
Cost - capitalised finance leases	2,574,004	6,566,517
<u>Less</u> Accumulated depreciation	(1,734,631)	(4,809,811)
Net book amount	839,373	1,756,706

As at 31 December 2010, the cost of fully depreciated plant and equipment that are still in use totalled Baht 304,012,233 (2009 : Baht 281,779,129).

On 16 January 2006, the Board of Directors passed a resolution to approve an investment of Baht 299 million for plant construction and relocation of certain plant to the Company's land for factory expansion. However, on 7 May 2010, the Board of Directors passed a resolution to authorise the Company's management to find out land buyers and also find out the location for constructing a new factory. Because the Company is in the process of finding out land buyers, the Company does not classify such land as non-current asset held for sale in accordance with TFRS 5 (Revised 2009).

As at 31 December 2010, the Company's land, buildings, machinery and equipment at cost of Baht 183 million (2009 : Baht 199 million) had been mortgaged and pledged as collateral for credit facilities obtained from local banks amounting to Baht 266 million (2009 : Baht 266 million).

## 12 Computer software in progress

	Baht
<b>For the year ended 31 December 2010</b>	
Opening net book amount	-
Addition	2,050,000
Amortisation charge	-
Closing net book amount	2,050,000
<b>At 31 December 2010</b>	
Cost	2,050,000
<u>Less</u> Accumulated amortisation	-
Net book amount	2,050,000





### 13 Prepaid rental expenses (net)

	Baht
<b>At 31 December 2008</b>	
Cost	10,264,265
<u>Less</u> Accumulated amortisation	(5,936,946)
Net book amount	4,327,319
<b>For the year ended 31 December 2009</b>	
Opening net book amount	4,327,319
Amortisation charge	(1,025,627)
Closing net book amount	3,301,692
<b>At 31 December 2009</b>	
Cost	10,264,265
<u>Less</u> Accumulated amortisation	(6,962,573)
Net book amount	3,301,692
<b>For the year ended 31 December 2010</b>	
Opening net book amount	3,301,692
Amortisation charge	(1,025,627)
Closing net book amount	2,276,065
<b>At 31 December 2010</b>	
Cost	10,264,265
<u>Less</u> Accumulated amortisation	(7,988,200)
Net book amount	2,276,065

### 14 Finance lease liabilities

Finance lease liabilities - minimum lease payments:

	2010 Baht	2009 Baht
Not later than 1 year	475,572	1,027,488
Later than 1 year but not later than 5 years	598,692	1,074,264
	1,074,264	2,101,752
<u>Less</u> Future finance charges on finance leases	(72,906)	(167,966)
Present value of finance lease liabilities	1,001,358	1,933,786
Representing lease liabilities:		
- current portion	425,902	932,428
- non-current portion	575,456	1,001,358
	1,001,358	1,933,786

#### 14 Finance lease liabilities (Cont'd)

The present value of finance lease liabilities is as follows:

	2010 Baht	2009 Baht
Not later than 1 year	425,902	1,932,428
Later than 1 year but not later than 5 years	575,456	1,001,358
	<u>1,001,358</u>	<u>1,933,786</u>

#### 15 Share capital and premium on share capital

	Number of Ordinary shares shares	Share premium Baht	Total Baht
At 31 December 2010 and 2009	12,150,000	121,500,000	233,350,000
			354,850,000

#### 16 Legal reserve

Under the Public Limited Company Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5 percent of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable.

#### 17 Expense by nature

The following expenditure items for the years ended 31 December 2010 and 2009, classified by nature, have been charged in arriving at profit before finance costs and income tax:

	2010 (Baht)			
	Cost of sales and services	Selling expenses	Administrative expenses	Total
Raw materials and consumables used	1,254,856,323	-	-	1,254,856,323
Change in inventories of finished goods	(33,394,886)	-	-	(33,394,886)
Depreciation (Note 11)	32,874,341	125,572	2,406,485	35,406,398
Repairs and maintenance expenditure	9,471,985	133,702	832,111	10,437,798
Amortisation of prepaid rental expenses	1,025,627	-	-	1,025,627
Allowance for inventory obsolescence	666,972	-	-	666,972
Staff costs	53,453,375	3,780,856	15,832,814	73,067,045
Fuel and utilities expenses	70,061,574	610,913	3,978,077	74,650,564
Transportation expenses	-	36,494,642	-	36,494,642
Other expenses	13,219,632	17,502,085	20,926,448	51,648,165
Total	<u>1,402,234,943</u>	<u>58,647,770</u>	<u>43,975,935</u>	<u>1,504,858,648</u>

## 17 Expense by nature (Cont'd)

	2010 (Baht)			
	Cost of sales and services	Selling expenses	Administrative expenses	Total
Raw materials and consumables used	909,963,434	-	-	909,963,434
Change in inventories of finished goods	11,940,565	-	-	11,940,565
Depreciation (Note 11)	38,059,667	217,280	3,328,952	41,605,899
Repairs and maintenance expenditure	9,216,115	80,618	630,405	9,927,138
Amortisation of prepaid rental expenses	1,025,627	-	-	1,025,627
Allowance for inventory obsolescence	1,260,562	-	-	1,260,562
Staff costs	47,791,613	3,790,740	24,274,689	75,857,042
Fuel and utilities expenses	57,407,203	642,181	3,762,976	61,812,360
Transportation expenses	-	27,189,178	-	27,189,178
Other expenses	10,469,309	22,630,019	19,355,860	52,455,188
<b>Total</b>	<b>1,087,134,095</b>	<b>54,550,016</b>	<b>51,352,882</b>	<b>1,193,036,993</b>

## 18 Income tax

The corporate income tax rate applied for income tax calculation for 2010 is 25% (2009 : 25%) which is in accordance with the Royal Decree No. 475 B.E. 2551 issued under the Revenue Code regarding the reduction of corporate income tax rate. This privilege will be effective until the accounting period ending 31 December 2010.

## 19 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

	2010 Baht	2009 Baht
Net profit attributable to shareholders (Baht)	51,987,410	61,189,244
Weighted average number of ordinary shares in issue (Shares)	12,150,000	12,150,000
<b>Basic earnings per share (Baht)</b>	<b>4.28</b>	<b>5.04</b>

There are no potential dilutive ordinary shares in issue for the years ended 2010 and 2009.

## 20 Dividends

On 28 April 2010, the shareholders at the Annual General Meeting passed a resolution to declare a dividend for the year 2009 of Baht 4.50 per share, totaling Baht 54.675 million which was paid on 27 May 2010.

On 27 April 2009, the shareholders at the Annual General Meeting passed a resolution to declare a dividend for the year 2008 of Baht 4.00 per share, totaling Baht 48.60 million which was paid on 27 May 2009.

## 21 Cash flows from operating activities

Reconciliation of net profit to cash flows from operating activities:

	Notes	2010 Baht	2009 Baht
Profit before income tax		69,991,163	77,844,172
Adjustments for:			
Depreciation and amortisation	11, 13	36,432,025	42,631,526
Gain on sales of equipment		(21,087)	-
Loss on equipment written-off	11	206,185	39,142
Allowance for doubtful accounts (reversal)	8	(10,000)	718,430
Allowance for obsolescence and net realisable value of finished goods	9	666,972	1,260,562
Interest income		(535,652)	(207,073)
Interest expenses		95,061	311,681
Unrealised (gain) loss on exchange rate		(5,434)	58,397
Changes in operating assets and liabilities			
- Trade accounts receivable		(55,933,631)	(25,344,078)
- Trade accounts receivable - related companies		3,428,146	(2,375,043)
- Inventories		(35,204,081)	27,552,214
- Value added tax receivable		1,139,884	670,902
- Loans to employees		(15,152)	174,668
- Other current assets		(478,750)	706,323
- Trade accounts payable - related companies		35,016,163	(13,666,934)
- Trade accounts payable - other companies		30,096,438	32,842,089
- Other payables - related companies		(1,310,999)	1,710,971
- Other payables - other companies		(463,748)	3,161,872
- Accounts payable - forward contracts (net)		962,742	(763,921)
- Accrued expenses		(13,454,206)	18,314,248
- Other current liabilities		1,535,217	(2,558,458)
Cash generated from operations		72,137,256	163,081,690
Interest paid		-	(135,345)
Income tax paid		(19,866,681)	(10,218,957)
Net cash generated from operating activities		52,270,575	152,727,388

## 22 Provident fund

The Company established a contributory registered 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.

Under the plan, the employees must contribute three or five or seven percent of their basic salary. The Company contributes at the rate of three or five or seven percent of employees' salary. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

## 23 Commitments

### a) Lease and Service Agreements

The Company had entered into lease agreements covering land, buildings, storage tank for chemicals, vehicles and other service agreements.

The future minimum payments under non-cancellable agreements are as follows:

	2010 Baht	2009 Baht
Not later than 1 year	3,675,995	4,244,025
Later than 1 year but not later than 5 years	1,680,000	3,828,750
	<u>5,355,995</u>	<u>8,072,775</u>

### b) Letters of Guarantees

As at 31 December 2010, the Company had commitments with banks for bank guarantees in respect of electricity usage and others amounting to approximately Baht 6.68 million (2009 : Baht 5.20 million).

### c) Capital expenditure

The capital expenditure contracted at the balance sheet date but not recognised in the financial statements is as follows:

	2010 Baht	2009 Baht
Purchase of machineries and equipment	5,477,500	-

## 24 Financial risk management

### 24.1 Financial risk factors

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

#### 24.1.1 Foreign exchange risk

The Company is exposed to foreign exchange risk in relation to the import of raw material and machinery and sales contracts in foreign currencies.

The management strategy to reduce the uncertainty over future cash flows arising from movements in exchange rates is to deposit the revenue collection in foreign currency to swap with the payment for importing of raw material and machinery and uses derivative financial instruments such as forward foreign exchange contracts.

#### 24.1.2 Interest rate risk

The interest rate risk is the risk that future movements in market interest rate will affect the results of the Company's operations and its cash flows. The Company is exposed to the normal interest rate risk related primarily to its deposits at financial institutions. However, the Company considers that it is not necessary to use derivative financial instruments to hedge such risk as the management believes that future movement in market interest rates will not materially affect the Company's operating results.

#### 24.1.3 Credit risk

Concentrations of credit risk with respect to trade receivables are limited due to the Company's large number of customers, who are dispersed, cover the spectrum of manufacturing and distribution and have a variety of end markets in which they sell. The Company's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Company's trade receivables.

The Company places its cash and short-term investments in low risk investment accounts and with banks and high quality financial institutions.

### 24.2 Information for derivative financial instruments

As at 31 December 2010, foreign exchange forward contracts have been entered into to cover the receipts of accounts receivable. Receivable/(payable) under these contracts are as follows:

	2010 Baht	2009 Baht
Foreign exchange forward contracts		
Amount due from bank	81,376,724	88,342,156
Amount due to bank	(83,121,796)	(89,124,486)
Foreign exchange forward contracts (net)	(1,745,072)	(782,330)

## 24 Financial risk management (Cont'd)

### 24.2 Information for derivative financial instruments (Cont'd)

As at 31 December 2010, the premium on forward contracts of Baht 641,353 (2009 : Baht 805,786) was included in other current assets.

As at 31 December 2010, the details of the above contracts are as follows:

Currency	Amount	Forward rate	Contract date	Maturity
(Baht : USD/AUD 1)				
USD	70,298	31.86	11 August 2010	7 February 2011
USD	522,535	29.91	8 October 2010	5 April 2011
USD	1,092,227	29.62	5 November 2010	4 May 2011
AUD	177,655	29.20	5 November 2010	4 May 2011
USD	685,902	30.07	8 December 2010	6 June 2011
AUD	186,531	28.66	8 December 2010	6 June 2011

As at 31 December 2009, the details of the above contracts are as follows:

Currency	Amount	Forward rate	Contract date	Maturity
(Baht : USD/AUD 1)				
USD	4,146	33.86	28 July 2009	22 January 2010
USD	17,884	33.90	7 August 2009	3 February 2010
USD	341,946	33.24	8 October 2009	8 March 2010
USD	119,650	33.24	8 October 2009	8 March 2010
USD	57,451	33.24	8 October 2009	8 March 2010
USD	86,358	33.88	14 September 2009	15 March 2010
USD	32,472	33.74	16 September 2009	15 March 2010
USD	41,867	33.62	17 September 2009	16 March 2010
USD	641,570	33.26	9 November 2009	8 April 2010
AUD	291,369	30.09	9 November 2009	8 April 2010
USD	800,553	33.01	8 December 2009	7 May 2010
AUD	283,294	29.60	8 December 2009	7 May 2010



The net fair values of the derivative financial instruments at the balance sheet date were:

	2010 Baht	2009 Baht
Unfavorable forward foreign exchange contracts	(613,175)	(603,078)

The fair values of forward foreign exchange contracts have been calculated (using rates quoted by the Company's banker) assuming the contracts had been terminated at the balance sheet date.

### 24.3 Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying amounts of the following financial assets and financial liabilities approximate to their fair values: cash and cash equivalents, short-term investments, trade receivables and payables, other receivables and payables.

## 25 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 of the Company comprised mainly local sales and export sales to neighbouring countries. In addition, the Company also had export sales to countries in Middle East, Oceania, USA, Europe and Africa.

The geographical segment information for the years ended 31 December 2010 and 2009 is presented below:

For the year ended 31 December 2010					
	Local sales and export sales to neighbouring countries	Export sales to countries in Middle East Baht	Export sales to countries in Oceania Baht	Export sales to USA Europe and Africa Baht	Total Baht
Sales and service income	1,224,297,334	88,882,739	163,880,047	74,620,155	1,551,680,275
Cost of sales and service					(1,402,234,943)
Segment result					149,445,332



## 25 Segment information (Cont'd)

For the year ended 31 December 2009					
	Local sales and export sales to neighbouring countries	Export sales to countries in Middle East Baht	Export sales to countries in Oceania Baht	Export sales to USA Europe and Africa Baht	Total Baht
Sales and service income					1,253,631,372
Cost of sales and service	902,454,717	99,595,640	183,966,501	67,614,514	(1,087,134,095)
Segment result					<u>166,497,277</u>

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

