

# **ANNUAL REPORT 2013**

---

THAI POLY ACRYLIC PUBLIC COMPANY LIMITED

# CONTENTS

Message from Chairman	68
Company Profile	69
Organization Chart	70
Board of Directors	71
Management Team	76
Shareholders	78
Nature of Business	79
Risk Factor / Risk Assessment	82
Management	84
Principles of Good Corporate Governance	89
Corporate Social Responsibility	95
Related Party Transactions	100
Report on Accountability of the Board of Directors to the Financial Report	102
Audit Committee's Report	103
Financial Overview	104
Explanation Financial Analysis & Operating Performance	105
Independent Auditor's Report	107
Financial Statements	108

## MESSAGE FROM CHAIRMAN

Recovery of economy in Thailand was expected to continue in 2013 following the strong rebounding in 2012 from devastating floods in the preceding year. Unfortunately this had not come true in the end and Thailand posted a much weaker-than-expected economic growth in the year as the political unrest had delayed public infrastructure investment and slumped consumers' confidence resulting in falls on household spending and causing hurt on consumption. The growth was also hurt by a slowdown in construction and slow recovery in global demand for Thai goods.

The downturn had hurt many of the industries in the country and those industries in which our products were consumed had not been exempted either. Throughout the year, we had seen deteriorations in demand of our products as customers' demand declined amid their sluggish sales and various initiatives to rectify their financial performance with cost-cutting exercises. The Company had suffered adversely from volume sales in both acrylics and non-acrylics in the year under these circumstances and achieved much-lower-than expected sales in the domestic market. The team had taken measures to enhance acrylic export but was unable to offset the shortfall in the domestic sales. Similarly, price of acrylics also fell behind budget on back of sluggish demand and fierce competition in the marketplace. Total sales turnover in the year at Baht 1,376 million was therefore 10% less than the year before.

Gross profit was also unfavourably impacted by firm raw material cost throughout the year and inability to reflect the cost impact on selling price. The average gross profit was 9% comparing with the year before at 14%. The net profit achieved in the year at Baht 33 million was 68% lower than the year before.

On the positive notes, the team had made great efforts in combating the severity with saving on fixed cost and accomplishing the new warehouse project at end of the year which would allow the Company to provide better services to the customers. The completion of the bio-boiler would also help the Company in saving energy cost and improve bottom-line performance. Furthermore, the team had also launched a campaign to develop new products and conduct margin improvement activities which should benefit the Company in the coming years. I would like to thank to the management team and all the employees to continue maintaining their momentum in driving the business forward under the difficult environment.

Despite of the less than satisfactory performance in the year, the Board has decided to reward the shareholders with a dividend of Baht 0.25 per share.

The outlook for 2014 remains highly uncertain. The on-going political tension could hurt consumption and investment in the country further. I am however confident that the management and all the employees will continue devoting themselves to improve the business performance and also look forward to the full supports from all the shareholders and stakeholders to help the management get through the difficult time.



A handwritten signature in black ink, appearing to read 'Sei Jin Liou'. The signature is stylized with fluid, connected strokes.

(Mr. Sei Jin Liou)

Chairman of the Board of Directors

## COMPANY PROFILE

Thai Poly Acrylic Public Company Limited is a manufacturing and distributor of Acrylic Sheet and Extruded Plastic Material offered in various kinds by the raw materials, such as ABS Sheet, HIPS Sheet and PP Sheet etc. The Company currently has a total production capacity of 22,000 tons per year.

The Company has registered incorporation 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, the Company has been converted to Public Company Limited, registration number 01075370 02257 and listed in the Stock Exchange of Thailand. On 22 April 2013, the Annual General Meeting of shareholders passed a resolution to approve a change in the par value of the Company's share from Baht 10 per share to Baht 1 per share. The Company registered the change in par value with the Ministry of Commerce on 10 May 2013.

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 5953

Sales office located at : 134/5 Krung Thonburi Road,  
Klong Tonsai, Klong Sarn, Bangkok 10600, Thailand  
Telephone : (662) 860 8765-70  
Facsimile : (662) 860 9106, 860 8762.  
Website : <http://www.thaipolyacrylic.com>

Registrar : Thailand Securities Depository Co., Ltd.  
62 The Stock Exchange of Thailand Building,  
4, 6-7th Floor, Rachadapisek Rd., Klongtoey, Bangkok 10110  
Telephone : (662) 229-2800  
Facsimile : (662) 359-1259

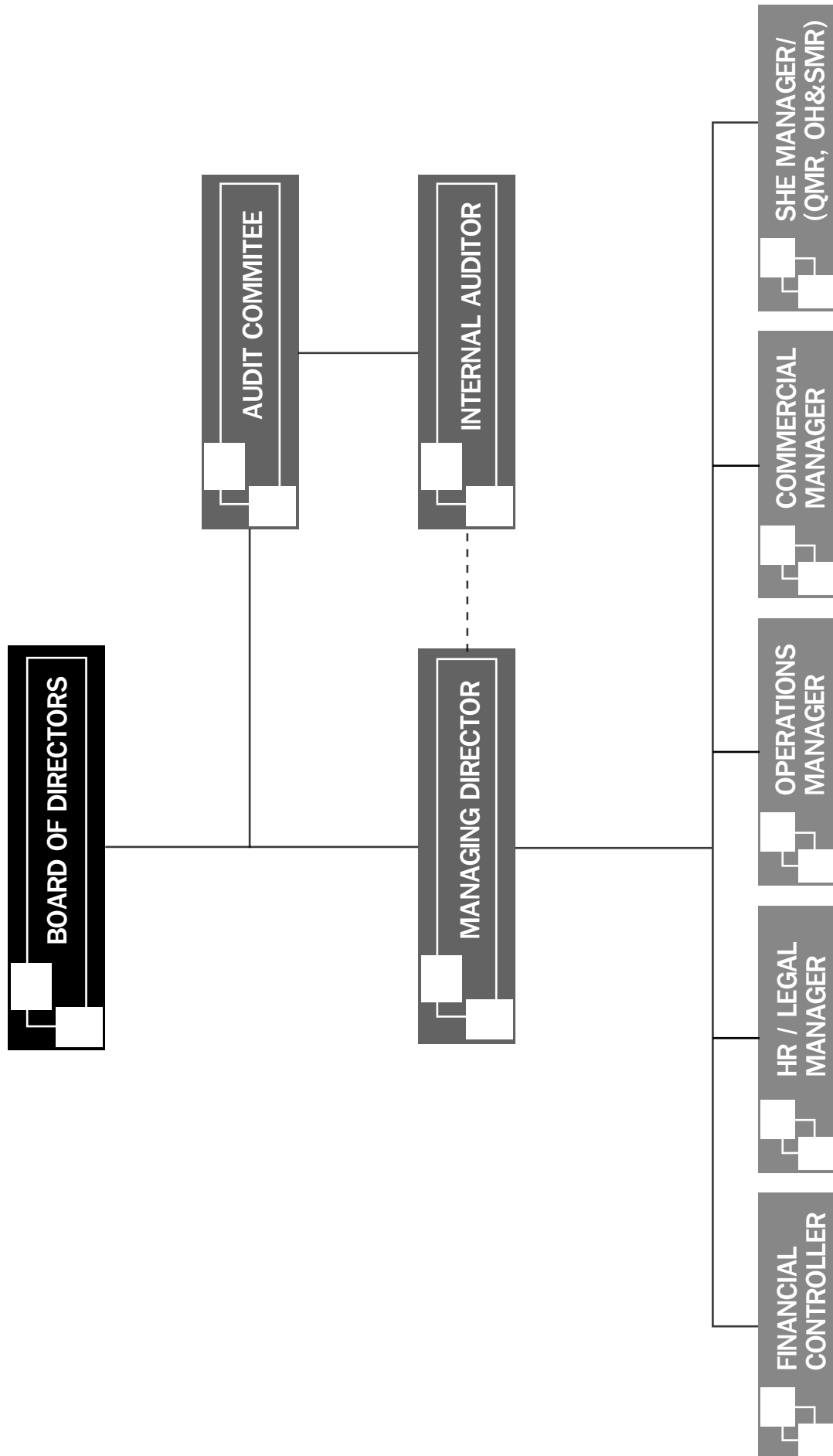
Auditor : Ernst & Young Office Limited 33<sup>rd</sup> Floor, Lake Rajada Office Complex,  
193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110  
G.P.O. Box 1047, Bangkok 10501, Thailand  
Telephone : (662) 264 0777  
Facsimile : (662) 264 0789-90

Legal Advisor : BZ Legal Advisor Law Office  
86 Chatkaew Village Soi 5 Happy Land Rd.,  
Kwaeng Klongjan, Bangkok, Bangkok 10240  
Telephone : (662) 733-1655  
Facsimile : (662) 375-1782

Mr. Nippon Sritong-in  
56/91 Moo7, Bangkruay - Sainoi Rd.,  
T.Bangkruay, A.Bangkruay, Nonthaburi 11103  
Telephone : (662) 886-3664

Shareholding in other Business Entity at and above 10% - Nil -

## ORGANIZATION CHART



## BOARD OF DIRECTORS

### Mr. Sei Jin Liou

Title Chairman of Board of Director

Age 65

Education - Master of Science (MS) in Agriculture,  
National Taiwan University

Shares holding in the company None

Work Experience during last 5 years

1999 - Present - Vice President of Lucite International Group, Asia  
- Director of Kaohsiung Monomer Company Limited (Part of the Lucite International Group)



### Ms. Annie Sophia Veerman

Title Executive Director

Age 52

Education - Master of Business Administration (M.B.A.)  
Grandfield University (UK)  
- Degree in Business Studies (QUT, Brisbane)  
Certified Practicing Accountant Australia

Shares holding in the company None

Work Experience during last 5 years

1 June 2003 - Present - Executive Director  
Chief Financial Officer  
Lucite International



### Mr. Hans Henrik Melchior

Title Executive Director

Age 69

Education - Bachelor of Science (Marketing)

Shares holding in the company None

Work Experience during last 5 years

2011 - Present - Executive Director  
The East Asiatic 2010 (Thailand)  
Company Limited

October 2010 - Present - Director  
Asiatic Acrylics Company Limited

2001 - 2010 - Corporate Advisor  
The EAC Thailand Group.  
Brenntag Ingredients (Thailand) Public  
Company Limited  
(previously named The East Asiatic (Thailand)  
Public Company Limited)



## Mr. Chate Pattanakul

Title Managing Director

Age 52

Education

- Master of Science Major Packaging  
Michigan State University
- Bachelor Degree in Business Administration  
Ramkhanghang University
- Bachelor Degree in Science Major : Food Science & Tech  
Kasetsart University

Shares holding in the company None

Work Experience during last 5 years

2013 - Present

- Managing Director  
Thai Poly Acrylic Public Company Limited

2010 - 2012

- Managing Director  
Interman Corporation Limited

2007 - 2009

- Deputy Managing Director  
Thai Film Industries Public Company Limited

Director Training Program

- Director Certification Program : DCP 2007
- Director Accreditations Program : DAP 2007  
Thai Institute of Directors Association (IOD)



## Mr. Suchitr Srivetbodee

Title Non-Executive Director

Age 65

Education

- Master Degree in Business Administration (MBA)  
Pittsburgh State University of Kansas, U.S.A.
- Bachelor Degree in Finance,  
West Virginia State Collage, U.S.A.

Shares holding in the company 16,300 shares

Work Experience during last 5 years

2013 - Present

- Non-Executive Director

1993 - Jan 2013

- Managing Director  
Thai Poly Acrylic Public Company Limited

Director Training Program

- Director Accreditations Program : DAP  
Thai Institute of Directors Association (IOD)



## Mr. Jan Dam Pedersen

Title	Non-Executive Director
Age	62
Education	- Diploma EAC's full time course in Business Administration Various high level business courses with General Management, Finance, Strategy and Marketing at IMD Switzerland
Shares holding in the company	None
Work Experience during last 5 years	
2013 - Present	- Non-Executive Director
2013 - Present	- Managing Director Novanta Company Limited
2010 - 2012	- COO of Brenntag Asia Pacific, Thailand
2001 - 2010	- CEO of EAC Industrial, Ingredients, Thailand Sr. Vice President The EAC Group of Companies



## Assistant Professor Wattanee Phanachet

Title	Independent Director and Chairperson of Audit Committee
Age	76
Education	- Master Degree in Accounting University of Alabama, U.S.A. - Bachelor Degree in Accounting Chulalongkorn University
Professional Qualification	Certified Public Accountant of Thailand
Shares holding in the company	None
Work Experience during last 5 years	
2013 - Present	- Independent Director and Chairperson of Audit Committee Thai Poly Acrylic Public Company Limited
1999 - 2013	- Independent Director and Audit Committee Thai Poly Acrylic Public Company Limited
2007 - Present	- Independent Director and Member of Audit Committee Esso (Thailand) Public Company Limited
2005 - Present	- Appointed by the Civil Service Commission as : Specialist in the field of Finance and Accounting.
1999 - Present	- Independent Director and Chairperson of Audit Committee Capital Nomura Securities Public Company Limited
Director Training Program	- Director Certification Program : DCP 15/2002 - DCP Refresher Course 4/2007 - Audit Committee Program : ACP 16/2007 - Monitoring the System of Internal control and the Risk Management : MIR 1/2007 - Monitoring Fraud Risk Management : MFM 9/2013 - Monitoring the Internal Audit Function : MIA 14/2013 Thai Institute of Directors Association (IOD)





## Emeritus Professor Supapun Ruttanaporn

Title	Independent Director and Member of Audit Committee
Age	68
Education	<ul style="list-style-type: none"><li>- Master of Business Administration (Accounting) Michigan State University U.S.A.</li><li>- Business Administration (Accounting) (Hons) Chulalongkorn University</li></ul>
Professional Qualification	Certified Public Account No. 2013
Shares holding in the company	None
Work Experience during last 5 years	
2013 - Present	<ul style="list-style-type: none"><li>- Independent Director and Member of Audit Committee Thai Poly Acrylic Public Company Limited</li></ul>
2009 - Present	<ul style="list-style-type: none"><li>- Director and Member of Audit Committee Charoen Pokphand Foods Public Company Limited</li></ul>
2008 - 2010	<ul style="list-style-type: none"><li>- Member of Ethics Committee Member of Investigation Subcommittee Federation of Accounting Professions</li></ul>
2007 - Present	<ul style="list-style-type: none"><li>- Director and Chairperson of Audit Committee Delta Electronics (Thailand) Public Company Limited</li></ul>
2004 - 2007	<ul style="list-style-type: none"><li>- Director and Audit Committee Delta Electronics (Thailand) Public Company Limited</li></ul>
1999 - Present	<ul style="list-style-type: none"><li>- Director and Member of Audit Committee Glow Energy Public Company Limited</li></ul>
Director Training Program	<ul style="list-style-type: none"><li>- Director Certification Program : DCP 15/2002 The Institute of Directors Association ( IOD)</li></ul>



## Anuphan Kitnitchiva, Ph.D.

Title	Independent Director and Member of Audit Committee
Age	50
Education	<ul style="list-style-type: none"><li>- Ph.D. (Development Administration) School of Public Administration (International Doctoral Program) The National Institute of Development Administration.</li><li>- Senior Executive Program Sasin, Graduate Institute of Business Administration of Chulalongkorn University</li><li>- LL.M (Business Law) Thammasat University</li><li>- LL.B (Honours) Thammasat University</li></ul>
Professional Qualification	Lawyer License No.18024/1986
Shares holding in the company	None
Work Experience during last 5 years	
2013 - Present	<ul style="list-style-type: none"><li>- Independent Director and Member of Audit Committee Thai Poly Acrylic Public Company Limited</li></ul>
2004 - Present	<ul style="list-style-type: none"><li>- Senior Partner Dherakupt International Law Office</li></ul>
Director Training Program	<ul style="list-style-type: none"><li>- Director Certification Program : DCP 130/2010 Thai Institute of Directors Association (IOD)</li></ul>



## Company Secretary

### Miss Patcharee Maneetamwong

Title	Company Secretary
Age	39
Education	<ul style="list-style-type: none"><li>- Master of Laws Chulalongkorn University</li><li>- Bachelor of Laws Chulalongkorn University</li></ul>
Shares holding in the company	None



## MANAGEMENT TEAM



Mr. Chate Pattanakul  
Managing Director



Mr. Thanetr Khumchoedchoochai  
Commercial Manager



Mr. Wiwat Homlaor  
Operation Manager



Mr. Thanawat Kulprasertat  
HR/Legal Manager



Miss Somjit Bunpiboonmitr  
Financial Controller



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



Mr. Yotin Tamrongsawapark  
Casting Plant Manager



Mr. Phairat Kumdee  
Extrusion Plant Manager



Mr. Pongthorn Chuencharoen  
Site Engineering Manager



Mrs. Noungrutai Boonpetch  
R & T Manager



Mr. Wittaya Mongkolkachit  
Technical Center Manager



Mr. Udomsak Tienchan  
Warehouse & Distribution Manager



Mr. Pongsun Assavasirjinda  
Sales & Product Manager



Mrs. Janjira Thumsorn  
Export Sales Manager



Mrs. Masaya Rungrueng  
Secretary to Managing Director



Miss Thanjira Kunathipsritrakool  
Internal Auditor

## SHAREHOLDERS

27/12/2013

The total authorized number of ordinary share is 121,500,000 share with a par value of Baht 1 per share. All issued shares are fully paid.

No	Name of Shareholders	No. of Shares	% of total Shares
1.	LUCITE INTERNATIONAL UK OVERSEAS HOLDCO1 LIMITED	51,374,360	42.28
2.	ASIATIC ACRYLIC COMPANY LIMITED	41,450,530	34.12
3.	THAILAND SECURITIES DEPOSITORY COMPANY LIMITED FOR DEPOSITORS	25,163,780	20.71
4.	THAILAND SECURITIES DEPOSITORY COMPANY LIMITED FOR DEPOSITORS	728,000	0.60
		118,716,670	97.71

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

## NATURE OF BUSINESS

The Company is a manufacturer and distributor of acrylic sheet and extruded plastic materials offered in various kinds by the raw materials, such as, ABS sheet, HIPS sheet, and PP Sheet etc.

### 1. The Company's products can be classified according to production process as follows:

#### 1.1 Cast Acrylic Production Line

The Company has altogether 3 cast acrylic production lines, producing and distributing cast acrylic sheets with total production capacity at 10,000 tons per year. The acrylic sheets produced and distributed by the Company can be categorized according to their uses as follows:

- (a) Acrylic sheet for general use under the trademarks of "Moden Glas" and "Sign Ad", which are widely used in making advertisement signboards, company signboards, work pieces, and interior/exterior building decorations, etc.. The Acrylic sheet can be made transparent or in various colors as required by each customer, as the Company is specialized, with fully equipped laboratory, in comparing and matching the color accurately in no time.
- (b) There are various grades and colors of sanitary acrylic sheets produced by the Company according to the needs of customers, whereby such sanitary sheets could be further worked to make bath tub or shower base. These products are produced and distributed worldwide under the trademarks of "Moden Glas" and "Lucite TS", etc.
- (c) Special grade acrylic sheet for specific use which is specially developed to suit different usage such as, impact modified cast sheet- a durable cast sheet which is six times more durable than the normal graded acrylic sheet, and LMS (Light Management Solutions) sheet which has been designed in such a way that light is directed to the edges and it is used as signboard or light advertisement signboard which is of thinner shape than general light signboard making it more beautiful and power saving.

Acrylic sheet is a thermoformable plastic sheet of plain transparent description but can be produced in many colours, both transparent and opaque. Its special characteristics are that when heated it will be softened which can then be easily bended or worked into many forms, and when it is cooled down, it will be hard and remain in such form. It is also light, able to withstand impact, can be engraved, painted, or silkscreened in many designs. This kind of acrylic sheet is widely used to replace many materials, such as, glass, steel, aluminum, and plywood, etc., and can also be used as raw materials in making equipment for house and office building decorations, various kinds of sanitary wares, as well as multipurpose uses, such as, roof tile, goods and furniture display cabinet, advertisement signboard, public telephone booth, etc. The Company can produce acrylic sheet of a thickness from 1.5 - 40 mm., and there are many sizes to choose from according to suitability of usage.

#### 1.2 Extrusion Production Line

The Company is also a manufacturer and distributor of ABS sheet and HIPS sheet, including other types of plastics, by applying extrusion system, under the trademark of "Moden Plas", and we also accept the made-to-order work of plastic production of customers both locally and abroad. ABS sheet is a plastic sheet of thermo plastic type manufactured from polymer pellet of acrylonitrile butadiene styrene (ABS), and has the properties of withstanding impact, chemicals, etc. It can be heated to further work out in many forms. It also has shining surface.

HIPS sheet is a plastic sheet of thermo plastic type manufactured from polymer plastic pellet of high impact polystyrene (HIPS). Its general characteristics are similar to ABS sheet; the only differences are usage properties.

Presently, the Company is able to produce ABS sheet and HIPS sheet as well as many other value added plastic sheets, such as, extrusion acrylic sheet of both plain and frost design, PMMA capped ABS sheet, plain PP sheet, and plain HDPE and LDPE sheet, etc. We can also make them of a thickness from 1.5 to 10.00 mm. and of a width of 2.5 metres, using advanced and sophisticated rolling machine imported from leading machinery makers abroad.



## 2. Marketing and Competitive Industrial Situations

### 2.1 Marketing Development

#### Acrylic Sheet

We attach much importance to research and development as if it was a scientific apparatus for development of our products of both acrylic sheets and other plastic extrusion systems of special properties, such as, energy saving and environmental friendly. Our products can be used in numerous ways, for example, light advertisement boards or light signboards, etc. Besides, we also move forward in order to develop new technology for work piece conversion of large size and of as much as 40.0 mm. thickness, including continuous development of sanitary sheets or bath sheets which are more easily formed in various shapes which come with anti-bacterial properties, so as to add value to respond to the needs of our customers of both locally and abroad.

#### ABS Sheet and HIPS Sheet

We still attach importance to the development and improvement of the quality of said sheets so that it be of the good standards of production of ABS sheet and HIPS sheet. Most importantly, we aim to improve the quality of said sheets to be in line with the standards and expectations of each customer. This is because we produce such plastic sheets under orders of each customer, and, likewise, they are quite different from each other, for example, different raw materials and different standards.

In the past year, we had met with successes in developing a new formula PE sheet and high impact extruded acrylic sheet, which can be used in many kinds of works, for example, making of parts of car decorations industry, equipment for refrigerator, etc.. We also developed extruded acrylic sheet to have dual colors, currently offered in transparent and white, and transparent and black, of which more colors will be developed in the future.

### 2.2 Industrial Trend and Competitiveness of Cast Acrylic Sheet

Overall market requirement for acrylic sheet in 2013 was substantially reducing both domestic and oversea market. It was the result from economy slow down and political unrest as well as strengthen of Thai Baht against US dollar. Even though, company could maintained revenue for the first six months, but the sale heavily decline in second half of the year even company managed to increase more sale in high valued added products and increased export sales, but overall profitability was lower than previous year.

For 2014, there is an improving demand for oversea market due to recovering of world economy, especially Asian, USA and Middle East. For domestic market, it depends on how quick current political situation will be resolved. There are also an increasing trend for major raw materials including MMA from projection of increasing consumption and increasing of other related cost. Company need to manage our selling prices in the same direction as well as market mix for export to take advantage of exchange rate.

#### Other Extruded Plastic Sheets

More than 90% of total sales of extruded plastic sheets each year are those of domestic sales. In 2013, the Company had planned to increase the production and distribution of extruded plastic sheet focusing on expanding domestic customer bases to cover every market segment application,

But the impact from economy slow down and political issue had resulted in declining in demand of automotive segment. The first car buyer policy was not successful. The overall demand for all extrusion sheets also declined in second half of the year. Company is working in other market segments to improve sales which would take sometime.

### 3. Important Production Policy

The Company has adopted its own important production policy as per the following strategies:

1. Setting targets on increased production, reducing percentage of losses, using suitable raw materials, and increasing production efficiency, etc.
2. Improving machinery and equipment to reduce losses during production, while also improving the quality of goods to be of good standards so that it be accepted by the customers both locally and abroad.
3. Preparing cost saving plan to reduce costs, such as, improvement of production process, production plan, so as to reduce the costs of production, which would make it more competitive in the markets.
4. The Company still attaches much importance to the upgrading of new product development, especially value-added special products, by regarding this as its trade policy.
5. The Company gives importance to the development of skills of its staff. And though we are greatly affected by the world's economic recession, we still put emphasis on personnel development, by arranging various training programs, and by promoting more consultation meetings to exchange viewpoints between organisations. The objective is to create an atmosphere of production efficiency development via good communications and brainstorming, as well as participation in problem solving process, all of which will in the end benefit the Company.
6. Developing and upgrading quality of goods and services continuously, by listening to viewpoints, needs, and complaints, from its customers both locally and abroad, and also setting suitable methods to improve and develop its products to meet utmost satisfaction of customers.
7. Giving importance to safety, occupational health, and environments among the staff and the communities, by regarding this as one of the top policies of the Company which state that it is the duty and responsibility of the Management and all staff to play a part in this aspect, whereby such shall be also used as an evaluation of their performances.



### 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 domestic 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, 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. The Company has risk management system to minimize the impact from the fluctuation of foreign exchange especially between US dollars and Thai Baht by entering into forward contracts, hedging with counterpart commercial banks, and monitoring the market closely to be ready to modify sales and marketing strategy by balancing domestic and international sales as necessary and appropriate.

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, 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 The East Asiatic 2010 (Thailand) Company Limited as a group of majority shareholders hold 77.72% 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, 2013 the Board of Directors comprises of 9 members whose names are listed below:

- |    |  |  |
|----|--|--|
| 1. | Mr. Sei Jin Liou                       | Chairman of the Board of Directors                   |
| 2. | Ms. Annie Sophia Veerman               | Executive Director                                   |
| 3. | Mr. Hans Henrik Melchior               | Executive Director                                   |
| 4. | Mr. Chate Pattanakul                   | Managing Director                                    |
| 5. | Mr. Suchitr Srivetbodee                | Non-Executive Director                               |
| 6. | Mr. Jan Dam Pedersen                   | Non-Executive Director                               |
| 7. | Assistant Professor Wattanee Phanachet | Independent Director and Chairman of Audit Committee |
| 8. | Emeritus Professor Supapun Rattanaporn | Independent Director and Member of Audit Committee   |
| 9. | Anuphan Kitnichiva, Ph.D.              | Independent Director and Member of Audit Committee   |

Company Secretary is Miss Patcharee Maneetamwong

### Scope of authorities of the Board of Directors

The Board of Directors has the authority to determine and amend the names of Directors who are authorized to sign on behalf of the Company. The Directors who are authorized to sign on behalf of the Company are as follows:

“Mr. Sei-Jin Liou, Ms. Annie Sophia Veerman, Mr. Hans Henrik Melchior, Mr. Chate Pattanakul, any two of these four Directors can jointly sign together with the Company’s seal affixed.”

Subject to the Articles of Association of the Company and the provisions of the Public Limited Companies Law, the Board of Directors has the authority to perform any act within the scope of the Company’s objectives as follows:

1. To be a plaintiff, file a complaint and proceed with legal action on behalf of the Company, compromise or assign arbitrator to settle any dispute.
2. To purchase, procure, accept, lease, let hire purchase, hold ownership, Possess, improve, use and otherwise manage any property as well as the interest thereof.
3. To sell, transfer, mortgage, pledge, exchange and otherwise dispose of property thereof.
4. To borrow money, guarantee, issue, transfer, accept, aval and endorse bills or other negotiable instruments.
5. To request the temporary release of directors, staff or employees of the Company who are being charged in criminal offence relating to the performance of his or her duties for the Company.
6. To hold shares, manage other companies or private companies and carry out specified business in cooperation with other companies or private companies.
7. To perform any act which natural persons may be able to do within the scope of the Company’s Objectives, except an act that can only be done by natural persons.
8. To prepare the Company’s financial statements, financial reports and internal control system correctly and sufficiently.

## Audit Committee

As of December 31, 2013, the Audit Committee comprises 3 members whose names are listed below:

1. Assistant Professor Wattanee Phanachet Chairman of Audit Committee
2. Emeritus Professor Supapun Ruttanaporn Audit Committee
3. Anuphan Kitnitchiva, Ph.D, Audit Committee

Secretary of the Audit Committee is Miss Thanjira Kunathipsritrakool

## 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 and 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.Chate Pattanakul 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, 2013 the Company's Management Team comprises 16 persons whose names are listed below :

1.	Mr. Chate pattanakul	Managing Director
2.	Mr. Thanetr Khumchoedchoochai	Commercial Manager
3.	Mr. Wiwat Hom la-or	Operations Manager
4.	Mr. Thanawat Kulprasertat	Human Resource/Legal Manager
5.	Miss Somjit Bunpiboonmitr	Financial Controller
6.	Mr. Pongsin Muangsri	SHE Manager & QMR/OH & SMR
7.	Mr. Yotin Tamrongsawapark	Casting Plant Manager
8.	Mr. Phairat Kumdee	Extrusion Plant Manager
9.	Mr. Pongthorn Chuencharoen	Site Engineering Manager
10.	Mrs. Noungrutai Boonpetch	Research & Technical Manager
11.	Mr. Wittaya Mongkolkachit	Technical Center Manager
12.	Mr. Udomsak Tienchan	Warehouse & Distribution Manager
13.	Mr. Pongsun Asavasisirijinda	Sales & Product Manager
14.	Mrs. Janjira Thumsorn	Export Sales Manager
15.	Miss Thanjira Kunathipsritrakool	Internal Auditor
16.	Mrs. Masaya Rungrueng	Secretary to Managing Director

## 2. Directors and Management Selection

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

- The Board of Directors shall select candidates for director positions based on appropriate skills and characteristics. After reviewing their work experiences, the candidates shall be proposed for consideration and approval by the Board of Directors' Meeting.
- 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.

- In the case of a vacancy in the board of directors for reasons other than the expiration of the term of office, the Board of Directors shall elect a person who has the qualifications and who possesses no prohibited characteristics under the Public Limited Companies Law as the substitute director at the next Board of Directors' Meeting, unless the remaining term of office of the said director is less than two months.

The resolution of the Board of Directors shall be by a vote of not less than three-fourths of the number of Directors remaining. The substitute Director shall hold office only for the remaining term of office of the Director whom he or she replaces.

### 3. Remuneration for the Board and Management

#### Financial Remuneration

##### Board of Directors

In 2013, the Company paid remuneration to the Audit Committee and Independent Directors, totaling 3 persons and Non-Executive Directors totaling 2 persons totaling Baht 1,482,733.34 in form of annual Director's fees of Baht 1,264,733.34, Audit Committee meeting allowances totaling 4 times and Board meeting allowances totaling 6 times of Baht 206,000.00 and Annual General Meeting allowances 1 time of Baht 12,000.00

##### Management

In 2013, the Company paid salary, bonus, and other remunerations to managing director and executive officers totaling Baht 33,874,837.53. Moreover, the Company also paid contributions of Baht 1,029,824.00 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. Employees must observe the rules laid down in instructions concerning the classifying and handling of documents and electronic data. It is the responsibility of all employees to acquaint themselves with the applicable rules. Information generated within the Group is the property of Lucite and should not, unless legally required, be disclosed outside the Group without proper authority.

They must not be used for unlawful purposes or for personal gain.

### 5. Personnel

As of December 31, 2013 the company's employees consisted of :

Administration	40	persons
Production	286	persons
Total	326	persons

The remuneration of company's employees in 2013 including salary, bonus, and other compensation fund. totaled Baht 75,566,058.25 and also contributions to the provident fund Baht 1,029,824.00

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 has provided its staff with training so that they will recognize their responsibility in product quality improvement and in serving customers demands to their utmost satisfactions.

In company policy and annual training plan, company has covered in people training, review health and safety in work plan, process changes and new process technology in order to increase and improvement employees Capabilities to be inline with organization development plan.

# 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 2013, 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.
3. 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 in 2014. The company has provided this opportunity for the shareholders during the period 7 December 2013 until 14 February 2014.

There was no shareholder who wished to propose agenda items for the 2014 AGM and to nominate persons to serve as the Company's directors.

## 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 2013, the Annual General Meeting of Shareholders was held once on 22nd April 2013, 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, 5 directors from 9 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 2013, 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 2013 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 2009 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.

#### 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 2013 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 [www.thaipolyacrylic.com](http://www.thaipolyacrylic.com) 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 2013 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 non-executive directors and representatives of the major shareholders for the remainder.

##### 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 2013, 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 2013, the Internal Auditor had 4 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 non executive -directors, shall receive any form of remuneration and benefits from being the directors of the Company. The independent directors and non- executive directors are provided with agreed annual director's fees and per diem meeting allowances, of which the rates are considered fair compared to others in the same industry.

The Chairman and the Board of Directors shall consider the remuneration of the managing director and top executives based on the individual performance and achievements and the Company's overall performance against the agreed budget of the particular year.

The Company has disclosed details regarding the total amount of remuneration for independent directors, non -executive directors, managing director and executives in section of Management of the Form 56-1 and the 2013 Annual Report 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.

# CORPORATE SOCIAL RESPONSIBILITY

Thai Poly Acrylic Public Company Limited adopts concepts in doing business with the highest code of ethic and morality to promote corporate governance and fairness to achieve sustainable growth, and responsibility to society and environment.

## **Doing Business with Fairness**

The Board of Directors is responsible for leading business to maximize shareholders' benefits, ensure fairness among stakeholders, and creates quality products and services to support customers' needs.

The Board of Directors manages, controls and monitors the business with good corporate governance to create transparency and fairness for mutual benefits of shareholders, stakeholders, society and community the Company incorporated with.

In order to achieve the fairness in doing business, the Company initiated Good Corporate Governance Policy to ensure alignment with the Stock Exchange of Thailand stipulation in 2006, comprises 5 sections as detailed in Good Corporate Governance section.

## **Anti Corruption**

The Company has codes of conduct, codes of ethic, and business codes of conduct as a guideline for every employee of the company and the group detailed as follows:

"Employee will not use the company's sum of money in paying any bribes either directly or indirectly to government officer for illegal or inappropriate acts. Bribes include money and gifts with values higher than that in the normal practices, and inappropriate or extra of entertainment transactions.

Gifts and entertainment to third parties could be done under appropriate business cultures; however, at the appropriate values, and this shall not violate the applicable law. Employee shall not provide gifts or entertainment at the reputational risk of the company and the group. This information is disclosed to the public."

Employee shall not seek for gifts or entertainment items from any person believed conducting connected transactions. Employee shall not receive any forms of entertainment which is beyond the normal business practice having possible conflict of interest. Employee shall return all gifts which are not under acceptable conditions or donate for charity.

## **Human rights concern and fairness to Labor**

The Company recognises the values of employees, accepts personal differentiation and ability of both male and female employees which form integral parts of business operation.

All employees are treated with respect and honor as well as fairness in opportunities for development and career advancement.

Staff hiring and promotion will be considered based on the required capability in certain position. Other irrelevant factors or work performance in irrelevant functions will not be included in the consideration. Career advancement is solely depended on employees' work performance.

## **Responsibility to consumers and environment**

The Company treated Occupational, Safety, Health, and Work Environment as part of the business operation and social responsibility. Policies are implemented, effective on 5 December 2009, as follows:

1. Compliance with laws and stipulations applicable at the present and in the future, and will implement system to manage occupational and work safety under Mor.Or. Kor. 18001, ISO 14001, and business codes of conduct. Those stipulations are adopted as minimum standards.
2. Minimised the risk and prevent employees, relevant parties, and community from danger, injury, diseases relevant to work, and environmental pollution.
3. Prevents injury and illness which could occur from work according to the Company's objectives and mission.
4. Complies with the standard in discharging of waste and minimises its volume. Environmental resources such as energy and water are used efficiently in line with the Company's objectives and mission.
5. Implements standards on Occupational, Safety, Health, and Work Environment for outsource staff or visitors according to the Company's objectives and mission.
6. Cooperates and announces data, information, policies to employees and external parties including both government and private sectors.
7. Engages to have performance assessment on compliance to Occupational, Safety, Health, and Work Environment stipulations. This is taken as integral part of annual performance assessment of all employees.
8. Roles and responsibilities relevant to Occupational, Safety, Health, and Work Environment are of all management and employees both within and off working hours.
9. Promotes and supports capability development by training and imprinting good mindsets.
10. Determination in responsibility in product development to be consumer and environmental safe in all product life cycle.
11. Allocates resources appropriately to be complied with the Company's objectives and mission, and for continuous development in Occupational, Safety, Health, and Work Environment.

#### **Cooperation in Community Development**

Society and community: The Company is doing the business aiming to benefit the economy, social, and community the Company incorporated with, especially on increasing opportunities in studying and competency development of youth in the area of sports, creativity and innovation, and science and technologies. This also includes cooperation with community and government sector to prevent any acts which could harm or affect environment, community and society.



Important community and society projects that the company took part in or promoted in 2013 included:



### Don't Drink & Drive Campaign

10 April 2013

A campaign of Don't Drink and Drive activities during the Songkran Festival from 11 to 17 April 2013



### Songkran Festival

12 April 2013

The Company together with its employees held a Songkran ceremony to sprinkle the holy water onto the Buddha on Songkran Day.



### BIG CLEANING DAY

18 April 2013

Employees volunteered to take part in a "Big Cleaning Day" campaign to recognize the importance of cleanliness in the workplace.



### Support activities with government agencies and in particular the local school

19 June 2013

The director of the school presented a thank you gift to the TPA Managing Director for efforts to promote and support the school throughout the year.



### No Drinking during Khoa Phansa Festival

20 July 2013

Company employees organized a campaign to promote "No drinking of alcohol during the Khoa Phansa Festival" a period of 3 months from 23 July to 19 October 2013.



### Bless H.M. The Queen's birthday

12 August 2013

Company representatives attended the social activities on Her Majesty the Queen's Birthday





### Community Organizations and the community as a whole

12 August 2013

TPA took part in a football game with the community and Kratumlom Municipality to help cooperation between public and private sectors.



### "White Factory Project"

23 October 2014

Company and employees took part in the "White factory" campaign. - a scheme designed to promote a drug free workplace and society.



### Donating a piece of acrylic to the local police station

21 November 2013

TPA donated a piece of acrylic to the local police station "Ban Kha" in order to improve the scenery around the station.



### Annual Health check-up

25 November 2013

Annual health check-ups were arranged for all employees to prevent staff health problems.



### The management of HIV and TB in the workplace

28 November 2013

TPA management and employees carried out joint activities with the Department of Labor, Disease Control Division, Ministry of Labor and Ministry of Public Health on "The management of HIV and TB in the workplace".



### Activities to prevent narcotic usage

1-27 December 2013

TPA organized and took part in a number of sporting activities arranged to prevent highlight the prevention of narcotic usage for the year 2013. The purpose was to educate staff about the dangers of narcotics and to promote harmony in the group.



### Support & give the knowledge about Acrylic Sheet Fabrication

2 December 2013

TPA invited members of nearby outside communities to come and learn more about acrylic sheet fabrication. Teachers and students from “Ban Krathum Lom school visited to study how to do acrylic sheet fabrication



### A campaign to promote wearing a helmet while driving a motorcycle

13 December 2013

Company and employees organized a campaign to promote wearing a helmet while driving a motorcycle in order to ensure staff safety when driving.



### Training for and carried out the annual fire evacuation

27 December 2013

TPA provided training for and carried out the annual fire evacuation drill in order to clarify the actions required in the event of an accident.



### To Make merit

28 December 2014

TPA employees took part in “Make Merit” activities.



### Part in activities performed at parties

Encourage employees to share and take part in activities performed at parties to celebrate New Year's Eve 2013 and New Year.

## 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 contract price and as agreed.

In 2013 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 2013

( 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	Sales of goods	10.78	Selling price is based on with reference to market price.	To expand the business in China.
		Service fee	1.68	Service fee is charged based on contract price and as agreed.	
Lucite International Korea Ltd.	Shareholder is Lucite International UK Overseas Holdco1 Limited	Service fee	2.41	Service fee is charged based on contract price and as agreed.	To expand the business in Korea.
Lucite International UK Ltd. (Darwen)	Shareholder is Lucite International UK Overseas Holdco1 Limited	Purchases of raw materials	6.48	Market price	Quality and prevent loss of supply.
		Goods in transit	1.93		
		Service fee	1.22	Service fee is charged based on contract price and as agreed.	To expand the business in United Kingdom.
Lucite International Holland B.V.	Shareholder is Lucite International UK Overseas Holdco1 Limited	Purchases of raw materials	1.14	Market price.	Quality and special product.
Lucite International (U.S.A)	Shareholder is Lucite International UK Overseas Holdco1 Limited	Sales of goods	9.01	Market price.	To expand the business in USA.
Thai MMA Co.,Ltd	Shareholder is Mitsubishi Rayon Co.,Ltd	Purchases of raw materials	507.28	Market price.	Quality and prevent loss of supply.
Diapolyacrylate Co.,Ltd	Shareholder is Mitsubishi Rayon Co.,Ltd	Purchases of raw materials	34.30	Market price.	Quality and prevent loss of supply.

b) Outstanding balances arising from sales/purchases of goods and services as at 31 December 2013


( 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	4.84	Selling price is based on with reference to market price.	To expand the business in China.
		Other payable	0.94	Service fee is charged based on contract price and as agreed.	
Lucite International Korea Ltd.	Shareholder is Lucite International UK Overseas Holdco1 Limited	Other payable	0.60	Service fee is charged based on contract price and as agreed.	To expand the business in Korea.
Lucite International UK Ltd. (Darwen)	Shareholder is Lucite International UK Overseas Holdco1 Limited	Trade accounts payable	3.94	Market price.	Quality and prevent loss of supply.
		Other payable	0.89	Service fee is charged based on contract price and as agreed.	To expand the business in United Kingdom.
Thai MMA Co.,Ltd.	Shareholder is Mitsubishi Rayon Co.,Ltd	Trade accounts payable	168.43	Market price.	Quality and prevent loss of supply.
Diapolyacrylate Co.,Ltd.	Shareholder is Mitsubishi Rayon Co.,Ltd	Trade accounts payable	7.10	Market price.	Quality and prevent loss of supply.

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

In accordance with the Company's accounting and finance policies, the Board of Directors is responsible for governing financial statements presentation and financial information disclosures in the Company's annual report in accordance with generally accepted accounting standards to ensure accuracy, adequacy, and transparency of the financial statements and disclosures. The Board of Directors was tasked on oversight of internal control systems, through the Audit Committee which incorporates three independent directors. Each of the Audit Committee members is a qualified and independent in establishing a reviewing system on accounting and financial information including all related party transactions. This is to ensure that all transactions are transparent without any conflict of interest which could minimize the Company's benefits, and to ensure the Company's financial statements reliability and accuracy, all of which are in line the Company's objectives and policies to operate under good corporate governance.

All of the Board of Directors members have considered and reviewed the financial statements for the year 2013, and assured that the Company's financial statements for the year ended 31 December 2013 are accurately and consistently prepared with adequate disclosures in accordance with generally accepted accounting standards as reference in the audit opinion of the external auditor report.



(Mr. Sei Jin Liou)  
Chairman of the Board of Directors



(Mr. Chate Pattanakul)  
Managing Director



## AUDIT COMMITTEE'S REPORT YEAR 2013

To : THE SHAREHOLDERS

The Audit Committee of Thai Poly Acrylic Public Co., Ltd comprised of three independent directors, having Assistant Professor Wattanee Phanachet as Chairperson of Audit Committee, Emeritus Professor Supapun Ruttanaporn and Dr. Anuphan Kitnitchiva as members of the Audit Committee. The Audit committee has the authority, duties and responsibilities in the audit committee charter.

In the year 2013, the Audit Committee held four meetings with the Company's auditor, internal auditor and management, the independent directors attended all meetings. The main topics of the meetings were as follows:

1. Having reviewed the Company's financial statements of the quarters and the year 2013 with the auditor and management, and agreed that the Company's financial statements were prepared according to the generally accepted accounting standards, including the disclosures of adequate relevant information, and reviewed the related party transactions so as to ensure the compliance with the terms and conditions required by the Stock Exchange of Thailand.

2. Having reviewed the adequacy of the Company's internal control system with the auditor, internal auditor and the management, and found that the internal control system was appropriate and adequate.

3. Having reviewed the independency of internal auditor, annual internal audit plans, internal audit report, as well as the evaluation of the internal auditor's performance, and viewed that the internal auditing of the Company was independent and found no deficiencies.

4. Having reviewed the compliance with applicable laws and regulations of the Stock Exchange of Thailand, and found that the Company was in compliance with the relevant regulations.

5. Having made self assessment for the year, and compared to the Charter of the Audit Committee assigned by the Company, and found that the Audit Committee had acted in compliance with the Charter of the Audit Committee.

6. Having considered the selection of the auditor for the year 2014 and determined the audit fee so that the Company's directors will seek approval from the shareholders. The Audit Committee selected Ernst & Young Limited as the company's auditor for the year 2014. One of the following persons below will perform the audit:

- |                  |                 |  |
|------------------|-----------------|--|
| 1) Mr. Supachai  | Phanyawattano   | Certified Public Accountant Registration No. 3930 or |
| 2) Ms. Supanee   | Triyanantakul   | Certified Public Accountant Registration No. 4498 or |
| 3) Ms. Chonlaros | Suntiasvaraporn | Certified Public Accountant Registration No. 4523    |

The audit fee for the year 2014 was agreed at Baht 1,080,000, increasing from the year 2013 by Baht 60,000.

Furthermore, the Audit Committee had one meeting with the auditor without the presence of the Company's management in order to independently discuss important issues pertaining to the preparation of the Company's financial statements, internal control, risk management and information disclosure which will benefit to the audiences of the financial statements.

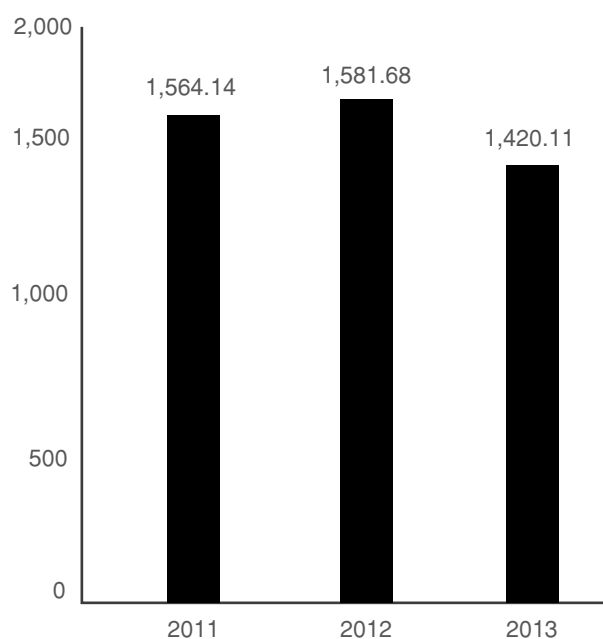
(Assistant Professor Wattanee Phanachet)

Chairperson of the Audit Committee

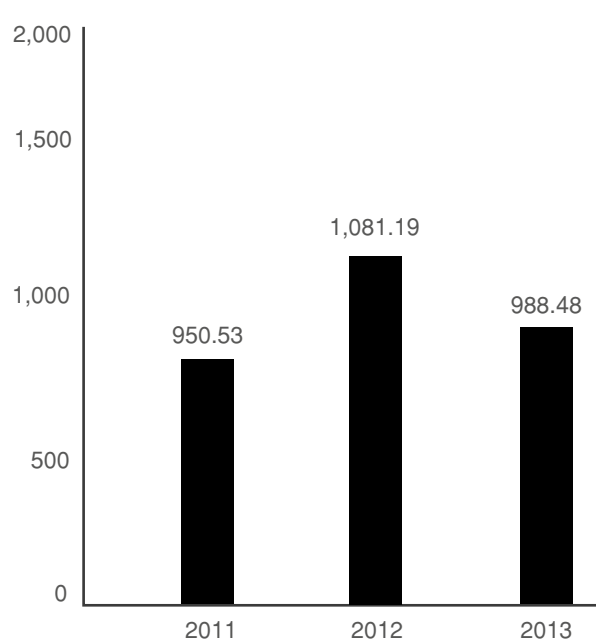
Given on 18th February 2014

## FINANCIAL OVERVIEW

Revenues (Million Baht)



Assets (Million Baht)



		2013	2012	2011
Revenues	(Million Baht)	1,420.11	1,581.68	1,564.14
Expenses	(Million Baht)	1,378.09	1,447.44	1,470.57
Net profit (loss)	(Million Baht)	33.42	103.43	66.87
Earnings (Loss) per share	(Baht)	0.28	0.85	5.50
Shares	(Million Shares)	121.50	121.50	12.15
Assets	(Million Baht)	988.48	1,081.19	950.53
Liabilities	(Million Baht)	379.00	444.38	339.83
Shareholders' Equity	(Million Baht)	609.48	636.81	610.69
Book Value per share	(Baht)	5.01	5.24	50.26

## EXPLANATION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

### 1. Operating results according to Business Operation Plans

Operating results according to the 2013 Business Operation Plans can be summarized as follows:

(1) The Company has all along adhered to its occupational safety, health and environment policy with much emphasis on its own staff and community, by arranging training for the staff at all levels to ensure that they do have good understanding and attain the skills in working together to create a safety and hygiene atmosphere while at the same time taking in account the good working environments. There is also the SHE Committee whose tasks are to set policies, objectives, targets and annual improvement plan. Further, the Committee also monitors and evaluates the performances during the year.

Besides, the Company also focuses on the importance of continual improvement of machinery and equipment to ensure maximum safety among workers and to increase production efficiency.

By adopting work safety as one of the important policies, all staff and management are responsible for adhering to policies and regulation on work safety.

The Company has been examined and obtained TIS18001, a certification on occupational safety management standard, which is to ensure that the Company is attentive in the work safety of staff and all relevant persons.

(2) Amid worldwide economic retraction, internal political instability and the fluctuation of Thai Baht compared to major foreign currencies, especially US Dollars, having direct impact to both domestic and export sales, the Company had managed to maintain and balance its market share both locally and abroad to minimize the impact in profitability. In 2013, the Company had increased the proportion of its export sales, especially in the second half of the year, to gained the benefit of Thai Baht depreciation comparing to US Dollars, but the impact of domestic economy slow down and political issue had resulted in decreasing in domestic sales volume of extrusion sheets especially ABS and HIPS sheets in refrigerator manufacturing business, as the manufacturers had increased manufacturing such materials for their own use and reduced purchased orders from the Company. The overall production and sales of both acrylic and extrusion sheets of 2013 were significantly lower from previous year. The net profit of 2013 was Baht 33.42 million, decreased by 67.69% from Baht 103.43 million of the previous year, as a result of increasing in cost of sales and service and intense market competition.

(3) In the past year, the Company still applied the strategy of focusing on product quality improvement to attain higher standards so as to respond to the needs of its customers both locally and abroad, and also set the target of increasing production efficiency and reducing losses from the production process with an aim to reduce the overall production costs and create product differentiation to avoid price competition strategy.

### 2. Operating results

In 2013 the Company had net sales revenue of Baht 1,375.74 million, decreased by Baht 157.08 million or 10.25% lower, comparing to the previous year, the Company's net profit decreased by Baht 70.01 million, or 67.69% from the previous year. This came from reduction on sales due to economy slow down and political instability but cost of goods sold had increased, thereby resulting in decreasing in operating profit margin by -0.17% (2012: increased by 5.57%), and decreasing in net profit margin to 2.35 % (2012: was 6.54%). The rate of return on shareholders' equity also declined to 5.36% from 16.56% in the previous year.



### 3. Financial Position

#### Assets

As at 31st December 2013, the Company had total assets of Baht 988.48 million, a decrease of Baht 92.71 million, or 8.57% from that of 2012. Main reasons were the decrease of accounts receivable and other receivables as the result of decrease in Sales.

#### Liabilities

As at 31st December 2013, the Company had total liabilities at Baht 379.00 million, a decrease of Baht 65.38 million, or 14.71% from the previous year, as a result of the decrease of current liabilities at Baht 71.19 million or 16.52% comparing to that of the year before. Main reasons were the decrease of current liabilities in the part of accounts payable and other payable mainly from the decrease in production volume compared to last year, and this made the rate of current liabilities to shareholders' equity at 0.62 %, decreased from the previous year which stood at 0.70 %.

#### Liquidity

In 2013, the Company had net cash flow from the operations in the amount of Baht 76.32 million, a decrease of Baht 48.26 million from the previous year. Reasons were the decrease of both account receivables and account payables as a result of the lower in the production and sale volume when compared to those of the previous year. The cash flow spent in investment activities amounted to Baht 46.72 million and in financing activities amounted to Baht 62.69 million, an increase of Baht 35.01 million and a decrease of Baht 16.86 million from those of 2012, respectively. Main reasons were investment for cost reduction projects, and the dividend payment to shareholders from the results of 2012 operations, and did not have interim dividend payment as in 2012, resulting in a decrease in cash and cash equivalent of 2013 by Baht 32.99 million from that of the previous year.

Despite the Company having a decrease in net cash flow from operations and an increase in cash flow spent in investment activities while cash flow used in financing decreased, the ratio of liquidity of the Company in 2013 was still high at the rate of 1.62 times, a slight decrease as compared to that of the previous year which stood at 1.63 times.

#### Capital Structure

The Company had ratio of liabilities to shareholders' equity at 0.62, compared to that of the past year which was at 0.70 times, as a result of a decrease of accounts payable and other payables, while the interest service coverage ratio reduced from 6,805.02 times in 2012 to 597.56 times in 2013 due to the increase in liabilities under finance lease agreement

Based on the financial position and the operating results of the year 2013, the Board of Directors Meeting No. 1/2014, dated 24 February 2014 passed a resolution to propose to the Ordinary Shareholders Meeting to approve the payment of dividend for 2013 at the rate of Baht 0.25 per share, totaling Baht 30,375,000.00 (Baht thirty million thirty seven thousand and five thousand only) from the operating result in year 2011 and 2012 at the rate of Baht 0.10 and 0.15 respectively, or computed as the ratio of dividend at 90.90 percent of the net profit for the year to be paid on 21 May 2014.

### 4. Main Factors and Influences That May Affect Operations or Financial Position in the Future

The factors that may have certain influences towards the future operations of the Company have already been stated in Article 1: Risk Factors.

# INDEPENDENT AUDITOR'S REPORT

## Independent Auditor's Report

To the Shareholders of Thai Poly Acrylic Public Company Limited

I have audited the financial statements of Thai Poly Acrylic Public Company Limited, which comprise the statement of financial position as at 31 December 2013, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### 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 2013, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Supachai Phanyawattano  
Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited  
Bangkok: 24 February 2014

# FINANCIAL STATEMENTS

Thai Poly Acrylic Public Company Limited

Statement of financial position

As at 31 December 2013

(Unit: Baht)

	Note	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 January 2012
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		134,821,996	167,812,044	134,496,799
Current investment - fixed deposit	12	1,070,155	1,044,308	1,019,018
Trade and other receivables	7	309,383,031	376,949,729	310,252,164
Inventories	8	125,606,254	150,012,513	135,357,876
Other current assets		12,551,173	6,794,820	6,334,967
<b>Total current assets</b>		<b>583,432,609</b>	<b>702,613,414</b>	<b>587,460,824</b>
<b>Non-current assets</b>				
Property, plant and equipment	9	403,624,834	376,550,375	360,896,648
Intangible assets - computer software		1,140,350	1,587,483	1,734,539
Deferred tax assets	15	-	157,262	2,008,694
Other non-current assets		277,717	277,717	435,030
<b>Total non-current assets</b>		<b>405,042,901</b>	<b>378,572,837</b>	<b>365,074,911</b>
<b>Total assets</b>		<b>988,475,510</b>	<b>1,081,186,251</b>	<b>952,535,735</b>

The accompanying notes are an integral part of the financial statements.

Thai Poly Acrylic Public Company Limited  
Statement of financial position (continued)  
As at 31 December 2013

(Unit: Baht)

	Note	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 January 2012
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Trade and other payables	10	353,709,882	418,182,793	307,350,578
Current portion of liabilities under finance lease agreements		746,340	-	575,456
Income tax payable		-	9,687,429	14,356,466
Other current liabilities		5,198,277	2,966,513	5,648,261
<b>Total current liabilities</b>		<b>359,654,499</b>	<b>430,836,735</b>	<b>327,930,761</b>
<b>Non-current liabilities</b>				
Liabilities under finance lease agreements - net of current portion		2,924,480	-	-
Provision for long-term employee benefits	11	16,091,048	13,540,712	11,904,130
Deferred tax liabilities	15	329,219	-	-
<b>Total non-current liabilities</b>		<b>19,344,747</b>	<b>13,540,712</b>	<b>11,904,130</b>
<b>Total liabilities</b>		<b>378,999,246</b>	<b>444,377,447</b>	<b>339,834,891</b>
<b>Shareholders' equity</b>				
<b>Share capital</b>				
Registered	16			
121,500,000 ordinary shares of Baht 1 each (2012: 12,150,000 ordinary shares of Baht 10 each)		121,500,000	121,500,000	121,500,000
<b>Issued and fully paid-up</b>				
121,500,000 ordinary shares of Baht 1 each (2012: 12,150,000 ordinary shares of Baht 10 each)		121,500,000	121,500,000	121,500,000
Share premium		233,350,000	233,350,000	233,350,000
<b>Retained earnings</b>				
Appropriated - statutory reserve	13	12,150,000	12,150,000	12,150,000
Unappropriated		242,476,264	269,808,804	245,700,844
<b>Total shareholders' equity</b>		<b>609,476,264</b>	<b>636,808,804</b>	<b>612,700,844</b>
<b>Total liabilities and shareholders' equity</b>		<b>988,475,510</b>	<b>1,081,186,251</b>	<b>952,535,735</b>

The accompanying notes are an integral part of the financial statements.

Thai Poly Acrylic Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

	Note	2013	2012 (Restated)
<b>Profit or loss:</b>			
<b>Revenues</b>			
Sales		1,375,742,516	1,532,304,036
Service income		-	520,947
Other income			
Scrap sales		38,430,922	41,672,237
Others		5,937,130	7,185,156
<b>Total revenues</b>		<b>1,420,110,568</b>	<b>1,581,682,376</b>
<b>Expenses</b>			
Cost of sales and services		1,252,622,920	1,317,416,614
Selling expenses		55,255,189	54,074,523
Administrative expenses		70,215,648	75,946,519
<b>Total expenses</b>		<b>1,378,093,757</b>	<b>1,447,437,656</b>
<b>Profit before finance cost and income tax expenses</b>		<b>42,016,811</b>	<b>134,244,720</b>
Finance cost		(158,722)	(23,236)
<b>Profit before income tax expenses</b>		<b>41,858,089</b>	<b>134,221,484</b>
Income tax expenses	15	(8,440,629)	(30,788,763)
<b>Profit for the year</b>		<b>33,417,460</b>	<b>103,432,721</b>
<b>Other comprehensive income:</b>			
Actuarial losses		-	(437,201)
Income tax effect	15	-	87,440
<b>Other comprehensive income for the year, net of Income tax</b>		<b>-</b>	<b>(349,761)</b>
<b>Total comprehensive income for the year, net of Income tax</b>		<b>33,417,460</b>	<b>103,082,960</b>
<b>Earnings per share</b>	16		
Basic earnings per share		0.28	0.85

The accompanying notes are an integral part of the financial statements.

Thai Poly Acrylic Public Company Limited  
Statement of changes in shareholders' equity  
For the year ended 31 December 2013

	Note	Issued and fully paid-up share capital	Share premium	Retained earnings		Total
				Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 31 December 2011 - as previously reported</b>						
Cumulative effect of change in accounting policy for deferred tax	3	121,500,000	233,350,000	12,150,000	243,692,150	610,692,150
<b>Balance as at 31 December 2011 - as restated</b>						
Total comprehensive income for the year (restated)		121,500,000	233,350,000	12,150,000	245,700,844	612,700,844
Dividend paid	19	-	-	-	103,082,960	103,082,960
		-	-	-	(78,975,000)	(78,975,000)
<b>Balance as at 31 December 2012 - as restated</b>		121,500,000	233,350,000	12,150,000	269,808,804	636,808,804
<b>Balance as at 31 December 2012 - as previously reported</b>						
Cumulative effect of change in accounting policy for deferred tax	3	121,500,000	233,350,000	12,150,000	269,651,542	636,651,542
<b>Balance as at 31 December 2012 - as restated</b>						
Total comprehensive income for the year		121,500,000	233,350,000	12,150,000	269,808,804	636,808,804
Dividend paid	19	-	-	-	33,417,460	33,417,460
		-	-	-	(60,750,000)	(60,750,000)
<b>Balance as at 31 December 2013</b>		121,500,000	233,350,000	12,150,000	242,476,264	609,476,264

The accompanying notes are an integral part of the financial statements.

# Thai Poly Acrylic Public Company Limited

## Cash flow statement

For the year ended 31 December 2013

(Unit: Baht)

	2013	2012
<b>Cash flows from (used in) operating activities</b>		
Profit before tax	41,858,089	134,221,484
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	18,114,102	18,945,014
Allowance for doubtful accounts	1,957,666	-
Reduction of inventories to net realisable value (reversal)	(1,015,754)	1,216,325
Gains on sales of equipment	(1,709,413)	(533,641)
Losses from write-off of equipment	4	3,994
Provision for long-term employee benefits	2,810,336	1,491,381
Unrealised exchange losses	319,904	443,691
Interest income	(585,160)	(630,243)
Interest expenses	158,722	23,236
Income from operating activities before changes in operating assets and liabilities	61,908,496	155,181,241
Operating assets (increase) decrease		
Trade and other receivables	67,963,219	(67,188,674)
Inventories	25,422,013	(15,870,961)
Other current assets	(5,074,281)	(464,673)
Other non-current assets	-	157,313
Operating liabilities increase (decrease)		
Trade and other payables	(55,082,797)	89,922,875
Other current liabilities	(30,184)	(3,323,627)
Provision for long-term employee benefits	(260,000)	(292,000)
Cash flows from operating activities	94,846,466	158,121,494
Cash paid for interest expenses	(158,722)	(23,236)
Cash paid for income tax	(18,372,485)	(33,518,928)
<b>Net cash flows from operating activities</b>	<b>76,315,259</b>	<b>124,579,330</b>

The accompanying notes are an integral part of the financial statements.



Thai Poly Acrylic Public Company Limited

Cash flow statement (continued)

For the year ended 31 December 2013

	(Unit: Baht)	
	2013	2012
<b>Cash flows from (used in) investing activities</b>		
Acquisitions of machinery and equipment	(49,006,011)	(12,730,372)
Acquisitions of computer software	(33,185)	(310,501)
Cash received from sales of equipment	1,714,794	721,754
Interest income	608,148	609,773
<b>Net cash flows used in investing activities</b>	<b>(46,716,254)</b>	<b>(11,709,346)</b>
<b>Cash flows from (used in) financing activities</b>		
Repayment of liabilities under finance lease agreements	(1,936,180)	(575,456)
Dividend paid	(60,750,000)	(78,975,000)
<b>Net cash flows used in financing activities</b>	<b>(62,686,180)</b>	<b>(79,550,456)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(33,087,175)</b>	<b>33,319,528</b>
Unrealised exchange gains (losses) for cash and cash equivalents	97,127	(4,283)
<b>Cash and cash equivalents at beginning of year</b>	<b>167,812,044</b>	<b>134,496,799</b>
<b>Cash and cash equivalents at end of year</b>	<b>134,821,996</b>	<b>167,812,044</b>
<b>Supplemental cash flow information:</b>		
Non-cash transactions		
Purchases of machinery and equipment		
for which no cash has been paid	15,045,596	26,295,790

The accompanying notes are an integral part of the financial statements.

# Thai Poly Acrylic Public Company Limited

## Notes to financial statements

### For the year ended 31 December 2013

#### 1. Corporate information

Thai Poly Acrylic Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholders are Lucite International UK Overseas Holdco1 Limited, incorporated in England and Asiatic Acrylic Company Limited, incorporated in Thailand, with shareholdings of 42.3 percent and 34.1 percent, respectively. Lucite International UK Overseas Holdco1 Limited is a subsidiary of Lucite International Group Limited, incorporated in England and the ultimate parent company of the Group is Mitsubishi Rayon Company Limited, incorporated in Japan. The Company is principally engaged in the manufacture and distribution of Acrylic, Acrylonitrile Butadiene Styrene and High Impact Polystyrene sheets. The registered office of the Company is at 60-61 Moo 9, 4th Putthamonthon Road, Krathumlom, Sampran, Nakornpathom.

#### 2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2012, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

#### 3. New accounting standards

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

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

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
--------	--------------------

Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the accounting standard for income taxes, as detailed below.

## TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company changed this accounting policy in 2013 and restated the prior year's financial statements, presented as comparative information, as though the Company had initially recognised the tax effects as deferred tax assets or liabilities. The change has the effect of decreasing the profit of the Company for the year ended 31 December 2013 by Baht 0.5 million or 0.004 Baht per share (2012: decreasing the profit by Baht 1.9 million, or 0.016 Baht per share, and increasing other comprehensive income by Baht 0.1 million). The cumulative effect in the brought-forward retained earnings has been separately presented in the statements of changes in shareholders' equity.

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

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014

		<u>Effective date</u>
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

###### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

###### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

###### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

##### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

##### **4.3 Accounts receivables**

Accounts receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

##### **4.4 Inventories**

Finished goods are valued at the lower of average cost and net realisable value. Average cost includes all production costs and attributable factory overheads.

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

#### 4.5 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their cost, on the straight-line basis over the following estimated useful lives:

Buildings	-	20 years
Building improvements	-	5 years
Machinery and equipment	-	5 - 20 years
Furniture, fixtures and office equipment	-	3 and 5 years
Motor vehicles	-	5 years

Depreciation expense is charged to profit or loss.

No depreciation is provided on land and assets under installation.

#### 4.6 Intangible assets and amortisation - computer software

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

Computer software with finite life is amortised on a straight-line basis over the useful life of 5 years and tested for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method of such computer software are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

#### 4.7 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### 4.8 Foreign currencies

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

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are charged to profit or loss.

#### 4.9 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### 4.10 Employee benefits

##### *Short-term employee benefits*

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

### ***Post-employment benefits and other long-term employee benefits***

#### ***Defined contribution plans***

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

#### ***Defined benefit plans and other long-term employee benefits***

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plan. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligations under the defined benefit plan and other long-term employee benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

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

### **4.11 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **4.12 Income tax**

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

#### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

#### **Deferred tax**

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

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

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

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

#### 4.13 Forward exchange contracts

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

#### 5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

##### Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

##### Reduction of inventory to net realisable value

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

##### Plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

##### Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligations under the defined benefit plan and other long-term employee benefit plan are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

#### 6. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	2013	2012	Pricing policies
<b><u>Transactions with related parties</u></b>			
Sales of goods	20	17	With reference to market price
Purchases of raw materials	549	586	As agreed with reference to market price
Service expenses	5	3	Contract price and as agreed

The balances of the accounts between the Company and those related parties as at 31 December 2013 and 2012 are as follows:



(Unit: Thousand Baht)

	2013	2012
<b>Trade receivables - related parties (Note 7)</b>		
Fellow subsidiaries	4,840	6,229
<b>Trade and other payables - related parties (Note 10)</b>		
Fellow subsidiaries	6,370	5,607
Subsidiaries of ultimate parent		
Thai MMA Company Limited	168,434	170,218
Others	7,104	10,427
<b>Total trade and other payables - related parties</b>	<b>181,908</b>	<b>186,252</b>

Directors and management's benefits

During the year ended 31 December 2013 and 2012, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	2013	2012
Short-term employee benefits	19,135	23,321
Post-employment benefits	821	316
Other long-term benefits	6	8
<b>Total</b>	<b>19,962</b>	<b>23,645</b>

**7. Trade and other receivables**

(Unit: Thousand Baht)

	2013	2012
<b>Trade receivables - related parties</b>		
Aged on the basis of due dates		
Not yet due	4,840	4,213
Past due		
Up to 3 months	-	2,016
<b>Total trade receivables - related parties</b>	<b>4,840</b>	<b>6,229</b>

(Unit: Thousand Baht)

	2013	2012
<b>Trade receivables - unrelated parties</b>		
Aged on the basis of due dates		
Not yet due	277,411	293,204
Past due		
Up to 3 months	26,991	75,555
3 - 6 months	1,105	948
Over 12 months	245	-
Total	305,752	369,707
Less: Allowance for doubtful debts	(1,958)	-
Total trade receivables - unrelated parties, net	303,794	369,707
Total trade receivables - net	308,634	375,936
<b>Other receivables</b>	749	1,014
Total trade and other receivables - net	309,383	376,950

## 8. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	2013	2012	2013	2012	2013	2012
Finished goods	45,705	63,161	(5,850)	(6,866)	39,855	56,295
Raw materials	34,991	40,753	-	-	34,991	40,753
Spare parts and factory supplies	44,701	46,246	-	-	44,701	46,246
Good in transit	6,059	6,719	-	-	6,059	6,719
Total	131,456	156,879	(5,850)	(6,866)	125,606	150,013

9. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Cost:</b>							
1 January 2012	241,114	139,886	414,026	23,759	11,363	15,527	845,675
Additions	-	46	763	520	-	33,342	34,671
Disposals/Write-off	-	(1,031)	(1,316)	(6,007)	(908)	(482)	(9,744)
Transfer in (out)	-	98	1,810	31	-	(1,939)	-
31 December 2012	241,114	138,999	415,283	18,303	10,455	46,448	870,602
Additions	-	203	4,154	1,170	5,670	33,516	44,713
Disposals/Write-off	-	(966)	(8,968)	(73)	(5,290)	-	(15,297)
Transfer in (out)	-	874	11,628	18	-	(12,520)	-
31 December 2013	241,114	139,110	422,097	19,418	10,835	67,444	900,018
<b>Accumulated depreciation:</b>							
1 January 2012	-	123,684	329,702	20,465	10,927	-	484,778
Depreciation for the year	-	5,049	11,764	1,415	261	-	18,489
Depreciation on disposals	-	(1,012)	(1,288)	(6,007)	(908)	-	(9,215)
31 December 2012	-	127,721	340,178	15,873	10,280	-	494,052
Depreciation for the year	-	2,833	12,589	1,283	926	-	17,632
Depreciation on disposals	-	(966)	(8,961)	(73)	(5,290)	-	(15,290)
31 December 2013	241,114	129,588	343,806	17,083	5,916	-	496,394
<b>Net book value:</b>							
31 December 2012	241,114	11,278	75,105	2,430	175	46,448	376,550
31 December 2013	241,114	9,522	78,291	2,335	4,919	67,444	403,625
<b>Depreciation for the year</b>							
2012 (Baht 16 million included in manufacturing cost, and the balance in selling and administrative expenses)							18,489
2013 (Baht 15 million included in manufacturing cost, and the balance in selling and administrative expenses)							17,632

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

As at 31 December 2013, the Company has motor vehicles under finance lease agreements with net book value amounting to approximately Baht 5 million (2012: Nil).

As at 31 December 2013, certain plant and equipment items had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 364 million (2012: Baht 362 million).

#### 10. Trade and other payables

(Unit: Thousand Baht)

	2013	2012
Trade payables - related parties	179,475	183,667
Trade payables - unrelated parties	125,835	163,779
Amount due to related parties	2,433	2,585
Other payables	24,433	38,004
Accrued expenses	21,534	30,148
Total trade and other payables	353,710	418,183

#### 11. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2013 and 2012, which is compensations on employees' retirement and other long-term employee benefits, were as follows:

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

2012			
	Legal severance payment plan	Long service awards	Total
<b>Defined benefit obligation at beginning of year</b>	10,734	1,170	11,904
Current service cost	666	115	781
Interest cost	448	45	493
Benefits paid during the year	-	(292)	(292)
Actuarial losses	437	218	655
<b>Defined benefit obligation at end of year</b>	12,285	1,256	13,541

Long-term employee benefit expenses included in the profit or loss were as follows:

(Unit: Thousand Baht)

	2013	2012
Current service cost	2,299	781
Interest cost	511	493
Actuarial losses recognised during the year	-	218
<b>Total expenses recognised in profit or loss</b>	2,810	1,492
Line items under which such expenses are included in profit or loss		
Cost of sales	1,023	346
Selling and administrative expenses	1,787	1,146

Total actuarial losses recognised in the other comprehensive income and taken as part of retained earnings of the Company as at 31 December 2012 amounted to approximately Baht 0.4 million.

Principal actuarial assumptions at the valuation date were as follows:

	% Per annum
Discount rate	3.8
Future salary increase rate	4.0
Staff turnover rate (depending on age of employee)	0 - 45.3

Amounts of defined benefit obligation for the current and previous three years are as follows:

(Unit: Thousand Baht)

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

## 12. Undrawn credit facilities

As at 31 December 2013, undrawn credit facilities of the Company granted by financial institutions amounted to approximately Baht 238 million (2012: Baht 238 million) and in October 2013, the Company redeemed the following collaterals, with no impact to the Company's credit facilities.

- a) The pledges/mortgages by land, buildings, machinery and equipment of the Company, with cost totaling Baht 77 million
- b) The pledge/mortgage by twelve-month fixed deposit (for bank overdraft facilities)

## 13. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

## 14. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	2013	2012
Raw materials and consumables used	1,055,257	1,145,702
Changes in inventories of finished goods	17,456	(11,710)
Salaries, wages and other employee benefits	115,725	115,100
Fuel and utility expenses	81,887	86,977
Transportation expenses	33,373	34,349
Depreciation and amortisation	18,114	18,945
Repair and maintenance expenditure	11,558	9,749

## 15. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)

	2013	2012 (Restated)
<b>Current income tax:</b>		
Current income tax charge	7,954	28,850
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	487	1,939
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>8,441</b>	<b>30,789</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Thousand Baht)

	2013	2012 (Restated)
Deferred tax relating to actuarial losses	-	87

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012.

(Unit: Thousand Baht)

	2013	2012 (Restated)
Accounting profit before tax	41,858	134,221
Applicable tax rate	20 %	23 %
Accounting profit before tax multiplied by applicable tax rate	8,372	30,871
Effects of:		
Tax-exempt income	-	(274)
Additional deductible expenses	(83)	(50)
Non-deductible expenses	152	100
Others	-	142
<b>Income tax expenses reported in the statement of comprehensive income</b>	<b>8,441</b>	<b>30,789</b>



The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 January 2012
<b>Deferred tax assets</b>			
Reduce cost of inventories to net realisable value	1,170	1,373	1,247
Provision for long-term employee benefits	3,218	2,708	2,381
Others	836	15	343
<b>Total</b>	<b>5,224</b>	<b>4,096</b>	<b>3,971</b>
<b>Deferred tax liabilities</b>			
Difference depreciation for accounting and tax purpose	(4,644)	(3,091)	(1,537)
Others	(909)	(848)	(425)
<b>Total</b>	<b>(5,553)</b>	<b>(3,939)</b>	<b>(1,962)</b>
<b>Deferred tax assets (liabilities) - net</b>	<b>(329)</b>	<b>157</b>	<b>2,009</b>

The Company calculated deferred tax assets and deferred tax liabilities based on a reduction in the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent as from 2013 in compliance with Royal Decree B.E. 2554 date December 2011 governing corporate income tax reduction.

#### 16. Earnings per share

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

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

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

	2013	2012 (Restated)
Profit for the year (Thousand Baht)	33,417	103,433
Weighted average number of ordinary shares (Thousand shares)	121,500	121,500
Earnings per share (Baht per share)	0.28	0.85

## 17. Segment information

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

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

### Geographic information

Sales and service income by geographical segments of the Company for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Million Baht)		
	2013	2012
Segment in Thailand	911	1,072
Segment in overseas	465	461
Total	1,376	1,533

### Major customer

For the year 2013 and 2012, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

## 18. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The registered provident fund plan was approved by the Ministry of Finance on 1 June 1999. Both employees and the Company contribute to the fund monthly at the rate of 3 or 5 or 7 percent of basic salary. The fund, which is managed by a fund manager, will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company contributed Baht 4 million (2012: Baht 3 million) to the fund.

## 19. Dividends

Dividend		Approved by	Total dividends	Dividend per share
			(Million Baht)	(Baht per share)
<u>For the year ended 31 December 2013</u>				
Final dividend for year 2012	Annual General Meeting of the shareholders on 22 April 2013		61	5.0
<u>For the year ended 31 December 2012</u>				
Final dividend for year 2011	Annual General Meeting of the shareholders on 27 April 2012		55	4.5
Interim dividend for year 2012	Board of Directors Meeting on 10 August 2012		24	2.0
Total dividends			79	6.5

## **20. Commitments and contingent liabilities**

### **20.1 Capital commitments**

As at 31 December 2013, the Company had capital commitments of approximately Baht 0.7 million (2012: Baht 0.3 million), relating to the acquisitions of machinery and equipment.

### **20.2 Operating lease commitments**

The Company has entered into several lease agreements in respect of the lease of buildings. The terms of the agreements are generally within three years.

As at 31 December 2013, future minimum lease payments required under these non-cancellable operating lease contracts which are payable within one year amounted to Baht 1 million (2012: Baht 1 million).

### **20.3 Service agreement commitments**

As at 31 December 2013, future minimum lease payments required under these non-cancellable service lease contracts which are payable within one year amounted to Baht 2 million (2012: Baht 3 million).

### **20.4 Bank guarantees**

As at 31 December 2013, there were outstanding bank guarantees of approximately Baht 7 million (2012: Baht 7 million) issued by a bank on behalf of the Company in respect of electricity usage and others.

## **21. Financial instruments**

### **21.1 Financial risk management**

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investment - fixed deposit, trade and other receivables, trade and other payables, and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company is exposed to credit risk primarily with respect to trade and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables, as stated in the statement of financial position.

#### ***Interest rate risk***

The Company is exposed to the normal interest rate risk related to its deposits at financial institutions. However, since most deposits at financial institutions bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2013						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	Within 2 - 5 years				
						(% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	135	-	135	0.63 - 0.65
Current investment - fixed deposit	1	-	-	-	1	2.00
Trade and other receivables	-	-	-	309	309	-
	-	-	135	309	445	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	354	354	-
Liabilities under finance lease agreements	1	3	-	-	4	0.40 - 0.66
	1	3	-	354	358	

(Unit: Million Baht)

As at 31 December 2012						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year					
						(% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	-	143	25		168	0.65 - 0.875
Current investment - fixed deposit	1	-	-		1	2.50
Trade and other receivables	-	-		377	377	-
	1	143		402	546	
<b>Financial liabilities</b>						
Trade and other payables	-	-		418	418	-
	-	-		418	418	

#### Foreign currency risk

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

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

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2013	2012	2013	2012	2013	2012
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2.7	2.7	0.5	0.5	32.8136	30.6316
Australian dollar	0.4	0.6	-	-	29.1776	31.7757
Euro	-	-	0.1	0.1	45.0217	40.5563
Japanese yen	-	-	8.6	6.6	0.3030	0.3545

Forward exchange contracts outstanding are summarised below.

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

As at 31 December 2012			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.5	30.7125 - 30.7325	11 April 2013 to 10 May 2013

## 21.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature, their fair value is not expected to be materially different from the amounts presented in statements of financial position.

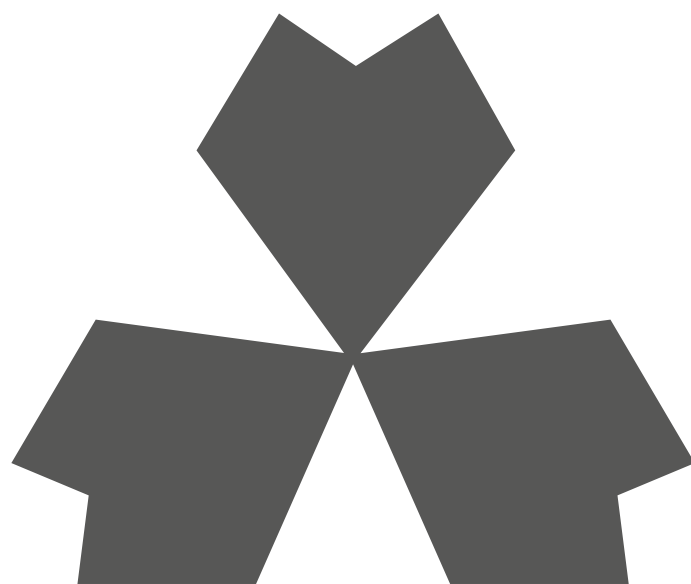
A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

## 22. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

## 23. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2014.



**MODEN GLAS**

รองปกหลังใช้ไฟล์ AI



ปกหลังใช้ไฟล์ AI