

Thai Poly Acrylic Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2015

1. General information

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2014) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.2 New financial reporting standards

a) Financial reporting standard that became effective in the current period

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

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

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

IFRS 13 Fair Value Measurement

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

This standard does not have any significant impact on the Company's financial statements.

(b) Financial reporting standard issued during the period and not yet effective

During the period, the Federation of Accounting Professions issued a number of the revised financial reporting standards (revised 2015) which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised financial reporting standards will not have any significant impact on the financial statements when it is initially applied.

1.3 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2014.

2. Related party transactions

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

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		Pricing policies
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
	<u>Transactions with related parties</u>				
Sales of goods	9	4	22	20	With reference to market price
Purchases of raw materials	112	139	358	437	As agreed with reference to market price
Service expenses	1	3	4	6	Contract price and as agreed

The balances of the accounts between the Company and those related parties as at 30 September 2015 and 31 December 2014 are as follows:

(Unit: Thousand Baht)

	<u>30 September 2015</u>	<u>31 December 2014</u>
	(Audited)	
<u>Trade and other receivables - related parties (Note 3)</u>		
Fellow subsidiaries	<u>5,307</u>	<u>9,408</u>
<u>Trade and other payables - related parties (Note 6)</u>		
Fellow subsidiaries	2,727	2,801
Subsidiaries of ultimate parent		
Thai MMA Company Limited	151,053	176,322
Others	<u>3,670</u>	<u>3,820</u>
Total trade and other payables - related parties	<u><u>157,450</u></u>	<u><u>182,943</u></u>

Directors and management's remunerations

During the three-month and nine-month periods ended 30 September 2015, the Company had employee benefits of their directors and management recognised as expenses totaling Baht 5 million and Baht 15 million, respectively (2014: Baht 5 million and Baht 14 million, respectively).

(Unaudited but reviewed)

3. Trade and other receivables

	(Unit: Thousand Baht)	
	30 September 2015	31 December 2014
		(Audited)
Trade receivables - related parties		
Aged on the basis of due dates		
Not yet due	4,928	6,878
Past due		
Up to 3 months	379	2,530
Total trade receivables - related parties	<u>5,307</u>	<u>9,408</u>
Trade receivables - unrelated parties		
Aged on the basis of due dates		
Not yet due	184,579	217,118
Past due		
Up to 3 months	53,544	55,504
3 - 6 months	365	258
6 - 12 months	-	588
Over 12 months	4,400	3,701
Total	<u>242,888</u>	<u>277,169</u>
Less: Allowance for doubtful debts	(4,400)	(1,958)
Total trade receivables - unrelated parties, net	<u>238,488</u>	<u>275,211</u>
Total trade receivables - net	243,795	284,619
Other receivables	<u>695</u>	<u>565</u>
Total trade and other receivables - net	<u><u>244,490</u></u>	<u><u>285,184</u></u>

4. Reduce cost of inventories to net realisable value

Movements of the reduce cost of inventories to net realisable value account during the nine-month period ended 30 September 2015 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2015	9,305
Add: Reduce cost of inventories to net realisable value increase during the period	3,328
Less: Reversal of reduce cost of inventories to net realisable value during the period	(7,560)
Balance as at 30 September 2015	<u><u>5,073</u></u>

5. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2015 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2015	393,660
Add: Acquisitions during the period - at cost	5,330
Less: Disposals/write-off during the period - net book value as at disposal/write-off date	(202)
Depreciation for the period	(13,716)
Net book value as at 30 September 2015	<u><u>385,072</u></u>

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

6. Trade and other payables

	(Unit: Thousand Baht)	
	<u>30 September 2015</u>	<u>31 December 2014</u>
		(Audited)
Trade payables - related parties	154,870	181,082
Trade payables - unrelated parties	58,492	78,200
Amounts due to related parties	2,580	1,861
Other payables	8,464	10,062
Accrued expenses	24,835	21,571
Total trade and other payables	<u><u>249,241</u></u>	<u><u>292,776</u></u>

(Unaudited but reviewed)

7. Provision for long-term employee benefits

Movements of the provision for long-term employee benefits account during the nine-month period ended 30 September 2015 are summarised below.

(Unit: Thousand Baht)

	Legal severance payment plan	Long service awards	Total
Balance as at 1 January 2015	17,312	1,451	18,763
Recognition during the period	2,238	305	2,543
Benefits paid during the period	(292)	-	(292)
Balance as at 30 September 2015	<u>19,258</u>	<u>1,756</u>	<u>21,014</u>

8. Undrawn credit facilities

As at 30 September 2015, undrawn credit facilities of the Company granted by financial institutions amounted to approximately Baht 331 million (31 December 2014: Baht 231 million).

In August 2015, the Company was granted forward contract facilities amounting to Baht 100 million by a financial institution.

9. Income tax

Income tax expenses for the three-month and nine-month periods ended 30 September 2015 and 2014 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current income tax:				
Interim corporate income tax charge	7,025	1,201	14,707	6,462
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(1,192)</u>	<u>44</u>	<u>(88)</u>	<u>656</u>
Income tax expenses reported in the statements of comprehensive income	<u>5,833</u>	<u>1,245</u>	<u>14,619</u>	<u>7,118</u>

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

10. Earnings per share

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

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2015	2014	2015	2014
	Profit for the period (Thousand Baht)	23,276	4,458	57,229
Weighted average number of ordinary shares (Thousand shares)	121,500	121,500	121,500	121,500
Earnings per share (Baht per share)	0.19	0.04	0.47	0.23

11. Segment information

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

Geographic information

Revenues from sales and service income are based on locations of the customers for the three-month and nine-month periods ended 30 September 2015 and 2014 are as follows:

	(Unit: Million Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2015	2014	2015	2014
Segment in Thailand	149	181	480	533
Segment in overseas	142	120	382	384
Total	291	301	862	917

12. Dividends paid

During the nine-month periods ended 30 September 2015 and 2014, the Company declared the following dividends for payment to its shareholders.

<u>Dividend</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht per share)
Final dividend for year 2014	Annual General Meeting of the shareholders on 23 April 2015	24.3	0.20
Final dividend for year 2013	Annual General Meeting of the shareholders on 23 April 2014	30.4	0.25

13. Commitments and contingent liabilities**13.1 Operating lease and service commitments**

The Company has entered into lease agreements in respect of the lease of buildings and several service agreements. The terms of the agreements are generally between 1 to 3 years.

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

	(Unit: Million Baht)	
	<u>30 September 2015</u>	<u>31 December 2014</u>
Payable:		
In up to 1 year	4	5
In over 1 and up to 3 years	1	2

13.2 Bank guarantees

As at 30 September 2015, there were outstanding bank guarantees of Baht 7 million (31 December 2014: Baht 7 million) issued by a bank on behalf of the Company in respect of certain performance bonds as required in the normal course of business to guarantee electricity usage and others.

14. Foreign currency risk

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

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	30 September	31 December	30 September	31 December	30 September	31 December
	2015	2014	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2.6	3.2	0.2	2.4	36.3696	32.9630
Australian dollar	0.6	0.6	-	-	25.4869	26.8068
Japanese yen	-	-	7.5	6.9	0.3034	0.2738

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

As at 30 September 2015			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.0	35.2700 - 36.2275	8 January 2016 to 25 February 2016

As at 31 December 2014			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.9	32.1950 - 33.0075	6 February 2015 to 15 May 2015

15. Reclassification in interim financial statements

Certain amounts in the interim financial statements for the three-month and nine-month periods ended 30 September 2014 have been reclassified to conform to the current period's classification. The reclassifications are as follows:

	(Unit: Thousand Baht)			
	For the three-month		For the nine-month	
	period ended 30 September 2014		period ended 30 September 2014	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
Sales	301,194	294,757	916,521	886,159
Other income - scrap sales	6,743	13,180	18,461	48,823

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

16. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 November 2015.