

Thai Poly Acrylic Public Company Limited
Notes to interim financial statements
For the three-month period ended 31 March 2016

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 2015) "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

During the period, the Company has adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become 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, 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.

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 2015.

2. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 31 March		Pricing policies
	<u>2016</u>	<u>2015</u>	
<u>Transactions with related parties</u>			
Sales of goods	3	5	With reference to market price
Purchases of raw materials	93	131	As agreed with reference to market price
Service expenses	1	1	Contract price and as agreed

The balances of the accounts between the Company and those related parties as at 31 March 2016 and 31 December 2015 are as follows:

(Unit: Thousand Baht)

	<u>31 March 2016</u>	<u>31 December 2015</u>
		(Audited)
<u>Trade and other receivables - related parties (Note 3)</u>		
Fellow subsidiaries	-	7,230
<u>Trade and other payables - related parties (Note 6)</u>		
Fellow subsidiaries	5,328	4,797
Subsidiaries of ultimate parent		
Thai MMA Company Limited	120,497	135,339
Others	2,225	6,996
Total trade and other payables - related parties	128,050	147,132

Directors and management's remunerations

During the three-month period ended 31 March 2016, the Company had employee benefits of their directors and management recognised as expenses totaling Baht 5 million (2015: Baht 5 million).

(Unaudited but reviewed)

3. Trade and other receivables

	(Unit: Thousand Baht)	
	31 March 2016	31 December 2015
		(Audited)
Trade receivables - related parties		
Aged on the basis of due dates		
Not yet due	-	2,323
Past due		
Up to 3 months	-	4,907
Total trade receivables - related parties	-	7,230
Trade receivables - unrelated parties		
Aged on the basis of due dates		
Not yet due	187,657	189,557
Past due		
Up to 3 months	22,619	39,817
3 - 6 months	73	3,809
6 - 12 months	4,139	410
Over 12 months	4,087	4,400
Total	218,575	237,993
Less: Allowance for doubtful debts	(8,078)	(4,400)
Total trade receivables - unrelated parties, net	210,497	233,593
Total trade receivables - net	210,497	240,823
Other receivables	523	543
Total trade and other receivables - net	211,020	241,366

4. Reduce cost of inventories to net realisable value

Movements of the reduce cost of inventories to net realisable value account during the three-month period ended 31 March 2016 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2016	13,847
Add: Reduce cost of inventories to net realisable value increase during the period	994
Less: Reversal of reduce cost of inventories to net realisable value during the period	(4,146)
Balance as at 31 March 2016	<u>10,695</u>

5. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2016 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2016	380,949
Add: Acquisitions during the period - at cost	1,677
Less: Disposals during the period - net book value as at disposal date	(9)
Depreciation for the period	(4,742)
Net book value as at 31 March 2016	<u>377,875</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>31 March 2016</u>	<u>31 December 2015</u>
		(Audited)
Trade payables - related parties	126,880	144,464
Trade payables - unrelated parties	61,265	55,093
Amounts due to related parties	1,170	2,668
Other payables	6,417	9,356
Accrued expenses	22,307	27,743
Total trade and other payables	<u>218,039</u>	<u>239,324</u>

(Unaudited but reviewed)

7. Provision for long-term employee benefits

Movements of the provision for long-term employee benefits account during the three-month period ended 31 March 2016 are summarised below.

(Unit: Thousand Baht)

	Legal severance payment plan	Long service awards	Total
Balance as at 1 January 2016	20,603	1,238	21,841
Recognition during the period	947	88	1,035
Benefits paid during the period	(130)	-	(130)
Balance as at 31 March 2016	<u>21,420</u>	<u>1,326</u>	<u>22,746</u>

8. Income tax

Income tax expenses for the three-month periods ended 31 March 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Current income tax:		
Interim corporate income tax charge	3,475	2,390
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>1,935</u>	<u>1,031</u>
Income tax expenses reported in the statements of comprehensive income	<u>5,410</u>	<u>3,421</u>

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

9. Earnings per share

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

	For the three-month periods ended 31 March	
	<u>2016</u>	<u>2015</u>
Profit for the period (Thousand Baht)	21,636	12,476
Weighted average number of ordinary shares (Thousand shares)	121,500	121,500
Earnings per share (Baht per share)	0.18	0.10

10. Segment information

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

Geographic information

Revenues from sales and service income are based on locations of the customers for the three-month periods ended 31 March 2016 and 2015 are as follows:

	(Unit: Million Baht)	
	<u>2016</u>	<u>2015</u>
Segment in Thailand	127	155
Segment in overseas	103	116
Total	<u>230</u>	<u>271</u>

11. Commitments and contingent liabilities**11.1 Capital commitments**

As at 31 March 2016, the Company had capital commitments of Baht 1.4 million (31 December 2015: Nil), relating to the acquisitions of machinery.

11.2 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>31 March 2016</u>	<u>31 December 2015</u>
Payable:		
In up to 1 year	3	5
In over 1 and up to 3 years	1	1

11.3 Bank guarantees

As at 31 March 2016, there were outstanding bank guarantees of Baht 7 million (31 December 2015: 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.

12. 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	
	31 March	31 December	31 March	31 December	31 March	31 December
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2.2	2.2	0.5	0.5	35.2392	36.0886
Australian dollar	0.4	0.4	-	-	26.9781	26.2836
Japanese yen	-	-	12.2	11.2	0.3134	0.2996

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

As at 31 March 2016			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.2	35.1840	19 August 2016

As at 31 December 2015			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.7	35.7600 - 36.0575	25 April 2016 to 12 May 2016

13. Event after the reporting period

On 26 April 2016, the Annual General Meeting of the Company's shareholders passed a resolution to approve dividend payment of a total of Baht 0.40 per share, or a total of Baht 48.6 million, from the retained earnings. The Company will pay and record such dividend in the second quarter of the current year.

14. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 May 2016.