

**Thai Poly Acrylic Public Company Limited**

**Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 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.

(Unaudited but reviewed)

## 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		For the six-month		Pricing policies
	periods ended 30 June		periods ended 30 June		
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with related parties</u>					
Sales of goods	6	9	9	14	With reference to market price
Purchases of raw materials	86	115	179	246	As agreed with reference to market price
Service expenses	1	1	2	3	Contract price and as agreed

The balances of the accounts between the Company and those related parties as at 30 June 2016 and 31 December 2015 are as follows:

(Unit: Thousand Baht)

	30 June 2016	31 December 2015
		(Audited)
<b><u>Trade and other receivables - related parties (Note 3)</u></b>		
Fellow subsidiaries	5,967	7,230
<b><u>Trade and other payables - related parties (Note 6)</u></b>		
Fellow subsidiaries	4,073	4,797
Subsidiaries of ultimate parent		
Thai MMA Company Limited	115,938	135,339
Others	4,434	6,996
<b>Total trade and other payables - related parties</b>	<b>124,445</b>	<b>147,132</b>

### Directors and management's remunerations

During the three-month and six-month periods ended 30 June 2016, the Company had employee benefits of its directors and management recognised as expenses totaling Baht 8 million and Baht 13 million, respectively (2015: Baht 5 million and Baht 10 million, respectively).

**3. Trade and other receivables**

	(Unit: Thousand Baht)	
	30 June 2016	31 December 2015
		(Audited)
<b>Trade receivables - related parties</b>		
Aged on the basis of due dates		
Not yet due	4,710	2,323
Past due		
Up to 3 months	1,257	4,907
Total trade receivables - related parties	<u>5,967</u>	<u>7,230</u>
<b>Trade receivables - unrelated parties</b>		
Aged on the basis of due dates		
Not yet due	167,433	189,557
Past due		
Up to 3 months	31,091	39,817
3 - 6 months	1,052	3,809
6 - 12 months	3,594	410
Over 12 months	4,330	4,400
Total	207,500	237,993
Less: Allowance for doubtful debts	(7,922)	(4,400)
Total trade receivables - unrelated parties, net	<u>199,578</u>	<u>233,593</u>
Total trade receivables - net	205,545	240,823
<b>Other receivables</b>	370	543
Total trade and other receivables - net	<u><u>205,915</u></u>	<u><u>241,366</u></u>

(Unaudited but reviewed)

#### 4. Reduce cost of inventories to net realisable value

Movements of the reduce cost of inventories to net realisable value account during the six-month period ended 30 June 2016 are summarised below.

	(Unit: Thousand Baht)
<b>Balance as at 1 January 2016</b>	13,847
Add: Reduce cost of inventories to net realisable value increase during the period	3,571
Less: Reversal of reduce cost of inventories to net realisable value during the period	(5,986)
<b>Balance as at 30 June 2016</b>	<u>11,432</u>

#### 5. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2016 are summarised below.

	(Unit: Thousand Baht)
<b>Net book value as at 1 January 2016</b>	380,949
Add: Acquisitions during the period - at cost	5,200
Less: Disposals/write-off during the period - net book value as at disposal/write-off date	(16)
Depreciation for the period	(9,449)
<b>Net book value as at 30 June 2016</b>	<u>376,684</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)	
	30 June 2016	31 December 2015
		(Audited)
Trade payables - related parties	122,448	144,464
Trade payables - unrelated parties	59,265	55,093
Amounts due to related parties	1,997	2,668
Other payables	9,254	9,356
Accrued expenses	21,092	27,743
<b>Total trade and other payables</b>	<u>214,056</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 six-month period ended 30 June 2016 are summarised below.

(Unit: Thousand Baht)

	Legal severance payment plan	Long service awards	Total
<b>Balance as at 1 January 2016</b>	20,603	1,238	21,841
Recognition during the period	1,884	175	2,059
Reversal during the period	(1,551)	-	(1,551)
Benefits paid during the period	(130)	-	(130)
<b>Balance as at 30 June 2016</b>	<u>20,806</u>	<u>1,413</u>	<u>22,219</u>

## 8. Income tax

Income tax expenses for the three-month and six-month periods ended 30 June 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	5,317	5,293	8,792	7,682
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	<u>504</u>	<u>73</u>	<u>2,439</u>	<u>1,104</u>
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>5,821</u>	<u>5,366</u>	<u>11,231</u>	<u>8,786</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 30 June		For the six-month periods ended 30 June	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit for the period (Thousand Baht)	23,266	21,477	44,902	33,953
Weighted average number of ordinary shares (Thousand shares)	121,500	121,500	121,500	121,500
Earnings per share (Baht per share)	0.19	0.18	0.37	0.28

**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 and six-month periods ended 30 June 2016 and 2015 are as follows:

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Segment in Thailand	126	176	253	331
Segment in overseas	110	123	213	240
Total	<u>236</u>	<u>299</u>	<u>466</u>	<u>571</u>

(Unit: Million Baht)

**11. Dividends paid**

During the six-month periods ended 30 June 2016 and 2015, 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 2015	Annual General Meeting of the shareholders on 26 April 2016	48.6	0.40
Final dividend for year 2014	Annual General Meeting of the shareholders on 23 April 2015	24.3	0.20

**12. Commitments and contingent liabilities****12.1 Capital commitments**

As at 30 June 2016, the Company had capital commitments of Baht 1.7 million (31 December 2015: Nil), relating to the acquisitions of machinery.

**12.2 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.

	<u>30 June 2016</u>	<u>31 December 2015</u>
Payable:		
In up to 1 year	5	5
In over 1 and up to 3 years	-	1

**12.3 Bank guarantees**

As at 30 June 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.

**13. 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 June	31 December	30 June	31 December	30 June	31 December
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2.2	2.2	0.4	0.5	35.1802	36.0886
Australian dollar	0.4	0.4	-	-	26.1877	26.2836
Japanese yen	-	-	14.1	11.2	0.3425	0.2996

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

As at 30 June 2016			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.6	35.1125 - 35.2225	3 November 2016 to 25 November 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

**14. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 August 2016.