

Thai Poly Acrylic Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2017

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 2016) “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 financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. 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 2016, with the following additional accounting policy.

Non-current assets held for sale

Non-current assets held for sale are measured at the lower of carrying amount or fair value less costs to sell.

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		For the nine-month periods		Pricing policies
	ended 30 September		ended 30 September		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
Transactions with related parties					
Sales of goods	5	2	7	12	With reference to market price
Purchases of raw materials	159	115	430	294	As agreed with reference to market price
Service expenses	2	2	4	4	Contract price and as agreed

The balances of the accounts between the Company and those related parties as at 30 September 2017 and 31 December 2016 are as follows:

(Unit: Thousand Baht)

	<u>30 September 2017</u>	<u>31 December 2016</u>
<u>Trade and other receivables - related parties (Note 3)</u>		
Fellow subsidiaries	1,105	2,059
<u>Trade and other payables - related parties (Note 7)</u>		
Fellow subsidiaries	1,791	5,440
Subsidiaries of ultimate parent		
Thai MMA Company Limited	217,799	164,480
Others	1,393	3,505
Total trade and other payables - related parties	220,983	173,425

Directors and management's remunerations

During the three-month and nine-month periods ended 30 September 2017, the Company had employee benefits of its directors and management recognised as expenses totaling Baht 6 million and Baht 18 million, respectively (2016: Baht 6 million and Baht 19 million, respectively).

3. Trade and other receivables

(Unit: Thousand Baht)

	<u>30 September 2017</u>	<u>31 December 2016</u>
Trade receivables - related parties		
Aged on the basis of due dates		
Not yet due	-	2,059
Past due		
Up to 3 months	1,105	-
Total trade receivables - related parties	<u>1,105</u>	<u>2,059</u>
Trade receivables - unrelated parties		
Aged on the basis of due dates		
Not yet due	209,008	189,780
Past due		
Up to 3 months	53,799	44,936
3 - 6 months	-	728
6 - 12 months	-	1,441
Over 12 months	7,300	7,668
Total	<u>270,107</u>	<u>244,553</u>
Less: Allowance for doubtful debts	<u>(6,567)</u>	<u>(7,668)</u>
Total trade receivables - unrelated parties, net	<u>263,540</u>	<u>236,885</u>
Total trade receivables, net	<u>264,645</u>	<u>238,944</u>
Other receivables		
Other receivables - unrelated parties	<u>782</u>	<u>323</u>
Total other receivables	<u>782</u>	<u>323</u>
Total trade and other receivables, net	<u><u>265,427</u></u>	<u><u>239,267</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 2017 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2017	15,045
Less: Reversal of reduce cost of inventories to net realisable value during the period	<u>(2,052)</u>
Balance as at 30 September 2017	<u><u>12,993</u></u>

5. Non-current assets held for sale

On 23 May 2017, the Company entered into an agreement to sell vacant land at a price of Baht 236 million, which is to be paid in installments, with the Company to transfer ownership of the land when payment is complete. The Company has received deposits for the sale of the land amounting to Baht 71 million from the buyer.

Accordingly, on 30 September 2017 the Company classified the vacant land as a non-current asset held for sale in the statement of financial position.

6. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2017 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2017	376,260
Add: Acquisitions during the period - at cost	10,218
Less: Disposals/written - off during the period - net book value as at disposal/written - off date	<u>(29)</u>
Depreciation for the period	(16,170)
Classify as non-current assets held for sale	<u>(104,783)</u>
Net book value as at 30 September 2017	<u><u>265,496</u></u>

(Unaudited but reviewed)

7. Trade and other payables

(Unit: Thousand Baht)

	<u>30 September 2017</u>	<u>31 December 2016</u>
Trade payables - related parties	219,234	170,586
Trade payables - unrelated parties	70,773	68,373
Amounts due to related parties	1,749	2,839
Other payables	8,565	8,735
Accrued expenses	26,001	25,032
Total trade and other payables	<u><u>326,322</u></u>	<u><u>275,565</u></u>

8. Provision for long-term employee benefits

Movements of the provision for long-term employee benefits account during the nine-month period ended 30 September 2017 are summarised below.

(Unit: Thousand Baht)

	Legal severance payment plan	Long service awards	Total
Balance as at 1 January 2017	21,821	1,112	22,933
Recognition during the period	2,610	253	2,863
Benefits paid during the period	(791)	-	(791)
Balance as at 30 September 2017	<u><u>23,640</u></u>	<u><u>1,365</u></u>	<u><u>25,005</u></u>

9. Income tax

Income tax for the three-month and nine-month periods ended 30 September 2017 and 2016 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Interim corporate income tax charge	-	6,023	-	14,815
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,600)	(807)	(3,543)	1,632
Income tax expenses (benefits) reported in the statements of comprehensive income	<u><u>(1,600)</u></u>	<u><u>5,216</u></u>	<u><u>(3,543)</u></u>	<u><u>16,447</u></u>

10. Earnings per share

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

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 (loss) 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 2017 and 2016 are as follows:

	(Unit: Million Baht)			
	For the three-month		For the nine-month	
	periods ended 30 September		periods ended 30 September	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Segment in Thailand	162	149	474	402
Segment in overseas	140	142	370	355
Total	<u>302</u>	<u>291</u>	<u>844</u>	<u>757</u>

12. Dividends paid

During the nine-month periods ended 30 September 2017 and 2016, 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 2016	Annual General Meeting of the shareholders on 27 April 2017	<u>60.75</u>	<u>0.50</u>
Final dividend for year 2015	Annual General Meeting of the shareholders on 26 April 2016	<u>48.60</u>	<u>0.40</u>

13. Commitments and contingent liabilities

13.1 Capital commitments

As at 30 September 2017, the Company had capital commitments of Baht 3 million (31 December 2016: None), relating to the acquisitions of equipment.

13.2 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 operating lease and service agreements were as follows.

	(Unit: Million Baht)	
	<u>30 September 2017</u>	<u>31 December 2016</u>
Payable:		
In up to 1 year	3	2
In over 1 and up to 3 years	3	-

13.3 Bank guarantees

As at 30 September 2017, there were outstanding bank guarantees of Baht 7 million (31 December 2016: 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 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	3.0	2.1	0.7	0.6	33.3684	35.8307
Australian dollar	0.7	0.8	-	0.1	26.1780	25.9362
Japanese yen	-	-	9.7	14.2	0.2964	0.3080
Euro	-	-	0.1	0.1	39.3113	37.7577

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

As at 30 September 2017			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.2	33.9100	December 2017

As at 31 December 2016			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.1	34.7944 - 35.6150	March 2017 - May 2017

15. Event after the reporting period

On 9 November 2017, a meeting of the Company's Board of Directors passed a resolution to pay an interim dividend of Baht 0.50 per share, or a total of Baht 60.75 million. The dividend will be paid on 7 December 2017.

16. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 November 2017.