

Thai Poly Acrylic Public Company Limited

Notes to interim financial statements

For the three-month period ended 31 March 2018

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 "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 standards that became effective in the current year

During the period, the Company has adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

(b) Financial reporting standard that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company is evaluating the impact of this standard to the financial statements in the year when it is adopted.

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 2017.

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>2018</u>	<u>2017</u>	
<u>Transactions with related parties</u>			
Sales of goods	-	1	With reference to market price
Purchases of raw materials	172	151	As agreed with reference to market price
Service expenses	2	2	Contract price and as agreed

(Unaudited but reviewed)

The balances of the accounts between the Company and those related parties as at 31 March 2018 and 31 December 2017 are as follows:

	(Unit: Thousand Baht)	
	31 March 2018	31 December 2017
		(Audited)
<u>Trade receivables - related parties (Note 3)</u>		
Fellow subsidiaries	-	2,531
<u>Trade and other payables - related parties (Note 6)</u>		
Fellow subsidiaries	2,624	2,595
Subsidiaries of ultimate parent		
Thai MMA Company Limited	232,630	207,960
Others	4,647	2,970
Total trade and other payables - related parties	239,901	213,525

Directors and management's remunerations

During the three-month period ended 31 March 2018, the Company had employee benefits of its directors and management recognised as expenses totaling Baht 6 million (2017: Baht 6 million).

3. Trade and other receivables

	(Unit: Thousand Baht)	
	31 March 2018	31 December 2017
		(Audited)
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Past due		
Up to 3 months	-	2,531
Total trade receivables - related parties	-	2,531
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due		
Not yet due	260,359	218,893
Past due		
Up to 3 months	19,658	41,617
Over 12 months	6,246	6,639
Total	286,263	267,149
Less: Allowance for doubtful debts	(6,248)	(6,496)
Total trade receivables - unrelated parties, net	280,015	260,653
Total trade receivables - net	280,015	263,184

(Unaudited but reviewed)

(Unit: Thousand Baht)

	31 March 2018	31 December 2017
		(Audited)
<u>Other receivables</u>		
Loans to employees	397	431
Others	300	169
Total other receivables	697	600
Total trade and other receivables - net	280,712	263,784

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 2018 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2018	12,640
Add: Reduce cost of inventories to net realisable value increased during the period	1,278
Balance as at 31 March 2018	13,918

5. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2018 are summarised below.

(Unit: Thousand Baht)

Net book value as at 1 January 2018	268,956
Add: Acquisitions during the period - at cost	1,516
Less: Depreciation for the period	(5,269)
Net book value as at 31 March 2018	265,203

6. Trade and other payables

(Unit: Thousand Baht)

	31 March 2018	31 December 2017
		(Audited)
Trade payables - related parties	237,277	210,930
Trade payables - unrelated parties	100,824	70,095
Other payables - related parties	2,624	2,595
Other payables - unrelated parties	10,673	11,270
Accrued expenses	26,365	22,901
Total trade and other payables	377,763	317,791

(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 2018 are summarised below.

(Unit: Thousand Baht)

	Legal severance payment plan	Long service awards	Total
Balance as at 1 January 2018	21,904	1,450	23,354
Recognition during the period	966	92	1,058
Benefits paid during the period	(576)	-	(576)
Balance as at 31 March 2018	<u>22,294</u>	<u>1,542</u>	<u>23,836</u>

8. Income tax

Income tax for the three-month periods ended 31 March 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	<u>2018</u>	<u>2017</u>
Current income tax:		
Interim corporate income tax charge	-	122
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>(5,289)</u>	<u>482</u>
Income tax expenses (benefits) reported in the statements of comprehensive income	<u>(5,289)</u>	<u>604</u>

9. 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.

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 (losses) 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 2018 and 2017 are as follows:

	(Unit: Million Baht)	
	<u>2018</u>	<u>2017</u>
Segment in Thailand	179	162
Segment in overseas	119	115
Total	<u>298</u>	<u>277</u>

11. Commitments and contingent liabilities**11.1 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 operating lease and service agreements were as follows.

	(Unit: Million Baht)	
	<u>31 March 2018</u>	<u>31 December 2017</u>
Payable:		
In up to 1 year	2	2
In over 1 and up to 3 years	2	2

11.2 Bank guarantees

As at 31 March 2018, there were outstanding bank guarantees of Baht 7 million (31 December 2017: 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
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2.9	2.7	1.2	1.0	31.2318	32.6809
Australian dollar	0.7	0.7	-	-	23.9806	25.4772
Japanese yen	-	-	26.1	18.4	0.2939	0.2898
Euro	-	-	0.1	-	38.4394	39.0273

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

As at 31 March 2018			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.8	31.10680 - 32.44084	22 June 2018 to 20 July 2018

As at 31 December 2017			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.3	32.44084	20 April 2018

13. Event after the reporting period

On 27 April 2018, the Annual General Meeting of the Company's shareholders passed a resolution to approve dividend payment of Baht 0.3 per share, or a total of Baht 36.45 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 10 May 2018.