

## **Thai Poly Acrylic Public Company Limited**

### **Notes to financial statements**

**For the year ended 31 December 2018**

#### **1. General information**

Thai Poly Acrylic Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholders are Lucite International UK Overseas Holdco1 Limited, incorporated in England and Asiatic Acrylics Company Limited, incorporated in Thailand, with shareholdings of 42.3 percent and 34.1 percent, respectively. Lucite International UK Overseas Holdco1 Limited is a subsidiary of Mitsubishi Rayon Lucite Group Limited, incorporated in England and the ultimate controlling party of the Group is Mitsubishi Chemical Holding Corporation, incorporated in Japan. The Company is principally engaged in the manufacture and distribution of Acrylic sheets, Acrylonitrile Butadiene Styrene sheets, High Impact Polystyrene sheets and other extruded plastic sheets. The registered office of the Company is at 60-61 Moo 9, Putthamonthon Sai 4 Road, Krathumlom, Sampran, Nakornpathom.

#### **2. Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

#### **3 New financial reporting standards**

##### **(a) Financial reporting standards that became effective in the current year**

During the year, 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 standards that will become effective for fiscal years beginning on or after 1 January 2019**

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

**TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

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 recognized 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.

The management of the Company believe that this standard will not have any significant impact on the financial statements when it is initially applied.

**(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

**4. Significant accounting policies**

**4.1 Revenue recognition**

*Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

*Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

#### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

#### **4.4 Inventories**

Finished goods are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, spare parts and factory supplies are valued at the lower of cost (under the first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.

#### **4.5 Property, plant and equipment and depreciation**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Buildings	-	20 years
Building improvements	-	5 years
Machinery and equipment	-	3 - 20 years
Furniture, fixtures and office equipment	-	3 and 5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.6 Intangible assets**

Intangible assets are carried at cost less any accumulated amortisation and allowance for impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	5 years

#### **4.7 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **4.8 Long-term leases**

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of buildings which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.9 Foreign currencies**

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **4.10 Impairment of assets**

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### **4.11 Employee benefits**

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits and other long-term employee benefits***

###### *Defined contribution plans*

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

### *Defined benefit plans and other long-term employee benefits*

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligations under the defined benefit plan and other long-term employee benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term employee benefits are recognised immediately in profit and loss.

#### **4.12 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.13 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profits will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.14 Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

#### **4.15 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

### **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

#### **Reduction of inventory cost to net realisable value**

In determining a reduction of inventory cost to net realisable value, the management makes judgement and estimates net realisable value of inventory based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.



## Property, plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

## Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligations under the defined benefit plans and other long-term employee benefit plan are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 6. Related party transactions

During the years, 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.

	<u>2018</u>	<u>2017</u>	<u>Transfer pricing policies</u>
(Unit: Million Baht)			
<u>Transactions with related parties</u>			
Sales of goods	-	9	With reference to market price
Purchases of raw materials	606	576	As agreed with reference to market price
Service expenses	5	5	Contract price and as agreed

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

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u> (Note 8)		
Fellow subsidiaries	-	2,531
<u>Trade and other payables - related parties</u> (Note 11)		
Fellow subsidiaries	2,604	2,595
Subsidiaries of ultimate parent		
Thai MMA Company Limited	197,976	207,960
Others	6,412	2,970
Total trade and other payables - related parties	<u>206,992</u>	<u>213,525</u>

#### Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Short-term employee benefits	23,829	21,291
Post-employment benefits	302	477
Other long-term benefits	-	2
Total	<u>24,131</u>	<u>21,770</u>

## **7. Cash and cash equivalents**

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Cash	50	50
Bank deposits	118,345	134,476
Bank of Thailand Bond	80,000	180,000
Total	<u>198,395</u>	<u>314,526</u>

As at 31 December 2018, bank deposits in saving accounts and Bank of Thailand Bond carried interests between 0.15 and 1.40 percent per annum (2017: between 0.15 and 1.05 percent per annum).

## 8. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<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	233,185	218,893
Past due		
Up to 3 months	52,083	41,617
Over 12 months	6,140	6,639
Total	291,408	267,149
Less: Allowance for doubtful debts	(6,140)	(6,496)
Total trade receivables - unrelated parties, net	285,268	260,653
Total trade receivables - net	285,268	263,184
<u>Other receivables</u>		
Loans to employees	387	431
Others	132	169
Total other receivables	519	600
Total trade and other receivables - net	285,787	263,784

## 9. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	36,406	45,056	(2,654)	(2,751)	33,752	42,305
Raw materials	39,376	41,593	(4,246)	(5,640)	35,130	35,953
Spare parts and factory supplies	35,010	34,684	(4,427)	(4,249)	30,583	30,435
Goods in transit	15,318	7,360	-	-	15,318	7,360
Total	<u>126,110</u>	<u>128,693</u>	<u>(11,327)</u>	<u>(12,640)</u>	<u>114,783</u>	<u>116,053</u>

During the current year, the Company reduced cost of inventories by Baht 1 million (2017: Baht 2 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 2 million (2017: Baht 4 million), and reduced the amount of inventories recognised as expenses during the year.

## 10. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Cost</b>							
1 January 2017	241,114	180,208	456,021	18,184	14,884	4,512	914,923
Additions	-	13	4,034	1,539	-	13,791	19,377
Disposals/Write-off	(104,783)	-	(1,085)	(654)	(1,302)	-	(107,824)
Transfer in (out)	-	3,877	5,329	-	-	(9,206)	-
31 December 2017	136,331	184,098	464,299	19,069	13,582	9,097	826,476
Additions	-	256	1,882	424	-	14,376	16,938
Disposals/Write-off	-	-	(5)	(77)	-	-	(82)
Transfer in (out)	-	695	5,137	2,577	-	(8,409)	-
31 December 2018	136,331	185,049	471,313	21,993	13,582	15,064	843,332
<b>Accumulated depreciation</b>							
1 January 2017	-	138,206	376,391	16,105	7,961	-	538,663
Depreciation for the year	-	4,074	14,198	1,135	2,462	-	21,869
Depreciation on disposals/Write-off	-	-	(1,056)	(654)	(1,302)	-	(3,012)
31 December 2017	-	142,280	389,533	16,586	9,121	-	557,520
Depreciation for the year	-	4,562	13,027	1,411	1,710	-	20,710
Depreciation on disposals/Write-off	-	-	(2)	(77)	-	-	(79)
31 December 2018	-	146,842	402,558	17,920	10,831	-	578,151
<b>Net book value</b>							
31 December 2017	136,331	41,818	74,766	2,483	4,461	9,097	268,956
31 December 2018	136,331	38,207	68,755	4,073	2,751	15,064	265,181
<b>Depreciation for the year</b>							
2017 (Baht 18 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)							21,869
2018 (Baht 17 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)							20,710

As at 31 December 2018, the Company has motor vehicles with net book value of Baht 3 million (2017: Baht 3 million) which were acquired under finance lease agreements.

As at 31 December 2018, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 428 million (2017: Baht 413 million).

## 11. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Trade payables - related parties	204,388	210,930
Trade payables - unrelated parties	74,278	70,095
Other payables - related parties	2,604	2,595
Other payables - unrelated parties	12,986	11,270
Accrued expenses	26,914	22,901
<b>Total trade and other payables</b>	<b><u>321,170</u></b>	<b><u>317,791</u></b>

## 12. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company and other long-term employee benefits, namely long service awards, was as follows:

	(Unit: Thousand Baht)		
	<u>2018</u>		
	<u>Severance payment plan</u>	<u>Long service awards</u>	<u>Total</u>
<b>Provision for long-term employee benefits</b>			
<b>at beginning of year</b>	22,092	1,262	23,354
Included in profit or loss			
Current service cost	5,187	193	5,380
Interest cost	769	35	804
Actuarial gain	-	(617)	(617)
Included in other comprehensive income			
Actuarial (gain) loss arising from			
Demographic assumptions changes	2,498	-	2,498
Financial assumptions changes	473	-	473
Experience adjustments	(2,469)	-	(2,469)
Benefits paid during the year	(3,037)	(140)	(3,177)
<b>Provision for long-term employee benefits</b>			
<b>at end of year</b>	<b><u>25,513</u></b>	<b><u>733</u></b>	<b><u>26,246</u></b>

(Unit: Thousand Baht)

	2017		
	Severance payment plan	Long service awards	Total
<b>Provision for long-term employee benefits</b>			
<b>at beginning of year</b>	21,821	1,112	22,933
Included in profit or loss			
Current service cost	3,057	117	3,174
Interest cost	611	33	644
Benefits paid during the year	(3,397)	-	(3,397)
<b>Provision for long-term employee benefits</b>			
<b>at end of year</b>	22,092	1,262	23,354

The Company expects to pay Baht 2.4 million of long-term employee benefits during the next year (2017: Baht 0.7 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 10 years (2017: 10 years).

Significant actuarial assumptions are summarised below:

	Percent per annum	
	<u>2018</u>	<u>2017</u>
Discount rate	2.7	2.9
Salary increase rate	4.0	4.0
Turnover rate	0 - 27.0	0 - 34.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

(Unit: Million Baht)

	As at 31 December 2018			
	Severance payment plan		Long service awards	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(2.1)	2.4	-	-
Salary increase rate	2.4	(2.1)	-	-
Turnover rate	(2.2)	1.5	(0.1)	0.1

(Unit: Million Baht)

As at 31 December 2017

	Severance payment plan		Long service awards	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(2.2)	2.5	(0.1)	0.1
Salary increase rate	2.6	(2.3)	-	-
Turnover rate	(2.4)	2.4	(0.1)	0.1

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of Baht 6.2 million. The Company will reflect the effect of the change by recognising past services costs as expenses in profit or loss of the period in which the law is effective.

### **13. Undrawn credit facilities**

As at 31 December 2018, undrawn credit facilities of the Company granted by financial institutions amounted to approximately Baht 318 million (2017: Baht 302 million).

### **14. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.



## 15. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Raw materials and consumables used	934,572	893,035
Salaries, wages and other employee benefits	126,434	130,170
Fuel and utility expenses	52,949	56,499
Transportation expenses	21,931	23,452
Depreciation and amortisation	20,883	22,023
Repair and maintenance expenditure	10,490	11,001
Changes in finished goods	8,650	(1,767)

## 16. Income tax

Income tax for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<b>Current income tax</b>		
Current income tax charge	-	16,274
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	(10,188)	(462)
<b>Income tax expenses (benefits) reported in the statement of comprehensive income</b>	<u>(10,188)</u>	<u>15,812</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial losses	(100)	-

The reconciliation between accounting profit (loss) and income tax is shown below.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Accounting profit (loss) before tax	<u>(49,251)</u>	<u>78,649</u>
Applicable tax rate	20 percent	20 percent
Accounting profit (loss) before tax multiplied by income tax rate	(9,850)	15,730
Effects of		
Non-deductible expenses	26	427
Additional expense deductions allowed	<u>(364)</u>	<u>(345)</u>
Income tax expenses (benefits) reported in the statement of comprehensive income	<u>(10,188)</u>	<u>15,812</u>

The components of deferred tax assets and deferred tax liabilities as at 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<b>Deferred tax assets</b>		
Provision for long-term employee benefits	5,249	4,670
Reduction of inventory cost to net realisable value	2,265	2,528
Allowance for doubtful accounts	1,228	1,300
Provision for expenses	470	1,137
Unused tax loss	9,363	-
Others	<u>22</u>	<u>28</u>
Total	<u>18,597</u>	<u>9,663</u>
<b>Deferred tax liabilities</b>		
Difference depreciation for accounting and tax purpose	(6,701)	(7,657)
Others	<u>(4)</u>	<u>(402)</u>
Total	<u>(6,705)</u>	<u>(8,059)</u>
<b>Deferred tax assets - net</b>	<u>11,892</u>	<u>1,604</u>

## 17. Earnings per share

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

## 18. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company is principally engaged 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 is based on locations of the customers for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Million Baht)	
	<u>2018</u>	<u>2017</u>
Thailand	671	646
Overseas	478	483
Total	<u>1,149</u>	<u>1,129</u>

### Major customers

For the years 2018 and 2017, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

## 19. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The registered provident fund plan was approved by the Ministry of Finance on 1 June 1999. Both employees and the Company contribute to the fund monthly at the rate of 3 or 5 or 7 percent of basic salary. The fund, which is managed by a fund manager, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 4 million (2017: Baht 4 million) were recognised as expenses.

## 20. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht per share)
<u>For the year ended 31 December 2018</u>			
Final dividend for 2017	Annual General Meeting of the shareholders on 27 April 2018	36.5	0.3
<u>For the year ended 31 December 2017</u>			
Final dividend for 2016	Annual General Meeting of the shareholders on 27 April 2017	60.8	0.5
Interim dividend for 2017	Board of Director's Meeting on 9 November 2017	60.7	0.5
Total for 2017		121.5	1.0

## 21. Commitments and contingent liabilities

### 21.1 Operating lease and service commitments

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

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

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

### 21.2 Guarantees

As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 7 million (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.

## **22. Financial instruments**

### **22.1 Financial risk management**

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investment, trade and other receivables, trade and other payables, and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company is exposed to credit risk primarily with respect to trade and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables, as stated in the statement of financial position.

#### ***Interest rate risk***

The Company's exposed to interest rate risk related primarily to its deposits at financial institutions and liabilities under finance lease agreements. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

As at 31 December 2018 and 2017, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

2018

	Fixed interest rates				Total	Effective interest rate (% p.a.)
	Within		Floating	Non-interest		
	1 year	1 - 5 years	interest rate	bearing		
<u>Financial assets</u>						
Cash and cash equivalents	80	-	118	-	198	0.15 - 1.40
Current investment	1	-	-	-	1	1.25
Trade and other receivables	-	-	-	286	286	-
	<u>81</u>	<u>-</u>	<u>118</u>	<u>286</u>	<u>485</u>	
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	321	321	-
Liabilities under finance lease agreements	1	1	-	-	2	0.32 - 0.66
	<u>1</u>	<u>1</u>	<u>-</u>	<u>321</u>	<u>323</u>	

(Unit: Million Baht)

2017

	Fixed interest rates				Total	Effective interest rate (% p.a.)
	Within		Floating	Non-interest		
	1 year	1 - 5 years	interest rate	bearing		
<u>Financial assets</u>						
Cash and cash equivalents	180	-	135	-	315	0.15 - 1.05
Current investment	1	-	-	-	1	1.25
Trade and other receivables	-	-	-	264	264	-
	<u>181</u>	<u>-</u>	<u>135</u>	<u>264</u>	<u>580</u>	
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	318	318	-
Liabilities under finance lease agreements	1	1	-	-	2	0.32 - 0.66
	<u>1</u>	<u>1</u>	<u>-</u>	<u>318</u>	<u>320</u>	

### **Foreign currency risk**

The Company's exposure to foreign currency risk arises mainly from the purchases/sales of goods that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2018 and 2017, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	3.4	2.7	1.0	1.0	32.4498	32.6809
Australian dollar	1.2	0.7	0.1	-	22.8411	25.4772
Japanese yen	-	-	12.9	18.4	0.2931	0.2898
Euro	-	-	0.1	-	37.1252	39.0273

As at 31 December 2018 and 2017, the forward exchange contracts outstanding are summarised below.

2018			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.2	32.114	25 January 2019

  

2017			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.3	32.441	20 April 2018

### **22.2 Fair values of financial instruments**

Since the majority of the Company's financial instruments are short-term in nature and bank deposits bear interest rates which are close to the market rate, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

### **23. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

As at 31 December 2018, the Company's debt-to-equity ratio was 0.67:1 (2017: 0.61:1).

**24. Event after the reporting period**

On 22 February 2019, the Board of Directors' meeting passed a resolution to propose the payment of a dividend of Baht 0.45 per share, or a total of Baht 54.7 million, to its shareholders. The dividend payment will be proposed to the 2019 Annual General Meeting of the Company's shareholders for approval.

**25. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2019.