**Thai Poly Acrylic Public Company Limited**

**Notes to financial statements**

**For the year ended 31 December 2019**

**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 (Its branch office is located at 134/5  
Krung Thonburi Road, Klong Tonsai, Klong Sarn, Bangkok).

**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 have adopted the revised (revised 2018) and new financial reporting standards and interpretations 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 adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, the new standard involves changes to key principles, which are 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 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.

This standard 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 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments 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 |

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 believes that adoption of these standards will not have any significant impact on the financial statements.

**TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Company plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Company expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Company’s assets by approximately Baht 3 million and the Company’s liabilities by approximately Baht 3 million.

**4. Significant accounting policies**

**4.1 Revenue recognition**

*Sales of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at  
the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

*Rendering of services*

Service revenue is recognised at a point in time upon completion of the service.

**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, chemicals, 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 are computer software with finite useful lives of approximately 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.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

**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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of  
the reporting period that are measured at fair value on a recurring basis.

**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:

**Leases**

In determining whether a lease is to be classified as an operating lease or finance lease,  
the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

**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.

| (Unit: Million Baht) | | | |
| --- | --- | --- | --- |
|  | 2019 | 2018 | Transfer pricing policies |
| Transactions with related parties |  |  |  |
| Purchases of raw materials | 356 | 606 | As agreed with reference to market price |
| Service expenses | 3 | 5 | Contract price and as agreed |

The balances of the accounts between the Company and those related parties as at 31 December 2019 and 2018 are as follows:

|  | (Unit: Thousand Baht) | |
| --- | --- | --- |
|  | 2019 | 2018 |
| Trade and other payables - related parties (Note 12) |  |  |
| Fellow subsidiaries: |  |  |
| Shanghai Delight Trading Company Limited | 469 | 1,387 |
| Lucite Korea | - | 1,091 |
| Lucite (Darwen) UK | 83 | 121 |
| Lucite International Singapore Pte Ltd | 5 | 5 |
| Subsidiaries of ultimate parent: |  |  |
| Thai MMA Company Limited | 96,662 | 197,976 |
| Diapolyacrylate Company Limited | 2,382 | 6,412 |
| Total trade and other payables - related parties | 99,601 | 206,992 |

Directors and management’s benefits

During the years ended 31 December 2019 and 2018, the Company had employee benefit expenses payable to its directors and management as below.

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | 2019 | 2018 |
| Short-term employee benefits | 19,652 | 23,829 |
| Post-employment benefits | 3,737 | 1,812 |
| Total | 23,389 | 25,641 |

**7. Cash and cash equivalents**

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | 2019 | 2018 |
| Cash | 50 | 50 |
| Bank deposits | 162,694 | 118,345 |
| Bank of Thailand bond | - | 80,000 |
| Total | 162,744 | 198,395 |

As at 31 December 2019, bank deposits in saving accounts and Bank of Thailand Bond carried interests between 0.15 and 1.00 percent per annum (2018: between 0.15 and 1.40 percent per annum).

**8. Trade and other receivables**

|  | (Unit: Thousand Baht) | | | |
| --- | --- | --- | --- | --- |
|  | 2019 | | 2018 | |
| Trade receivables - unrelated parties |  | |  | |
| Aged on the basis of due dates |  | |  | |
| Not yet due | 179,582 | | 233,185 | |
| Past due |  | |  | |
| Up to 3 months | 45,686 | | 52,083 | |
| Over 12 months | 5,656 | | 6,140 | |
| Total | 230,924 | | 291,408 | |
| Less: Allowance for doubtful debts | (6,555) | | (6,140) | |
| Total trade receivables - unrelated parties, net | 224,369 | | 285,268 | |
| Other receivables |  |  | |
| Loans to employees | 428 | 387 | |
| Others | 24 | 132 | |
| Total other receivables | 452 | 519 | |
| Total trade and other receivables - net | 224,821 | 285,787 | |

**9. Inventories**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| (Unit: Thousand Baht) | | | | | | |
|  | Cost | | Reduce cost to net realisable value | | Inventories - net | |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Finished goods | 30,322 | 36,406 | (2,896) | (2,654) | 27,426 | 33,752 |
| Raw materials | 41,870 | 39,376 | (4,326) | (4,246) | 37,544 | 35,130 |
| Spare parts and factory supplies | 32,492 | 35,010 | (3,500) | (4,427) | 28,992 | 30,583 |
| Goods in transit | 2,933 | 15,318 | - | - | 2,933 | 15,318 |
| Total | 107,617 | 126,110 | (10,722) | (11,327) | 96,895 | 114,783 |

During the current year, the Company reversed the write-down of cost of inventories by Baht 1 million (2018: Baht 1 million), and reduced the amount of inventories recognised as expenses during the year.

**10. Restricted bank deposits**

These represent fixed deposits pledged with the banks to secure credit facilities.

**11. 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 |
| **Cost** |  |  |  |  |  |  |  |
| 1 January 2018 | 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 |
| Additions | - | 95 | 1,321 | 1,026 | - | 7,056 | 9,498 |
| Disposals | - | (719) | (2,783) | (2,830) | (3,499) | - | (9,781) |
| Transfer in (out) | - | 8,402 | 3,294 | 65 | - | (11,761) | - |
| 31 December 2019 | 136,331 | 192,847 | 473,145 | 20,254 | 10,133 | 10,359 | 843,049 |
| **Accumulated depreciation** |  |  |  |  |  |  |  |
| 1 January 2018 | - | 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 |
| Depreciation for the year | - | 5,480 | 12,360 | 1,821 | 935 | - | 20,596 |
| Depreciation on disposals | - | (718) | (2,633) | (2,810) | (2,006) | - | (8,167) |
| 31 December 2019 | - | 151,604 | 412,285 | 16,931 | 9,760 | - | 590,580 |
| **Net book value** |  |  |  |  |  |  |  |
| 31 December 2018 | 136,331 | 38,207 | 68,755 | 4,073 | 2,751 | 15,064 | 265,181 |
| 31 December 2019 | 136,331 | 41,223 | 60,860 | 3,323 | 373 | 10,359 | 252,469 |
| **Depreciation for the year** |  |  |  |  |  |  |  |
| 2018 (Baht 17 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses) | | | | | | | 20,710 |
| 2019 (Baht 17 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses) | | | | | | | 20,596 |

As at 31 December 2019, the Company has motor vehicles with net book value of Baht 0.4 million (2018: Baht 3 million) which were acquired under finance lease agreements.

As at 31 December 2019, 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 433 million (2018: Baht 428 million).

**12. Trade and other payables**

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | 2019 | 2018 |
| Trade payables - related parties | 99,044 | 204,388 |
| Trade payables - unrelated parties | 68,857 | 74,278 |
| Other payables - related parties | 557 | 2,604 |
| Other payables - unrelated parties | 9,000 | 12,986 |
| Accrued expenses | 23,437 | 26,914 |
| Total trade and other payables | 200,895 | 321,170 |

**13. 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) | | |
|  | 2019 | | |
|  | Severance payment plan | Long service awards | Total |
|  |  |  |  |
| **Provision for long-term employee benefits**  **at beginning of year** | 25,513 | 733 | 26,246 |
| Included in profit or loss: |  |  |  |
| Current service cost | 3,936 | 408 | 4,344 |
| Interest cost | 792 | 24 | 816 |
| Past service cost | 6,414 | - | 6,414 |
| Included in other comprehensive income: |  |  |  |
| Actuarial loss arising from |  |  |  |
| * Financial assumptions changes | 4,154 | - | 4,154 |
| Benefits paid during the year | (2,991) | (88) | (3,079) |
| **Provision for long-term employee benefits**  **at end of year** | 37,818 | 1,077 | 38,895 |

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | |
|  | 2018 | | |
|  | Severance payment plan | Long service awards | Total |
|  |  |  |  |
| **Provision for long-term employee benefits**  **at beginning of year** | 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) |
| **Provision for long-term employee benefits**  **at end of year** | 25,513 | 733 | 26,246 |

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days’ compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 6.4 million as a result. The Company reflects the effect of the change by recognising past service costs as expenses in the income statement of the current year.

The Company expects to pay Baht 3.4 million of long-term employee benefits within next year (2018: Baht 2.4 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 9 years (2018: 9 years).

Significant actuarial assumptions are summarised below:

|  |  |  |
| --- | --- | --- |
|  | 2019 | 2018 |
| Discount rate | 1.3% | 2.7% |
| Salary increase rate | 4.0% | 4.0% |
| Turnover rate | 0% - 27.0% | 0% - 27.0% |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | |
|  | 2019 | | | |
|  | Severance payment plan | | Long service awards | |
|  | Increase 1% | Decrease 1% | Increase 1% | Decrease 1% |
| Discount rate | (3.2) | 3.6 | (0.1) | 0.1 |
| Salary increase rate | 4.0 | (3.5) | - | - |
| Turnover rate | (3.4) | 2.3 | (0.1) | 0.1 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | |
|  | 2018 | | | |
|  | Severance payment plan | | Long service awards | |
|  | Increase 1% | Decrease 1% | Increase 1% | Decrease 1% |
| Discount rate | (2.1) | 2.4 | (0.1) | 0.1 |
| Salary increase rate | 2.4 | (2.1) | - | - |
| Turnover rate | (2.2) | 1.5 | (0.1) | 0.1 |

**14. Undrawn credit facilities**

As at 31 December 2019, undrawn credit facilities of the Company granted by financial institutions amounted to approximately Baht 325 million (2018: Baht 318 million).

**15. 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.

**16. Expenses by nature**

Significant expenses classified by nature are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | 2019 | 2018 |
| Raw materials and consumables used | 607,247 | 934,572 |
| Salaries, wages and other employee benefits | 134,116 | 126,434 |
| Fuel and utility expenses | 55,367 | 52,949 |
| Transportation expenses | 23,226 | 21,931 |
| Depreciation and amortisation | 20,948 | 20,883 |
| Repair and maintenance expenditure | 14,102 | 10,490 |
| Changes in finished goods | 6,085 | 8,650 |

**17. Income tax**

Income tax for the years ended 31 December 2019 and 2018 are made up as follows:

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | 2019 | 2018 |
| **Current income tax** |  |  |
| Current income tax charge | 1,952 | - |
| **Deferred tax** |  |  |
| Relating to origination and reversal of temporary differences | 6,249 | (10,188) |
| **Income tax expenses (benefits) reported in  profit or loss** | 8,201 | (10,188) |

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | 2019 | 2018 |
| Deferred tax relating to actuarial losses | (831) | (100) |

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

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | 2019 | 2018 |
| Accounting profit (loss) before tax | 41,251 | (49,251) |
|  |  |  |
| Applicable tax rate | 20 percent | 20 percent |
| Accounting profit (loss) before tax multiplied by income tax rate | 8,250 | (9,850) |
| Effects of: |  |  |
| Non-deductible expenses | 147 | 26 |
| Additional expense deductions allowed | (191) | (364) |
| **Income tax expenses (benefits) reported in profit or loss** | 8,201 | (10,188) |

The components of deferred tax assets and deferred tax liabilities as at 31 December 2019 and 2018 are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | 2019 | 2018 |
| **Deferred tax assets** |  |  |
| Provision for long-term employee benefits | 7,779 | 5,249 |
| Reduction of inventory cost to net realisable value | 2,144 | 2,265 |
| Allowance for doubtful accounts | 1,311 | 1,228 |
| Provision for expenses | 980 | 470 |
| Unused tax loss | - | 9,363 |
| Others | - | 22 |
| Total | 12,214 | 18,597 |
| **Deferred tax liabilities** |  |  |
| Difference depreciation for accounting and tax purpose | (5,740) | (6,701) |
| Others | - | (4) |
| Total | (5,740) | (6,705) |
| **Deferred tax assets - net** | 6,474 | 11,892 |

**18. 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.

**19. 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 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 profit (loss) and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment.

Geographic information

Sales and service income are based on locations of the customers for the years ended  
31 December 2019 and 2018 are as follows:

|  |  |  |
| --- | --- | --- |
| (Unit: Million Baht) | | |
|  | 2019 | 2018 |
| Thailand | 567 | 671 |
| Overseas | 369 | 478 |
| Total | 936 | 1,149 |

Major customers

For the year 2019 and 2018, the Company has no major customer with revenue of 10 percent or more of an entity’s revenues.

**20. 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 2019 amounting to approximately Baht 4 million (2018: Baht 4 million) were recognised as expenses.

**21. Dividends**

| Dividends | Approved by | Total dividends | Dividend per share |
| --- | --- | --- | --- |
|  |  | (Million Baht) | (Baht per share) |
| Final dividend for 2017 | Annual General Meeting of the shareholders on 27 April 2018 | 36.5 | 0.30 |
| Final dividend for 2018 | Annual General Meeting of the shareholders on 24 April 2019 | 54.7 | 0.45 |

**22. Commitments and contingent liabilities**

**22.1 Capital commitments**

As at 31 December 2019, the Company had capital commitments relating to the acquisitions of building improvements, machinery and equipment totaling Baht 3 million (2018: Nil).

**22.2 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) | |
|  | As at 31 December | |
|  | 2019 | 2018 |
| Payable: |  |  |
| In up to 1 year | 2 | 2 |
| In over 1 and up to 3 years | 2 | 1 |

**22.3 Guarantees**

As at 31 December 2019, there were outstanding bank guarantees of approximately Baht 7 million (2018: 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.

**23. Financial instruments**

**23.1 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 2019 and 2018, 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) | | | | | |
|  | 2019 | | | | | |
|  | Fixed interest rates | |  |  |  |  |
|  | Within |  | Floating | Non-interest |  | Effective |
|  | 1 year | 1 - 5 years | interest rate | bearing | Total | interest rate |
|  |  |  |  |  |  | (% p.a.) |
| Financial assets |  |  |  |  |  |  |
| Cash and cash equivalents | - | - | 163 | - | 163 | 0.15 - 1.00 |
| Current investment | 1 | - | - | - | 1 | 1.25 |
| Trade and other receivables | - | - | - | 226 | 226 | - |
|  | 1 | - | 163 | 226 | 390 |  |
| Financial liabilities |  |  |  |  |  |  |
| Trade and other payables | - | - | - | 201 | 201 | - |
|  | - | - | - | 201 | 201 |  |
|  |  |  |  |  |  |  |
|  | (Unit: Million Baht) | | | | | |
|  | 2018 | | | | | |
|  | Fixed interest rates | |  |  |  |  |
|  | Within |  | Floating | Non-interest |  | Effective |
|  | 1 year | 1 - 5 years | interest rate | bearing | Total | interest rate |
|  |  |  |  |  |  | (% p.a.) |
| Financial assets |  |  |  |  |  |  |
| Cash and cash equivalents | 80 | - | 118 | - | 198 | 0.15 - 1.40 |
| Trade and other receivables | - | - | - | 286 | 286 | - |
| Restricted bank deposits | 1 | - | - | - | 1 | 1.25 |
|  | 81 | - | 118 | 286 | 485 |  |
| Financial liabilities |  |  |  |  |  |  |
| Trade and other payables | - | - | - | 321 | 321 | - |
| Liabilities under finance lease agreements | 1 | 1 | - | - | 2 | 0.32 - 0.66 |
|  | 1 | 1 | - | 321 | 323 |  |

***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 2019 and 2018, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Foreign currency | Financial assets | | Financial liabilities | | Average exchange rate | |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| US dollar | 2.5 | 3.4 | 1.0 | 1.0 | 30.1084 | 32.4498 |
| Australian dollar | 1.0 | 1.2 | - | 0.1 | 21.0131 | 22.8411 |
| Japanese yen | - | - | 13.2 | 12.9 | 0.2754 | 0.2931 |
| Euro | - | - | - | 0.1 | 33.6780 | 37.1252 |

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

|  |  |  |  |
| --- | --- | --- | --- |
| 31 December 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 |

As at 31 December 2019, the Company has no outstanding balances of forward exchange contract.

**23.2 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.

**24. 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 2019, the Company’s debt-to-equity ratio was 0.48:1 (2018: 0.67:1).

**25. Event after the reporting period**

On 19 February 2020, 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 2020 Annual General Meeting of the Company’s shareholders for approval.

**26. Approval of financial statements**

These financial statements were authorised for issue by the Company’s Board of Directors on 19 February 2020.