**Thai Poly Acrylic Public Company Limited**

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 2021**

**1. General information**

**1.1 Coronavirus disease 2019 pandemic**

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in a generally economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates.

The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

**1.2 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.

**1.3 New financial reporting standards**

**a) Financial reporting standards that became effective in the current period**

During the period, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. 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.

**b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2022**

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company’s financial statements.

**1.4 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 2020.

**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  30 September | | | For the nine-month periods ended 30 September | | Pricing policies |
|  | 2021 | | 2020 | 2021 | 2020 |  |
| Transactions with related parties | |  |  |  |  |  |
| Purchases of raw materials | 79 | | 107 | 266 | 248 | As agreed with reference to market price |
| Purchases of spare parts and factory supplies | 2 | | 4 | 4 | 6 | As agreed with reference to market price |
| Service expenses | - | | - | 1 | 1 | Contract price and as agreed |

The balances of the accounts between the Company and those related parties as at 30 September 2021 and 31 December 2020 are as follows:

|  | (Unit: Thousand Baht) | |
| --- | --- | --- |
|  | 30 September 2021 | 31 December 2020 |
|  |  | (Audited) |
| Trade and other payables - related parties (Note 5) |  |  |
| Related parties (by common shareholders): |  |  |
| Thai MMA Company Limited | 110,662 | 150,031 |
| Diapolyacrylate Company Limited | 1,243 | 1,123 |
| Mitsubishi Chemical (Thailand) Company Limited | 2,023 | 1,616 |
| Lucite International (Shanghai) Trading Company Limited | - | 214 |
| Mitsubishi Chemical UK Ltd | 69 | 937 |
| Lucite International Singapore Pte Ltd | - | 5 |
| Total trade and other payables - related parties | 113,997 | 153,926 |

Directors and management’s benefits

During the three-month and nine-month periods ended 30 September 2021 and 2020, the Company had employee benefit expenses to its directors and management as below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | | |
|  | | For the three-month  periods ended 30 September | | For the nine-month  periods ended 30 September | |
|  | | 2021 | 2020 | 2021 | 2020 |
| Short-term employee benefits | | 5,913 | 4,675 | 15,394 | 12,430 |
| Post-employment benefits | | 433 | 407 | 1,267 | 1,434 |
| Total | | 6,346 | 5,082 | 16,661 | 13,864 |

**3. Trade and other receivables**

|  | (Unit: Thousand Baht) | |
| --- | --- | --- |
|  | 30 September 2021 | 31 December 2020 |
|  |  | (Audited) |
| Trade receivables - unrelated parties |  |  |
| Aged on the basis of due dates |  |  |
| Not yet due | 183,718 | 227,189 |
| Past due |  |  |
| Up to 3 months | 45,662 | 71,200 |
| 3 - 6 months | 81 | 11 |
| 6 - 12 months | 338 | 2,246 |
| Over 12 months | 13 | 2,462 |
| Total | 229,812 | 303,108 |
| Less: Allowance for expected credit loss | (3,503) | (6,990) |
| Total trade receivables - unrelated parties, net | 226,309 | 296,118 |
| Other receivables | 299 | 650 |
| Total trade and other receivables - net | 226,608 | 296,768 |

**4. Property, plant and equipment**

Movements of the property, plant and equipment account during nine-month period ended 30 September 2021 are summarised below.

|  |  |
| --- | --- |
| (Unit: Thousand Baht) | |
| **Net book value as at 1 January 2021** | 250,208 |
| Acquisitions during the period - at cost | 12,294 |
| Disposals during the period - net book value at disposal date | (10) |
| Depreciation for the period | (16,455) |
| **Net book value as at 30 September 2021** | 246,037 |

**5. Trade and other payables**

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | 30 September 2021 | 31 December 2020 |
|  |  | (Audited) |
| Trade payables - related parties | 111,905 | 151,237 |
| Trade payables - unrelated parties | 64,139 | 87,524 |
| Other payables - related parties | 2,092 | 2,689 |
| Other payables - unrelated parties | 4,771 | 12,526 |
| Accrued expenses | 32,470 | 40,024 |
| Total trade and other payables | 215,377 | 294,000 |

**6. Provision for long-term employee benefits**

Movements of the provision for long-term employee benefits account during the nine-month period ended 30 September 2021 are summarised below.

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | |
| **Balance as at 1 January 2021** |  |  | 43,173 |
| Recognition during the period |  |  | 3,966 |
| Benefits paid during the period |  |  | (393) |
| **Balance as at 30 September 2021** |  |  | 46,746 |

**7. Income tax**

Income tax for the three-month and nine-month periods ended 30 September 2021 and 2020 are made up as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | For the three-month period ended 30 September | | For the nine-month period ended 30 September | |
|  | 2021 | 2020 | 2021 | 2020 |
| **Current income tax** |  |  |  |  |
| Interim corporate income tax charge | (114) | 4,433 | 3,591 | 11,943 |
| **Deferred tax** |  |  |  |  |
| Relating to origination and reversal of temporary differences | (343) | 222 | 321 | (970) |
| **Income tax expenses (tax income) reported in profit or loss** | (457) | 4,655 | 3,912 | 10,973 |

**8. Earnings per share**

Basic earnings 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.

**9. Dividend**

During the nine-month periods ended 30 September 2021 and 2020, the Company declared the following dividends for payment to its shareholders.

|  |  |  |  |
| --- | --- | --- | --- |
| Dividend | Approved by | Total dividends | Dividend per share |
|  |  | (Million Baht) | (Baht per share) |
| Final dividend for year 2020 | Annual General Meeting of the shareholders on 22 April 2021 | 54.7 | 0.45 |
| Interim dividend on the unappropriated retained earnings | Board of Directors’ Meeting on 2 April 2020 | 54.7 | 0.45 |

**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 profit 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 three-month and nine-month periods ended 30 September 2021 and 2020 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | |
|  | For the three-month  periods ended 30 September | | For the nine-month  periods ended 30 September | |
|  | 2021 | 2020 | 2021 | 2020 |
| Thailand | 125 | 118 | 394 | 354 |
| Overseas | 74 | 150 | 274 | 291 |
| Total | 199 | 268 | 668 | 645 |

**11. Business operation of foreign company**

The Company’s status changed to a foreign company, and for some business segments   
it was necessary to apply to the Department of Business Development for a license to conduct business under Section 17 of the Foreign Business Act B.E. 2542. The terms of the foreign business license require the Company to comply with conditions such as maintain minimum capital of not less than Baht 67.5 million, in addition to the capital required under other laws, a requirement that loans for operation of the licensed business not exceed seven times of   
the share capital and a requirement that at least one person who is responsible for operation of the licensed business is domiciled in Thailand.

**12. Commitments and contingent liabilities**

**12.1 Capital commitments**

As at 30 September 2021, the Company had capital commitments relating to the acquisitions of building improvements, machinery and equipment totaling Baht 2 million (31 December 2020: Baht 8 million).

**12.2 Service commitments**

The Company has entered into several service agreements. The terms of the agreements are generally between 1 to 4 years. As at 30 September 2021, the Company has future minimum payments required under these service agreements amounted to Baht 1 million   
(31 December 2020: Baht 2 million).

**12.3 Guarantees**

As at 30 September 2021, there were outstanding bank guarantees of approximately Baht 7 million (31 December 2020: Baht 7 million) issued by a bank on behalf of the Company in respect of certain performance bonds as required in the normal course of business to guarantee electricity usage and others.

**13. Foreign currency risk**

The balances of financial assets and liabilities of the Company denominated in foreign currencies are summarised below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Financial assets | | Financial liabilities | | Average exchange rates | |
| Foreign currency | 30 September 2021 | 31 December 2020 | 30 September 2021 | 31 December 2020 | 30 September 2021 | 31 December 2020 |
|  | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| US dollar | 2.4 | 6.0 | 0.3 | 0.9 | 33.9223 | 30.0371 |
| Australian dollar | 0.4 | 0.7 | - | - | 24.4162 | 22.9118 |
| Japanese yen | - | - | 1.5 | 16.6 | 0.3034 | 0.2907 |
| Euro | - | - | 0.2 | 0.2 | 39.3641 | 36.8764 |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| As at 30 September 2021 | | | | |
| Foreign currency | Sold amount | Bought amount | Contractual exchange rate | Contractual maturity date |
|  | (Million) | (Million) | (Baht per 1 foreign currency unit) |  |
| US dollar | 1.8 | - | 32.6000 - 33.8650 | 9 December 2021 to  25 February 2022 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| As at 31 December 2020 | | | | |
| Foreign currency | Sold amount | Bought amount | Contractual exchange rate | Contractual maturity date |
|  | (Million) | (Million) | (Baht per 1 foreign currency unit) |  |
| US dollar | 0.2 | - | 30.0375 - 30.1300 | 21 May 2021 to 25 June 2021 |

**14. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company’s Board of Directors on 12 November 2021.