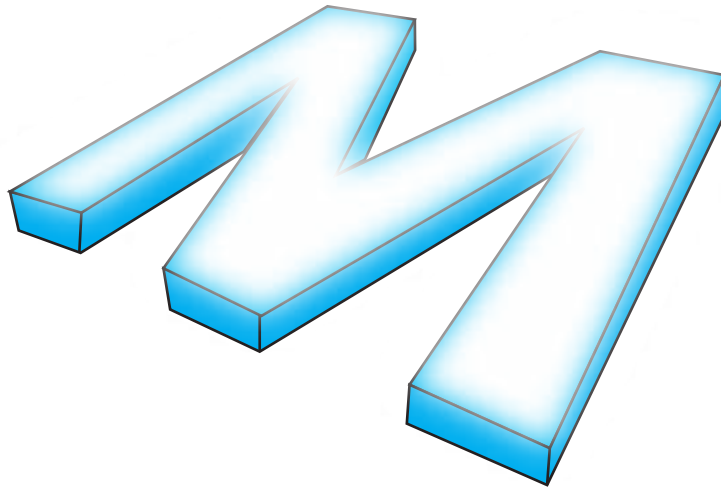


บริษัท ไทยโพลีอะคริลิก จำกัด (มหาชน)

THAI POLY ACRYLIC PUBLIC COMPANY LIMITED



MODEN GLAS

Annual Report

2017

รายงานประจำปี 2560

LIGHT THE WORLD WITH BRIGHTER ILLUMINATED PANELS OF CHOICES

ส่องโลกให้จรัสด้วยแผ่นอะคริลิก "โมเดนกลาส"

MIRACLE



LGP

LED BLOCK

DIFFUSION

Edge Lighting

MAGIC COLOR



MODEN GLAS
www.thaipolyacrylic.com

Vision

LIGHTER BRIGHTER EVERYWHERE

“ To be recognized as a leading world class manufacturer/distributor. of cell cast and other plastic sheets, we will inspire and innovate, creating valuable products and solutions. ”

Values

- Working closer together
- Creativity and innovation
- Understanding our customers
- Being the best we can be
- Being a caring neighbor
- A total passion for SHE

Office and Factory

60-61 Moo 9 Putthamonthon 4 Rd.,
Krathumlom, Samphran, Nakornpathom 73220 Thailand
Tel : 0 2429-2020, 0 2429-2487-8, 0 2889 8720-5
Fax : 0 2429 2541, 0 2888-5953

Sales Office

134/5 Krung Thonburi Road., Klong Tonsai,
Klong San, Bangkok 10600 Thailand
Tel : 0 2860-8765-70
Fax : 0 2860-9106, 0 2869-8762

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Message from Chairman



The Thai economy had a strong finish to 2017 with GDP growth rate of 3.8 % compared to 3.2% in 2016. There is a general consensus amongst analysts and commentators that similar or higher growth rates will continue into 2018 with the expected year on year growth rate to be of the order of 4% for the full year. Underpinning this growth rate is an expectation of a stronger global economy which in general should assist Thailand's exports and fuel growth in tourism. Economic growth is also expected as a result of much anticipated increased public expenditure on infrastructure projects and improved confidence in the economy. The latter is expected to result in inward investment particularly in key production sectors. Further confidence in continued growth comes from known and forecast retail and real estate investments, improved employment, some increase in average house-hold income and consequent general increase in domestic consumption. That said, some forecasters see risks to this growth due to a variety of factors including: reduced prices for some agricultural products offset by expected rises in others; a generally stagnant labour market and associated restrictions in skilled and unskilled labour; high household debt levels; the strength of the Baht relative to key currencies. A number of Government initiatives should assist in offsetting some of these risks to growth but external global economic and political factors could yet disrupt forecasted growth should these impact on consumption and growth in key export markets.

Despite the generally positive economic situation described above, the company financial performance in 2017 has been impacted by generally stagnant demand and competition for its products and in particular significant manufacturing cost pressure resulting from very high MMA price. Global imbalances in supply and demand of MMA have resulted in severe upward price pressure on this key raw material pressure and this has adversely impacted acrylic cast sheet margins. Whilst the market has accepted some increase in price of acrylic sheet products, fierce competition has limited the ability of the company to pass on cost increases and yet maintain volumes.

The company management has continued to spend significant effort to improve the Extrusion business performance by seeking additional sales volume and higher margin contribution from various new product development projects. These projects and anticipated volumes are needed to offset the lost profitable volume in ABS/HIPS sheet used in fridge applications. Loss of these volumes resulted from fridge manufacturers establishing in-house extrusion capability in recent years. Despite an anticipated loss of toll volume about 1 ktes for fridge applications in 2017, the company managed to sustain its extrusion sales at 3,927 tes compared to extrusion sales volume in 2016 of 3,146 tes.

As reported last year, and further to the above, to address the change in market demand that has resulted from continued competition and recent raw material price pressures, the Company management has continued with its product portfolio development programme. This has included in 2017 investments to modify the capability of the existing extrusion machines to expand the range of extruded polymer products able to be produced and further investments to improve and produce new cast acrylic products. The benefits of these investments and developments are expected to be realised during 2018.

Overall, the Company reported sales revenue in 2017 of Baht 1,148 million which was an increase over last year (Baht 1,047 million). Unfortunately, principally to significantly higher raw material costs and fierce price competition as described above, the company experienced a loss of Bht.52.0 million compared to last year's profit before income tax of Baht. 87.0 million, The contribution margin expressed as a percentage of sales revenue for cast acrylic sheet has dropped significantly to 6.0% compared to 2016 when the rate was 21.0%.

In Q4 the Company completed the sale of land surplus to its requirements located at the Wellgrow Industrial Estate, thereafter, and following review and assessment of its financial position, it paid an interim dividend of Baht 0.50 per share in December 2017.

The Board of directors and management have continued to work to strengthen TPA's governance and internal control processes during 2017 as part of its Anti-Corruption Project. A notable milestone was submission and acceptance / approval thereof of the Company's self-assessment under Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).

Looking ahead, the Company expects that the operating performance for the year 2018 will improve from 2017 as a result of its investments and product portfolio development programmes, anticipated reduction in key raw material prices and increased volumes resulting from general global-economy linked export growth, and demand stimulus from Public infrastructure and private-sector real estate investments for both cast and extruded products.

In conclusion, as I have outlined, 2017 has been a difficult year for the Company due to a number of factors but principally as a result of external raw material costs and continued reduced market demand. The Company's management, fully supported by its Board of Directors, is committed to reversing this decline in performance as far as practicable through the measures I have described.

On behalf of the Board of Directors, I would like to thank the Company's shareholders, customers, and stakeholders for their support. Importantly, I would like to thank the Company's management and employees for all their efforts and hard work throughout the year to operate the plant reliably and safely and to minimise and mitigate as far as possible the market conditions and external factors that have affected the Company's performance.

Anti-corruption Message from Managing Director



It is a commitment of every board member of Thai Poly Acrylic PLC to promote fair and honest business, based on moral and ethical principles, through rigorous monitoring of good standards. This is done to ensure positive image and sustainability of the company, as well as, to express our sense of responsibility to the society as a whole.

For an effective realization of the anti-corruption policy, the company has issued policies and charters for business processes that combat all forms of corruption, and has communicated this information not only to our executives and staff, but also to our stakeholders, such as our customers, suppliers, and general business partners with our company, including government agencies and state enterprises, to ensure a common understanding of the company's policies and charters on anti-corruption business processes.

The company has organized staff seminars at all functioning levels for the acknowledgement of the anti-corruption policy to create awareness and common understanding of the principles of the anti-corruption policies, where all staff must not be involved in the process or having hidden intent in bribing of government staff or any branches or offices of the government, either in the form of cash, or in-kind (gifts, events hosting, donation, financial support), including political support, such as providing support to political parties or candidates.

Apart from providing trainings to our staff, the company has consistently organized public announcements and activities related to anti-corruption policies, including public announcements to our customers, business partners, suppliers, as well as, contractors and external institutes to be informed of the policies and the determination of the organization to realize the anti-corruption initiatives.

The company values the anti-corruption policy by appointing all senior managers to be members of the anti-corruption committee, with duties to monitor and review the policies and resolutions, inspection of practices and also conducting risk assessment to develop guidelines for internal control, to be implemented through internal inspection and used in the annual evaluation and report to the inspection committees. For important and high impact incidents, the information will be directly conveyed to the chairperson of the audit committee without delay or hesitation.

The company has also set penalties for staff or company representatives who violate, neglect, or refuse to obey the anti-corruption policy, as serious offense, with the penalties as mentioned under disciplinary action section of the staff manual. Additionally, the company is ready to provide protection to staff members who violate the command of their superior, if the command deemed to be in the scope of corruption or improper, even if, such action means a loss of business opportunities for the organization.

The channels of communication for complaints or suspicious actions reports related to corruption for staff and the public are being established, and they are as follow:

- (1) Company website (www.thaipolyacrylic.com) to the company or Audit Committee
- (2) Hotline: ConcernLine 001-800-009-4982
- (3) Department managers or human resources manager
- (4) Letter to managing director Thai Poly Acrylic PLC 60-61 Moo 9 Bhuddamonthon Sai 4 Road, Kratumlom, Sampran, Nakorn Prathom 73220

The company will treat information related to complaints and reports with the highest level of confidentiality and security, to provide justice and protection to staff or concerned individuals who report suspicious actions conducted by the company or its representatives.

Lastly, it is a privilege and an honor that our company has been accredited and accepted as member of CAC (Collective Action Coalition against Corruption), effective on 10th November 2017. On behalf of the board, I wish to thank all committee members, executives, and staff who have contributed to the establishment of the anti-corruption policy, setting risk factors and mitigation actions, development of guidelines, conducting inspections and evaluations, in addition to training provision and communication to company staff and all stakeholders to create an awareness and understanding of activities related to anti-corruption initiative of the company. All of which are considered an important step for the company in our participation in CAC.

Board of Directors



1. **Dr. Benjamin James Harris**
Chairman of the Board of Directors

2. **Mr. Suchitr Srivetbodee**
Deputy Chairman of the Board of Directors

3. **Mr. Hans Henrik Melchior**
Executive Director

4. **Mr. Rakchai Sakulteera**
Executive Director



5. **Mr. Tamotsu Tamaki**
Non-Executive Director/
Member of Nomination and
Remuneration Committee

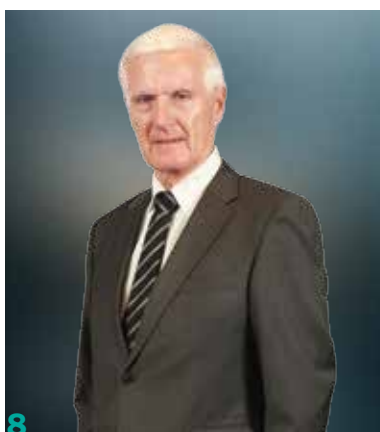
6. **Mrs. Caroline Prior**
Non-Executive Director

7. **Dr. Anuphan Kitnichiva**
Chairman of Audit Committee
and Nomination and
Remuneration Committee/
Independent Director



8. **Mr. Jan Dam Pedersen**
Member of Audit Committee/
Independent Director

9. **Mr. Kulvech Janvatanavit**
Member of Audit Committee
and Nomination and
Remuneration Committee/
Independent Director



Management Team



1



2

1. **Mr. Suchitr Srivetbodee**
Managing Director
2. **Mr. Rakchai Sakulteera**
Finance Director
3. **Mr. Wiwat Hom la-or**
Operations Manager
4. **Mr. Thanawat Kulprasertat**
Human Resource/Legal Manager
5. **Mr. Pongsin Muangsri**
SHE Manager & QMR/OH & SMR



3



4

6. **Mr. Thanetr KhumChoedchoochai**
Logistic Manager
7. **Miss Surawadee Leethaweekul**
Finance and Accounting Manager
8. **Mr. Yotin Tamrongsawapark**
Casting Plant Manager
9. **Mr. Phairat Kumdee**
Extrusion Plant Manager
10. **Mr. Pongthorn Chuencharoen**
Site Engineering Manager



5



6



7



8



9



10

LIGHT THE WORLD WITH BRIGHTER ILLUMINATE PANELS OF CHOICES

Management Team



- 11. **Mrs. Noungrutai Boonpetch**
Research & Technical Manager
- 12. **Mr. Wittaya Mongkolkachit**
Technical Center Manager
- 13. **Mr. Udomsak Tienchan**
Warehouse & Distribution Manager
- 14. **Mr. Prasit Lertsettawanich**
Commercial Manager
- 15. **Mr. Pongsun Asavasirijinda**
Sales & Product Manager



- 16. **Mrs. Janjira Thumsorn**
Export Sales Manager
- 17. **Mrs. Sompong Asavasirijinda**
Sales Admin Section Manager
(Domestic)
- 18. **Miss. Suparak Takyart**
New Business Development Manager
- 19. **Miss Thanjira Kunathipsritrakool**
Internal Auditor
- 20. **Mrs. Masaya Rungrueng**
Secretary of Managing Director



Director Profile



Name – Surname

Dr. Benjamin James Harris

Position in TPA

Chairman of the Board of Directors

Age (years)

51

Date of Appointment

9 November 2017

Education Background

- Ph.D. Department of Chemical Engineering, University of Cambridge, United Kingdom
- Bachelor of Chemical and Process Engineering (1st Class), University of Canterbury, New Zealand

Director Training – Thai Institute of Directors (IOD)

- - None -

Personal Qualification

- - None -

5-year Past Working Experiences

| | | |
|----------------|---|---|
| 2017 - Present | Chairman | Thai Poly Acrylic Public Company Limited |
| 2016 - Present | Executive General Manager SAMAC | Saudi Methacrylates Company |
| 2015 - 2017 | Executive Director | Thai Poly Acrylic Public Company Limited |
| 2013 - 2016 | General Manager Director | Lucite International Singapore Ltd. LICH/ LISPL and LICC |
| 2011 - 2013 | Project Technical Manager & Technology Licensing Manager | Lucite International UK |

Board Member in Other Listed Company

- - None -

Positions in Other Company / Organization/ Institution

- Executive General Manager SAMAC Saudi Methacrylates Company

Positions in Other Organization competing with the Company

- - None -

Shareholding in TPA

| | |
|----------------------------------|----------|
| Held Personally | - None - |
| Held by Spouse or Minor Children | - None - |

Family Relationship among Directors and Executives

- None -



Name – Surname

Mr. Suchitr Srivetbodee

Position in TPA

Deputy Chairman/ Managing Director

Age (years)

69

Date of Appointment

23 April 2014

Education Background

- Master Degree in Business Administration (MBA) Pittsburgh State University of Kansas, USA
- Bachelor Degree in Finance West Virginia State Collage, USA

Director Training – Thai Institute of Directors (IOD)

- Director Accreditation Program (DAP) 6/2003

Personal Qualification

- - None -

5-year Past Working Experiences

| | | |
|----------------|-------------------------------------|--|
| 2016 - Present | Deputy Chairman / Managing Director | Thai Poly Acrylic Public Company Limited |
| 2015 - 2016 | Executive Director | Thai Poly Acrylic Public Company Limited |
| 2013 | Non-Executive Director | Thai Poly Acrylic Public Company Limited |
| 1993 - 2013 | Director/ Managing Director | Thai Poly Acrylic Public Company Limited |

Board Member in Other Listed Company

- - None -

Positions in Other Company / Organization/ Institution

- - None -

Positions in Other Organization competing with the Company

- - None -

Shareholding in TPA

Held Personally

16,300 shares

Held by Spouse or Minor Children

- None -

Family Relationship among Directors and Executives

- None -



Name – Surname

Mr. Hans Henrik Melchior

Position in TPA

Executive Director

Age (years)

73

Date of Appointment

22 June 2016

Education Background

- EAC's full time course in Business Administration
- Bachelor of Science (Marketing)

Director Training – Thai Institute of Directors (IOD)

- - None -

Personal Qualification

- - None -

5-year Past Working Experiences

| | | |
|----------------|------------------------|--|
| 2016 - Present | Executive Director | Thai Poly Acrylic Public Company Limited |
| 2015 - 2016 | Non-Executive Director | Thai Poly Acrylic Public Company Limited |
| 2010 - Present | Executive Director | East Asiatic (Thailand) Company Limited |
| 2010 - Present | Executive Director | Asia Acrylic Company Limited |

Board Member in Other Listed Company

- - None -

Positions in Other Company / Organization/ Institution

- Executive Director East Asiatic (Thailand) Company Limited
- Executive Director Asia Acrylic Company Limited

Positions in Other Organization competing with the Company

- - None -

Shareholding in TPA

| | |
|----------------------------------|----------|
| Held Personally | - None - |
| Held by Spouse or Minor Children | - None - |

Family Relationship among Directors and Executives

- None -



Name – Surname

Position in TPA

Age (years)

Date of Appointment

Mr. Rakchai Sakulteera

Executive Director/ Financial Director/

Company Secretary

57

Executive Director 26 April 2016

Financial Director 27 July 2015

Company Secretary 11 November 2016

Education Background

- Master Degree in Business Administration International Program Bangkok University
- Graduate Diploma in Auditing Thammasat University
- Bachelor Degree in Accounting Chulalongkorn University

Director Training – Thai Institute of Directors (IOD)

- Company Secretary Program (CSP) 811/2017

Personal Qualification

- Certified Public Accountant of Thailand

5-year Past Working Experiences

| | | |
|----------------|---|--|
| 2015 - Present | Executive Director/ Financial Director | Thai Poly Acrylic Public Company Limited |
| 2016 - Present | Company Secretary | Thai Poly Acrylic Public Company Limited |
| 2014 - 2015 | Member of Audit Committee and Independent Director | Thai Poly Acrylic Public Company Limited |
| 2013 | General Director | S&B Foods Supply Co., Ltd |
| 2010 - 2013 | Corporate Director | Amcor Packaging Bangkok PLC |

Board Member in Other Listed Company

- - None -

Positions in Other Company / Organization/ Institution

- - None -

Positions in Other Organization competing with the Company

- - None -

Shareholding in TPA

Held Personally

- None -

Held by Spouse or Minor Children

- None -

Family Relationship among Directors and Executives

- None -



Name – Surname

Mr. Tamotsu Tamaki

Position in TPA

Non-Executive Director/ Member of the
Nomination and Remuneration Committee

Age (years)

60

Date of Appointment

26 April 2016

Education Background

- Bachelor of Engineering Department of Applied Chemistry, Nagoya University Japan

Director Training – Thai Institute of Directors (IOD)

- - None -

Personal Qualification

- - None -

5-year Past Working Experiences

| | | |
|----------------|---|--|
| 2017 - Present | Mamber of the Nomination of Remuneration Committee | Thai Poly Acrylic Public Company Limited |
| 2016 - Present | Non-Executive Director | Thai Poly Acrylic Public Company Limited |
| 2010 - Present | President/ Director | Lucite International Japan Limited |

Board Member in Other Listed Company

- - None -

Positions in Other Company/ Organization/ Institution

- President/ Director Lucite International Japan Limited

Positions in Other Organization competing with the Company

- - None -

Shareholding in TPA

| | |
|----------------------------------|----------|
| Held Personally | - None - |
| Held by Spouse or Minor Children | - None - |

Family Relationship among Directors and Executives

- None -



| | |
|---------------------|----------------------------|
| Name – Surname | Mrs. Caroline Prior |
| Position in TPA | Non-Executive Director |
| Age (years) | 48 |
| Date of Appointment | 9 November 2017 |

Education Background

- Bachelor of Science in Engineering and Management Durham University UK

Director Training – Thai Institute of Directors (IOD)

- - None -

Personal Qualification

- - None -

5-year Past Working Experiences

| | | |
|----------------|--|--|
| 2017 - Present | Non-Executive Director. | Thai Poly Acrylic Public Company Limited |
| 2017 - Present | General Manager Lucite Specialty Polymers & Resins | |
| 2013 - Present | Lucite Global Business Development Director | |

Board Member in Other Listed Company

- - None -

Positions in Other Company/ Organization/ Institution

- General Manager Lucite Specialty Polymers & Resins
- Lucite Global Business Development Director

Positions in Other Organization competing with the Company

- - None -

Shareholding in TPA

| | |
|----------------------------------|----------|
| Held Personally | - None - |
| Held by Spouse or Minor Children | - None - |

Family Relationship among Directors and Executives

- None -



Name – Surname

Position in TPA

Age (years)

Date of Appointment

Dr. Anuphan Kitnichiva

Chairman of the Audit Committee/

Chairman of the Nomination and Remuneration
Committee and Independent Director

55

26 April 2017

Education Background

- Ph.D. in Development Administration, Graduate School of Public Administration (International Doctoral Program) National Institute of Development Administration
- Senior Executive Program, Sasun Graduate Institute of Business Administration of Chulalongkorn University
- LL.M (Business Law) Faculty of Law Thammasat University
- LL.B (Honours) Faculty of Law Thammasat University

Director Training – Thai Institute of Directors (IOD)

- Successful Formulation and Execution of Strategy (SFE) 26/2016
- Role of the Chairman Program (RCP) 38/2016
- Advanced Audit Committee Program (AACP) 17/2014
- Director Certification Program (DCP) 130/2010

Personal Qualification

- ใบอนุญาตให้เป็นทนายเลขที่ 18024/2529

5-year Past Working Experiences

| | | |
|----------------|--|--|
| 2017 - Present | Chairman of the Nomination and Remuneration Committee | Thai Poly Acrylic Public Company Limited |
| 2014 - Present | Chairman of the Audit Committee and Independent Director | Thai Poly Acrylic Public Company Limited |
| 2014 - Present | Chairman of the Audit Committee and Independent Director | TOT PLC |
| 2014 - Present | Director | Humanica |
| 2004 - Present | Senior Partner/Director | Dherakupt International Law Office Ltd |
| 2013 - 2014 | Member of Audit Committee and Independent Director | Thai Poly Acrylic Public Company Limited |

Board Member in Other Listed Company

- Chairman of the Audit Committee and Independent Director TOT PLC

Positions in Other Company/ Organization/ Institution

- Senior Partner/Director Dherakupt International Law Office Ltd
- Director Humanica

Positions in Other Organization competing with the Company

- - None -

Shareholding in TPA

Held Personally

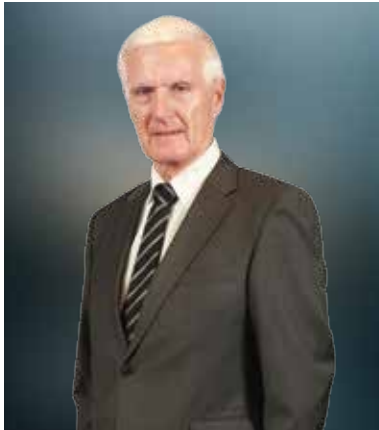
- None -

Held by Spouse or Minor Children

- None -

Family Relationship among Directors and Executives

- None -



Name – Surname

Mr. Jan Dam Pedersen

Position in TPA

Member of Audit Committee/

Independent Director

Age (years)

65

Date of Appointment

23 April 2015

Education Background

- EAC's full time course in Business Administration
- Management, Finance, Strategy and Marketing, IMD Switzerland

Director Training – Thai Institute of Directors (IOD)

- Director Certification Program (DCP) 256/2018
- Director Accreditation Program (DAP) 125/2016

Personal Qualification

- - None -

5-year Past Working Experiences

| | | |
|----------------|--|---|
| 2015 - Present | Member of Audit Committee/ Independent Director | Thai Poly Acrylic Public Company Limited |
| 2013 - 2015 | Non-Executive Director | Thai Poly Acrylic Public Company Limited |
| 2013 - Present | Executive Director | Novanta Co., Ltd Berli Asiatic Soda Co., Ltd Holm Machinery Asia Co., Ltd |
| 2013 - 2015 | Executive Director | Dan Thai Machinery Co., Ltd Flux International Co., Ltd |

Board Member in Other Listed Company

- - None -

Positions in Other Company/ Organization/ Institution

- Executive Director
Novanta Co., Ltd
Berli Asiatic Soda Co., Ltd
Holm Machinery Asia Co., Ltd

Positions in Other Organization competing with the Company

- - None -

Shareholding in TPA

Held Personally

- None -

Held by Spouse or Minor Children

- None -

Family Relationship among Directors and Executives

- None -



Name – Surname

Position in TPA

Age (years)

Date of Appointment

Mr. Kulvech Janvatanavit

Member of Audit Committee/ Member of the
Nomination and Remuneration Committee and
Independent Director

53

23 April 2014

Education Background

- Master Degree in Real Estate Development. Massachusetts Institute of Technology, USA
- Master Degree in Financial and International Business Sasin Graduate Institute of Business Administration of Chulalongkorn University,
- Bachelor Degree in Engineering, Chulalongkorn University

Director Training – Thai Institute of Directors (IOD)

- Director Certificate Program (DCP 14/2545)

Personal Qualification

- - None -

5-year Past Working Experiences

| | | |
|----------------|--|---|
| 2014 - Present | Member of Audit Committee/ Independent | Thai Poly Acrylic Public Company Limited. |
| 2013 - Present | Principle Project Advisor, Private Sector Collective Action Coalition against Corruption (CAC) Thai Institute of Directors Association (IOD) | |
| 2012 - Present | Executive Director Executive Director | Beyond Green Co., Ltd Beyond Profit Co., Ltd |
| 2011 - Present | Executive Director and Treasurer Director | SOS Children Foundation of Thailand Young Buddhist Association of Thailand under Royal Patronage |

Board Member in Other Listed Company

- - None -

Positions in Other Company/ Organization/ Institution

- Principle Project Advisor, Private Sector Collective Action Coalition against Corruption (CAC) Thai Institute of Directors Association (IOD)
- Executive Director Beyond Green Co., Ltd
- Director Beyond Profit Co., Ltd
- Executive Director and Treasurer SOS Children Foundation of Thailand

Positions in Other Organization competing with the Company

- None -

Shareholding in TPA

Held Personally

- None -

Held by Spouse or Minor Children

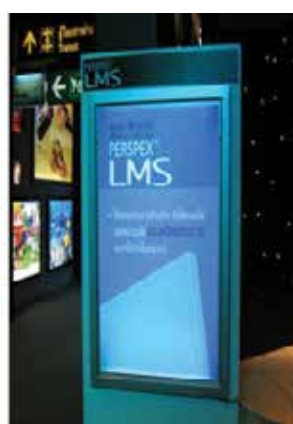
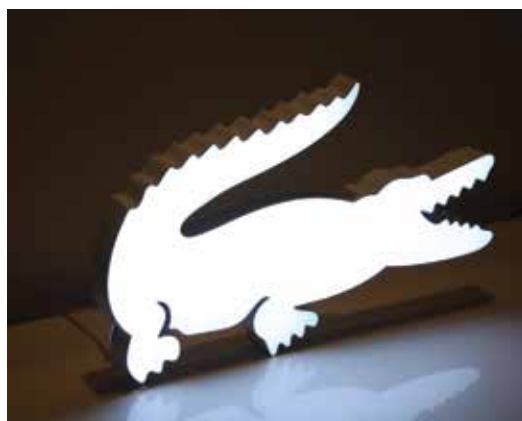
- None -

Family Relationship among Directors and Executives

- None -

- None -

Company Profile



The company is a manufacturer and distributor of Cast acrylic and Extruded sheet.

We are dedicated and committed to providing premium quality products and also to creating value and solutions for the benefit of our customers and stakeholders. Our business objective is to expand volume and revenue for both cast and extrusion operations by using efficient machinery and new products development.

In addition, the company has a strategic plan for realizing productivity improvements year on year to remain competitive against the Asian casters and sheet manufacturers.



**Head office and Factory
located at**

: 60 - 61 Moo 9, Phutthamonthon 4 Rd., Krathumlom, Sam Phran
Nakhonpathom 73220, Thailand

Telephone (662) 429 2020, 429 2487-8, 889 8720-5

Facsimile (662) 429 2541, 888 5953

Sales office located at

: 134/5 Krung Thonburi Road, Klong Tonsai, Klong Sarn, Bangkok 10600, Thailand

Telephone (662) 860 8765-70

Facsimile (662) 860 9106, 860 8762

Website <http://www.thaipolyacrylic.com>

Registrar

: Thailand Securities Depository Co., Ltd.

1st The Stock Exchange of Thailand, Tower B (near China Embassy),
93 Ratchadaphisek Road, Kheat Dindang, Kwang Dindang, Bangkok 10400

Telephone (662) 009-9999

Facsimile (662) 009-9001

Auditor

: EY Office Limited

33rd Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110, G.P.O. Box 1047, Bangkok 10501, Thailand

Telephone (662) 264 0777

Facsimile (662) 264 0789-90

Legal Advisor

: Mr. Surat Jankaew

Lawyer BZ Legal Advisor Law Office

52 Ladprow 81 (Thitiporn) Kwang Klong choakhunsing,

Kheat Wang Thong Lang Bangkok 10240

Telephone (662) 539 3230

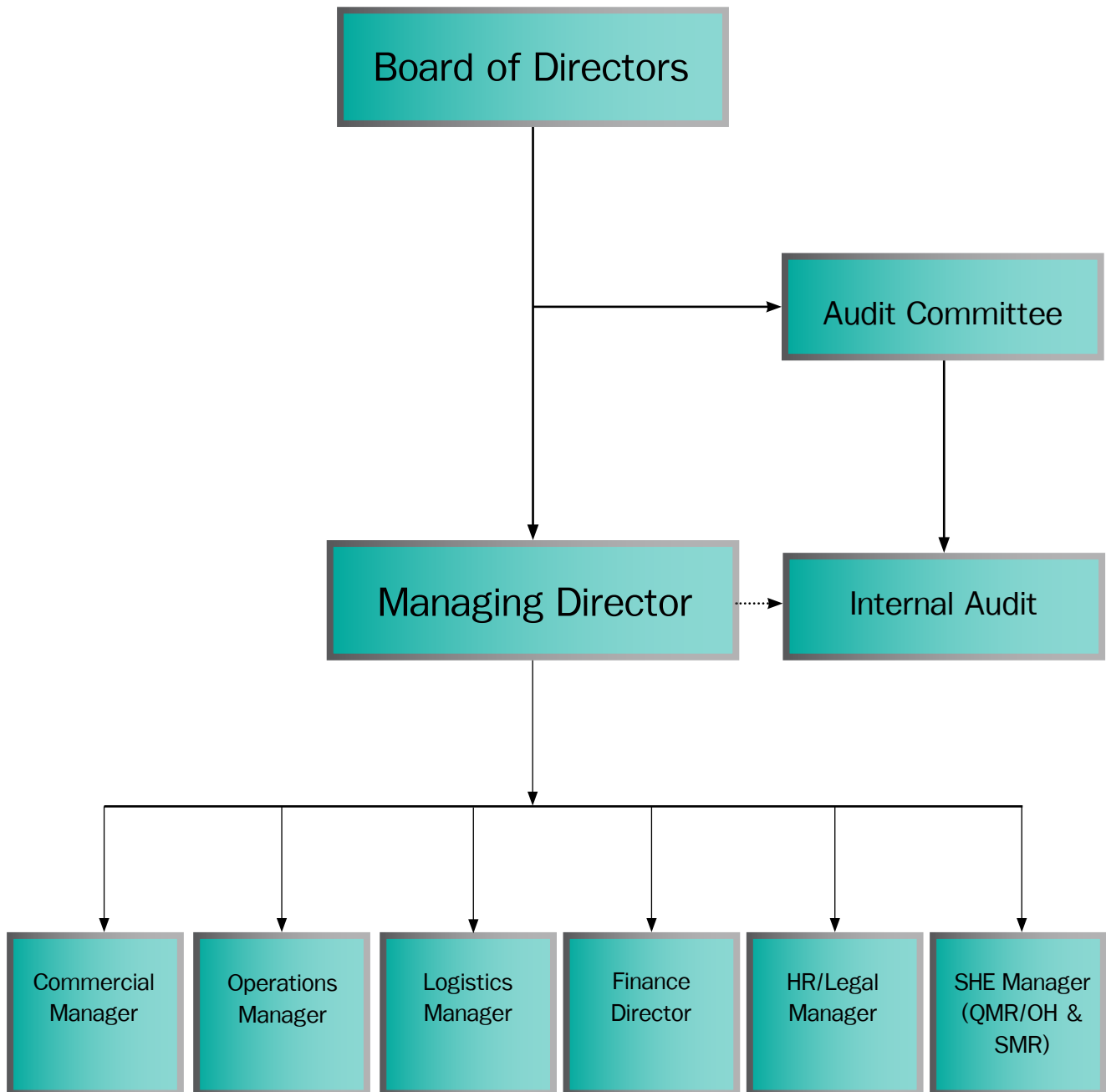
Facsimile (662) 539 3230 # 103

Shareholding in other Business Entity at and above 10%

- Nil -

Thai Poly Acrylic Public Company Limited

Organization Chart



Shareholders Structure and Directors & Executives Shareholding

The total authorized number of ordinary share is 121,150,00 share with a par value of Baht 1 per share. All issued shares are fully paid.

| No | Name/Surname/Company | Amount Total | % of total Shares |
|----|--|-----------------|----------------------|
| 1 | LUCITE INTERNATIONAL UK OVERSEAS HOLDCO1 LIMITED | 51,374,360 | 42.28 |
| 2 | ASIATIC ACRYLIC COMPANY LIMITED | 41,450,530 | 34.12 |
| 3 | THAILAND SECURITIES DEPOSITORY COMPANY LIMITED FOR DEPOSITORS | 25,458,079 | 20.95 |
| | | 118,282,969 | 97.35 |

POLICY : Flexible but to be considered and approved by the Meeting of Shareholders from time to time

REMARK : The top of shareholders are ranked by Thailand Securities Depository Co., Ltd.

DIRECTORS & EXECUTIVE SHAREHOLDING

| | NAME | AMOUNT IN EARLY YEAR | AMOUNT IN MID YEAR | AMOUNT IN END OF YEAR |
|-----|---------------------------|-------------------------|-----------------------|--------------------------|
| 1. | Miss Annie Sophia Veerman | NONE | - | - |
| 2. | Mr. Suchitr Srivetbodee | 16,300 | 16,300 | 16,300 |
| 3. | Dr. Benjamin James Harris | NONE | - | - |
| 4. | Mr. Tamotsu Tamaki | NONE | - | - |
| 5. | Mr. Rakchai Sakulteera | NONE | - | - |
| 6. | Mr. Han Henrik Melchior | NONE | - | - |
| 7. | Mrs. Caroline Prior | NONE | - | - |
| 8. | Dr. Anuphan Kitnichiva | NONE | - | - |
| 9. | Mr. Jan Dam Pedersen | NONE | - | - |
| 10. | Mr. Kulvech Janvatanavit | NONE | - | - |

EXECUTIVES SHAREHOLDINGS

| | NAME | AMOUNT IN EARLY YEAR | AMOUNT IN MID YEAR | AMOUNT IN END OF YEAR |
|----|-------------------------------|-------------------------|-----------------------|--------------------------|
| 1. | MR. Wiwat Homlaor | 2,000 | 2,000 | 2,000 |
| 2. | Mr. Thanetr Khumchoedchoochai | 2,000 | 2,000 | 2,000 |
| 3. | Mr. Pongsin Muangsri | 2,000 | 2,000 | 2,000 |
| 4. | Mr. Thanawat Kulprasertat | 21,000 | 21,000 | 21,000 |

Nature of Business

The Company has been a manufacturer of cast acrylic sheet for more than 30 years, and the very first company in the country to do so instead of importing from abroad. Cast acrylic sheet is used widely in signage, display, advertising and sanitary ware (Saniware). TPA has cast and extruded sheet lines capable of producing ABS, HIPS, and acrylic sheet. The overall capacity of both cast and extruded sheet is more than 20,000 tons per year.

1. Products and manufacturing process

The Company's products can be classified according to production process as follows:

A. Cast Acrylic Sheet Production Line

The Company has 3 cast acrylic production lines, with a total production capacity of 10,000 tons per year. The acrylic sheets manufactured and distributed by the Company are used in the following applications:

- (1) **General Purpose Grade** is widely used in making advertisement lighted signboards, standard molding into food menu frames, tissue box, showcase etc. The Acrylic sheet can be produced in various size and thickness, both in transparent and colors as required by customers.
- (2) **Sanitary ware (Saniware) grade or bath tub grade acrylic sheets** can be further processed to form a bath tub or other sanitary wares e.g. shower base, bathroom fittings, and washbasins. The Company has manufactured and distributed the sanitary ware for many decades under the trademarks of "Lucite TS" and "Moden Glas", both locally and in Asia-Pacific region. The acrylic sheet has been developed for easy molding and offered in a range of sizes and thickness.
- (3) **Specialty or functional acrylic sheet** developed to suit different applications as required by customers for example lighting. 'Moden Glas' LED Diffusion grade provides brighter lights with no hot spots, is energy efficient and takes less time to set up. Acrylic LED block can be cut into different shapes e.g. numbers or alphabet characters by a cutting machine or laser for use in corporate branding. The recently launched Miracle 1 provides stronger and more attention-grabbing signage than the general signboard materials making the advertisement or company logo made out of this material visible and eye-catching.

B. Extrusion Production Line

The Company has the manufacturing capability for up to 12,000 tons of Acrylonitrile Butadiene Styrene sheet, High Impact Polystyrene sheet: HIPS, HDPE sheet, LDPE sheet, as well as flat and patterned acrylic sheet. The Company manufactures Co-ex 9co-extrusion sheet e.g. color and pearl pMMA capped ABS sheet which is suitable for a range of applications. Sheets are manufactured and distributed in both local and neighboring countries and are used for forming the inner and outer part of home appliances e.g. refrigerators, freezer, decorating interior and exterior of the automobiles, construction and interior design material, and indoor and outdoor signboard. Some extruded products are used for packaging of normal merchandise, and electronic merchandise.

2. Marketing and Competitive Industrial Situations

2.1 Marketing Development

The Company has invested in improving the manufacturing facility to support the introduction of new products such as LED blocks and Miracle 1 acrylic sheets, and thicker sheet. In the Extrusion business, the company has modified equipment so that all machines are capable of producing a broader range of materials to support our new product development.

2.2 Industrial trend and competitiveness

The sales price of acrylic sheet in the last few years has been very volatile driven by a significant increase in MMA prices. The slowdown in investment and sluggish demand in the domestic market and within the Asia Pacific region has forced all manufacturers in the region e.g. Indonesia, Malaysia, Vietnam, Taiwan, China, and Thailand to compete on price to gain or maintain market shares.

The Company expects MMA prices to peak this year before stabilizing at or near the peak level for a while before starting to decline.

However, we not expect MMA price to drop sharply and significantly by next year as strong demand of MMA in USA and Europe and Asia will continue to drive the MMA price in the near to medium future.

For Extrusion business, we see a more positive outlook in the domestic market in association with growing demand of various extrusion plastics for electronic and home appliance industries, especially in refrigerator sector. Manufacturing in this sector is expected to increase to support domestically demand as well as international exports. For domestic automobile sectors, positive demand outlook is seen which should result in better demand for ABS/ HIPS sheet, PE sheet, and acrylic used in automobile decorations. In addition, the Company will continue to develop new value-added products for use in packaging, automotive accessories and decoration, and construction industries. In parallel, research and market development for extrusion products are in progress and the company intends to introduce a number new products in the coming years.

3. Significant manufacturing policy

In response to the changing economic climate, market, and technologies, the Company has set out production and distribution policies and guidelines, and periodically updates these to ensure effective portfolio management in line with the business plan. These are summarized below:

3.1 The Company first priority is legal compliance and work-place safety. Management and all employees are expected to strictly comply with Safety, Health and Environmental (SHE) policies and practices.

3.2 Product portfolio management through manufacturing of existing established cast acrylic sheet, and extruded plastic products to meet the customers' needs balanced with new product development.

3.3 Communication of the Company's vision to all management and employees to ensure they hold and demonstrate the values of best quality, from production, inspection, to after sales services so as to ensure customers' satisfaction. This is important to both maintain and sustain brand image, and the Company's trademarks.

3.4 Good maintenance of plant equipment used in production lines to ensure high reliability, efficiency and product quality. New technologies are to be adopted when appropriate to continually improve manufacturing efficiency, reduce loss, waste in production, and storage and distribution.

3.5 Market-needs focus on research and development of new products especially value-added products, and include these in part of company growth plan.

3.6 Support continuing improvement of skills and knowledge of both management and employees at all levels.

Risk Factors

A. Financial Risks:

(1) Risk from Trading on Foreign Currencies: The Company's exposure to foreign currencies 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 it appropriate. Generally, the forward contracts mature within one year.

(2) 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 and little dependency on any one customer.

(3) Interest rate risk: The Company is 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, so the interest rate risk is expected to be minimal.

B. Non-Financial Risks:

(1) Natural Disaster/ Flooding in the working areas: The Company has adopted the Lucite International's Emergency response plan / procedure (SEP447), SHE Management system / SHE standards, element 13, and a high level of emergency preparedness to improve the existing fences as flood walls and also regularly reviews the company's flood prevention plan and updates risk assessment relevant to flood

(2) Product Liabilities: The Company has estimated that the potential risk in any law suit against the company could be as high as Bht. 30 Million and that the Company has an insurance policy for product liability coverage. The Management shall review and renew the insurance coverage on a yearly basis as appropriate.

(3) Lost Business due to sudden change in Technology/ Innovation: This could happen with a dynamic introduction of new technology and innovation. The Company has a potential risk of losing certain Extrusion volume, i.e. ABS/HIPS sheet business to other plastic materials, and this could cause a substantial loss of an annual turnover of ABS/HIPS business, which is about 1/3 of the company's total sales turnover, or about Baht 500 million per year. The Company is investigating possibilities to use machinery/ equipment also for production of other plastics materials.

(4) Risks affecting margins: Normally, the price of MMA, a major raw material for the production of cast acrylic sheet, is subject to cyclical upwards and downwards fluctuations. During the past couple of years the price increase for MMA has lasted longer than usual resulting in an average increase of more than 50% in comparison to the previous year, which significantly impacted margins. The MMA price increase is caused by imbalance in the supply and demand situation, which is hoped to be alleviated when new MMA production capacity is being introduced during 2018.

(5) Risks of Transactions with Related Parties: The Company procures various raw materials, especially MMA, from related parties in the Lucite/Mitsubishi Chemicals group and also receives services from and distributes products through companies in this group. These related parties transactions are always carried out in the ordinary course of business and concluded on commercial terms, where applicable at market prices, agreed between the Company and those related parties. The Company's Audit Committee, assisted by the External Auditor, reviews the Related Transactions, or transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and SET/SEC regulations, and are reasonable and for the highest benefit of the Company.

(6) Risks from control by Major Shareholders: The combined ownership of 76.4% of the company's shares, gives combined operational control to the major shareholders, Lucite International and Asiatic Acrylic Company Limited. The Company therefore strictly abides by its established Corporate Governance Policy, including election of 3 Independent Directors, and the involvement by the Nomination and Remuneration Committee in the screening, selection and nomination of Directors and appointment of the Managing Director and remuneration of the Directors and top Management.

The Management and Scope of Authority and Duties

MANAGEMENT STRUCTURE

BOARD OF DIRECTORS

As of December 31, 2017 the Board of Directors comprises of 9 members whose names are listed below:

- | | | |
|----|---------------------------|--|
| 1. | Dr. Benjamin James Harris | Chairman of the Board of Directors |
| 2. | Mr. Suchitr Srivetbodee | Deputy Chairman of the Board of Directors |
| 3. | Mr. Hans Henrik Melchior | Executive Director |
| 4. | Mr. Rakchai Sakulteera | Executive Director |
| 5. | Mr. Tamotsu Tamaki | Non-Executive Director/ Member of Nomination and Remuneration Committee |
| 6. | Mrs. Caroline Prior | Non-Executive Director |
| 7. | Dr. Anuphan Kitnichiva | Chairman of Audit Committee/ Nomination and Remuneration Committee/ Independent Director |
| 8. | Mr. Jan Dam Pedersen | Member of Audit Committee/ Independent Director |
| 9. | Mr. Kulvech Janvatanavit | Member of Audit Committee/ Member of Nomination/ Independent Director |
- Company Secretary is Mr. Rakchai Sakulteera

Scope of authority and duties of the Board of Directors

The Board of Directors has an authority to determine and amend the names of the directors who are authorized to sign on behalf of the Company. The names of directors who are authorized to sign on behalf of the Company are “Dr. Benjamin James Harris, Mr. Suchitr Srivetbodee, Mr. Hans Henrik Melchior and Mr. Rakchai Sakulteera” any two of these four Directors jointly setting down their signatures and affixing the common seal of the Company. According to the Company’s Articles of Association and the provisions of the Public Limited Companies Act, the Board of Directors has an authority to perform any acts within the scope of the Company’s objectives as follows:

1. To file a complaint and proceed with legal action on behalf of the Company including to settle a dispute or assign arbitrator to settle any dispute,
2. To purchase, procure, lease, lease out, hold ownership or right of possession, modify, utilize, or carry out anything related to the assets and gains from those assets,
3. To sell, transfer, accept pledge, mortgage, exchange, or distribute assets in other way,
4. To borrow money, guarantee debtors, aval or endorse bills of exchange or other kinds of transferable financial instruments,
5. To bail out directors, officials, or employees of the Company charged in criminal court cases as a result of their performance carrying out the Company’s business,
6. To hold shares and/or manage other public or private limited companies as well as collaborate with those companies to carry out specified business,
7. To carry out any duties that can only be performed by natural persons in accordance with the Company’s objectives, and
8. To prepare the Company’s financial statements, financial documents, and submit evaluation reports on the adequacy of the Company’s internal control system

AUDIT COMMITTEE

As of December 31, 2017, the Audit Committee comprises 3 members whose names are listed below:

1. Dr. Anuphan Kitnitchiva Chairman of Audit Committee
2. Mr. Jan Dam Pedersen Audit Committee
3. Mr. Kulvech Janvatanavit Audit Committee

Secretary of the Audit Committee is Miss Thanjira Kunathipsritrakool.

Scope of Duties and Responsibilities of the Audit Committee

The Audit Committee has scope of duties and responsibilities as follows:

1. To review the Company's financial reporting process to ensure that is accurate and adequate.
2. To review the Company's internal control system and internal audit to ensure that they are suitable and efficient.
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the law relating to the Company's business.
4. To consider, select and nominate an independent person to be the company's auditor, and to propose such person's remuneration
5. To attend a non-management meeting with an auditor at least once a year.
6. To review the Related Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.
7. To determine an internal audit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
8. To prepare and to disclose in the Company's annual report, and Audit Committee's report which must be signed by the Audit Committee's chairman and consist of at least the following information:
 - 8.1 an opinion on the accuracy, completeness and creditability of the Company's completeness and report
 - 8.2 an opinion on the adequacy of the Company's internal control system
 - 8.3 an opinion on the compliance with the law on securities and exchange, The Exchange's regulations or the laws relating to the Company's business.
 - 8.4 an opinion on the suitability of an auditor;
 - 8.5 an opinion on the transactions that may lead to conflicts of interests
 - 8.6 the number of the Audit Committee's meetings, and the attendance of such meetings by each committee member;
 - 8.7 an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter
 - 8.8 other transactions which, according to the Audit Committee's opinion should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.
9. In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts which may materially affect the Company's financial conditions and operating results, the Audit Committee shall report it to the Company's Board of Directors for rectification within the period of time that the Audit Committee thinks fit:
 - 9.1 a transaction which causes a conflict of interests;
 - 9.2 any fraud, irregularity, or material defect in an internal control system
 - 9.3 an infringement of the law on securities and exchange, the Exchange's regulations, or any law relating to the Company's business.

If the Company's Board of Directors or management fails to make a rectification within the period of time under the first paragraph, any Audit Committee member may report on the transaction or act under 9.1, 9.2 and 9.3 to the Securities and Exchange Commission or the Stock Exchange of Thailand

10. To conduct a self-evaluation at least once a year and report the result to the Company's board of directors
11. In case that Audit Committee member wishes to resign before the expiration of this term of services, he should give a notice thereof to the Company one month in advance together with reason therefore so that the Company's Board of Directors or shareholders meeting can consider appointing another director who is fully qualified to replace the resigning member.
12. To perform any other act assigned by the Company's Board of Directors, with the approval of the Audit Committee.
13. To review policies and ensure that an effective anti-corruption support system is in place, to give advice and monitor the compliance with anti-corruption measures, as well as to receive reports and information on corrupting activities investigate the facts and refer the matters to the Company's Board of Directors for joint consideration on the penalties or resolutions

MANAGING DIRECTOR

Mr. Suchitr Srivetbodee is the Company's Managing Director whose scope of authority is as follows:

Scope of Duties and Responsibilities of the Managing Director

1. To consider the appointment, transfer, dismissal, discharge, and approval of resignations of the Company's employees at every level.
2. To consider remunerations including salary, bonus, and other benefits as well as annual remuneration adjustments of the Company's employees at every level
3. To approve the determination and changes in conditions on trade as assigned by the Board of Directors.
4. To consider and approve the purchasing of fixed assets within the signing authority as assigned by the Board of Directors
5. To consider and carry out any operation related to general management of the Company except the acquisition and sale of the Company's assets and other connected transactions that must be operated in accordance with the notification of the Securities Exchange of Thailand and other related laws

As of December 31, 2017 the Company's Management Team comprises 20 persons whose names are listed below:

- | | | | |
|-----|-----------------|-------------------|--------------------------------|
| 1. | Mr. Suchitr | Srivetbodee | Managing Director |
| 2. | Mr. Rakchai | Sakulteera | Finance Director |
| 3. | Mr. Wiwat | Hom la-or | Operations Manager |
| 4. | Mr. Thanawat | Kulprasertat | Human Resource/Legal Manager |
| 5. | Mr. Pongsin | Muangstri | SHE Manager & QMR/OH & SMR |
| 6. | Mr. Thanetr | KhumChoedchoochai | Logistic Manager |
| 7. | Miss Surawadee | Leethaweekul | Finance and Accounting Manager |
| 8. | Mr. Yotin | Tamrongsawapark | Casting Plant Manager |
| 9. | Mr. Phairat | Kumdee | Extrusion Plant Manager |
| 10. | Mr. Pongthorn | Chuencharoen | Site Engineering Manager |
| 11. | Mrs. Noungrutai | Boonpetch | Research & Technical Manager |
| 12. | Mr. Wittaya | Mongkolkachit | Technical Center Manager |

| | | | |
|-----|---------------|--------------------|--|
| 13. | Mr. Udomsak | Tienchan | Warehouse & Distribution Manager |
| 14. | Mr. Prasit | Lertsettawanich | Commercial Manager |
| 15. | Mr. Pongsun | Asavasirijinda | Sales & Product Manager |
| 16. | Mrs. Janjira | Thumsorn | Export Sales Manager |
| 17. | Mrs. Sompong | Asavasirijinda | Sales Admin Section Manager (Domestic) |
| 18. | Miss. Suparak | Takyart | New Business Development Manager |
| 19. | Miss Thanjira | Kunathipsritrakool | Internal Auditor |
| 20. | Mrs. Masaya | Rungrueng | Secretary of Managing Director |

NOMINATION AND REMUNERATION COMMITTEE

As of December 31, 2017, the Nomination and Remuneration Committee comprises 3 members whose names are listed below:

| | | | |
|----|-------------|--------------|--------------------------|
| 1. | Dr. Anuphan | Kitnitchiva | Chairman of NR Committee |
| 2. | Mr. Tamotsu | Tamaki | Member of NR Committee |
| 3. | Mr. Kulvech | Janvatanavit | Member of NR Committee |

Scope of Duties and Responsibilities of the NR Committee

1. The Committee will search, screen, and nominate qualified candidates for Independent Directors to the Board of Directors for approval
2. The Committee will screen candidates nominated by the major shareholders and submit the qualified candidates to the Board of Director for approval
3. The Committee will submit, with opinion, the proposed Directors' Fees as recommended by the Chairman of the Board and Managing Director of the Company to the Board of Directors for consideration prior to formal approval from the Shareholders Meetings.
4. The Chairman of the Board will propose remuneration for the top management in consultation with the Committee.
5. The Committee will perform any other duties delegated by the Board of Directors of the Company.

DIRECTORS AND MANAGEMENT' SELECTION

1. The selection and election of the Directors shall proceed through the shareholders' meeting. The Nomination and Remuneration Committee reviews candidates for director position based on appropriate skills, knowledge and relevant experience. After reviewing their work experience, the Nomination and Remuneration Committee proposes candidates deemed suitable to the Board of Directors for their approval prior to the Board proposes them to the Shareholders Meeting for approval by the shareholders. The criteria and procedure for the appointment of directors are as follows:
 - 1.1 One shareholder's share is good for one vote.
 - 1.2 In the election of directors, the method of voting is to elect individual director one person at a time or collectively, several persons at a time, or any other method as the shareholders' meeting may see fit; but in passing each resolution, it must be voted on with all the votes entitlements under 1. The votes may not be divided between persons or groups to any extent.

1.3 The election of directors shall be decided by a majority of votes. In case of tied votes, the chairman of the meeting shall be entitled to a casting vote. In accordance with clauses 22 and 50 of the Company's Articles of Association, one-third of the directors shall retire from the office at every annual general meeting of the shareholders. The retiring directors shall be those who have been longest in the office on the rotation basis. The chairman of the meeting shall request for the election of new directors until the vacant positions are filled.

2. The Selection of Management is the responsibility of the Managing Director as described in the Scope of authorities of the Managing Director.

REMUNERATION OF DIRECTORS AND MANAGEMENT

Financial Remuneration for Directors in 2017

| Total paid remuneration of Directors | THB |
|--|--------------|
| Annual Director's Fee paid to 3 Independent Directors | 1,311,000.00 |
| Audit Committee Allowance totaling 5 times | 95,000.00 |
| Board Meeting Allowance totaling 4 times | 62,000.00 |
| Annual General Meeting 1 time | 19,000.00 |
| Meeting Allowance of Audit Committee with the Company's Management | 30,000.00 |
| TOTAL | 1,517,000.00 |

Financial Remuneration for Management in 2017

| Total paid remuneration of Management | THB |
|---------------------------------------|---------------|
| Salary, Bonus, Other Remuneration | 38,218,322.75 |
| Provident Fund | 1,683,822.25 |
| TOTAL | 39,902,145.00 |

Other remunerations

- none -

PERSONNEL

As of December 31, 2017 the Company's employees consists of

| | | |
|----------------|-----|---------|
| Administration | 41 | persons |
| Production | 274 | persons |
| Total | 315 | persons |

Financial Remuneration for employee in 2017

| | |
|-----------------------------------|----------------------|
| Total paid remuneration | THB |
| Salary, Bonus, Other Remuneration | 76,178,156.50 |
| Provident Fund | 3,237,274.50 |
| TOTAL | 79,415,431.00 |

Apart from the financial remuneration paid to employee, the Company provides the good welfare and benefit to all employees, including the safe workplace, health insurance and also the skill development. The Company is listed as the member of Personnel Management Association of Thailand and also annually performs the salary survey to ensure that the remuneration of each level is up to current market rate

In the last 3 years, there has been no significant change in number of employees and no significant labor disputes.

Policy on Employees Development

The Company has provided its staff with training so that they will recognize their responsibility in the safe and efficient operation of the plant, in operating the plant to be compliant with relevant legislation and to ensure consistency of product quality and to continuously improve all aspects of the manufacturing and commercial operations so as to and in serve and meet customers' expectations. According to the Company's policy and annual training plan, the Company has programs covering people training, health and safety in work plan, process changes and new process technology in order to increase and improve employees capabilities to be in line with the needs and objectives of the business.

The Company conducted the employee training totaling 2,329. 50 hours and spent the training fees at amount 1,008,320 THB.

| Training Topic | Training Hours |
|---|----------------|
| Management/Professional | 327.00 |
| On the Job Training /Procedure/Work Instruction | 1,485.00 |
| SHE/License | 517.50 |
| Total | 2,329.50 |

CONTROL PROPRIETARY AND CONFIDENTIAL INFORMATION

The Company's policy is that all the executives and employees shall adhere to the Company's regulations concerning the ethical code of conduct and business ethics. Employees must observe the rules laid down in instructions concerning the classifying and handling of documents and electronic data. It is the responsibility of all employees to acquaint themselves with the applicable rules. Information generated within the Company is the property of Company and should not, unless legally required, be disclosed outside the Company without proper authority. Furthermore the Company's policy requires that Company proprietary information must not be used for unlawful purposes or for personal gain.

Corporate Governance

CORPORATE GOVERNANCE POLICY

The Board of Directors of Thai Poly Acrylic Public Company Limited is obliged to perform its duties in the best interests of the Shareholders and shall treat its stakeholders and all parties concerned with utmost fairness and provide quality products and services to fit the needs and requirements of the customers.

The Board of Directors adheres to the principles of good corporate governance, ensuring that its business transactions are properly conducted with transparency and fairness for the mutual benefit of the Company's shareholders, stakeholders as well as the community and society in which it operates.

The Company has publicized its 'Corporate Governance, Business Ethics Rules and Anti-Corruption Policy' on its website.

The Company's corporate governance performance can be summarized as follows:

1. THE RIGHTS OF SHAREHOLDERS

The rights of shareholders include all basic rights such as the right as an investor and the right as an owner of the Company including for instance the rights to buy new shares, sell or transfer owned shares, the rights to receive dividends, the rights to attend the shareholders meetings, the rights to express or raise questions at the meetings, the rights to make decision by voting on the important affairs of the Company i.e. nomination of Directors, amendment of Memorandum of Association and Articles of Association of the Company etc. and acknowledge the Meeting Minutes.

2. THE EQUITABLE TREATMENT OF SHAREHOLDERS

The Company shall provide the equitable treatment to every individual shareholder, every group of shareholders, major or minor shareholders as well as the investors and foreign investment institutions. The fundamental rights of the shareholders are preserved regardless of gender, age, origin, nationality, religion, belief or social status.

3. THE ROLES TOWARD STAKEHOLDERS

The Company conducts its business responsibly in order to provide mutual benefits to all groups of stakeholders, and thereby ensuring that the administration and the business operations of the Company shall not have any impact on the rights of any stakeholder concerned.

4. DISCLOSURE OF INFORMATION AND TRANSPARENCY

Disclosure of information is a key index of transparency and an important factor to create confidence among investors and stakeholders. The Company values correct, accurate disclosure of information and creates numerous channels of disclosure of information so that all stakeholders can gain easy access to information.

5. BOARD RESPONSIBILITIES

5.1 COMPOSITION OF THE BOARD OF DIRECTORS

- The Company has prescribed that the Board shall comprise 9 Directors consisting of 3 Independent Directors and 4 Executive Directors, and 2 Non-Executive Directors (Representatives of its major shareholders)

5.2 SEGREGATION OF DUTIES OF THE CHAIRMAN AND THE MANAGING DIRECTOR

- To segregate policy-making duties from those of day-to-day management and to enable Directors to oversee, look after and assess performance effectively, the Company requires that the Chairman and the Managing Director are always two distinct and separate persons to ensure the balance of authority. The role of the Chairman is the Head at the policy level and the role of the Managing Director is the Head of Operational Management who look after the daily management of the Company. The Company has decided to appoint as Chairman a Director, who is not an independent Director as defined in the SET guidelines, but whose interests are fully disclosed to the Board. However, the Board has appointed one of the independent directors to participate in setting the agendas for board meetings.

5.3 QUALIFICATIONS OF DIRECTORS

- 1.DIRECTORS** must be qualified, experienced professionals from various fields, demonstrating breadth of vision and leadership as well as a proven record of ethical integrity. Furthermore, such persons should have good communication abilities and being capable of expressing themselves professionally. Each director must hold not more than five (5) directorships in other listed companies.
- 2.AUDIT COMMITTEE** must consist of 3 Independent Directors. The Independent Directors must be qualified under the SET's guidelines governing the qualifications and scope of the operation of an Audit Committee. At least one person should have adequate expertise and experience to review the credibility of the financial reports.
- 3.INDEPENDENT DIRECTORS** must be qualified under the SET's guidelines governing the qualifications and scope of the operation of the Audit Committee as follows :
 - Holding shares not exceeding 1 percent of the total shares with voting rights of its parent company, its subsidiary, its associated company or potential conflicting juristic persons provided that also any shares held by his or her related persons must be taken into account.
 - Not being nor having been an executive director, employee, officer, monthly paid advisor or controlling person of the Company, its parent company, its subsidiary, its associated company, its parallel subsidiary or potential conflicting juristic person unless the foregoing status has ended not less than two years prior to the date of appointment as Independent Director.
 - Not having nor having had a business relationship with the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person that might interfere in his or her use of independent discretion.
 - Not being nor having been an auditor of the Company, its subsidiary, its parent company, its associated company or potential conflicting juristic person as well as not being a major shareholder, a director who is not an independent director, an executive, or a managing partner of the auditing firm employing an auditor of the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person.
 - Not being nor having been any professional service providers, including a legal advisor or a financial advisor, obtaining service fees of more than baht two million per annum from the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person. If a professional service provider is a juristic person, this will include a major shareholder, a director who is not an independent director, an executive or a managing partner of such professional service provider.

- Not having any other characteristic which makes him or her incapable of expressing an independent opinion with regard to the Company's operation.
- Maximum of five directorships in SET's listed companies.

4. NOMINATION AND REMUNERATION COMMITTEE must be qualified under the SET guidelines.

5.4 TERM OF DIRECTORS

In compliance with the Public Companies Limited Act one third of the directors retire by rotation at the Annual General Meeting every year but are eligible for re-election. It is the policy that the tenure of an independent director should not exceed a cumulative term of nine years from the first day of appointment as Independent Director. Upon completing nine years, an independent director may continue to serve on the board, subject to the board's rigorous review of his/her continued independence.

5.5 APPOINTMENT AND DISMISSAL OF DIRECTORS

According to the Company's Articles of Association, one third of Directors shall be retired on the rotation basis at every Annual General Meeting, however, the retired Directors can be re-elected at the Shareholders' Meeting. In the case any Director has tendered a resignation or is to be retired for any other reasons prior to the end of the term, the Board can appoint a succeeding Director and he or she can remain in the position to complete the remaining term of the former Director.

APPLIED PRACTICES

1. THE RIGHTS OF SHAREHOLDERS

1.1 Shareholders' Meetings

- a. As a rule, the Company schedules an Annual General Meeting of shareholders (AGM) within 4 months of the annual closing date of its accounting books. For urgent matters that affect or involve the shareholders' interests or relate to conditions, regulations or laws that require shareholders' approval, it calls an Extraordinary General Meeting of the shareholders. In 2017, an Extraordinary General Meeting was not held.
- b. In 2017, the Annual General Meeting of shareholders took place on April 27 at the Royal City Hotel, Bangkok Noi Room, 3rd Floor, Borom Rajchonni Road, Bangbunru Sub-district, Bangplad District, Bangkok Metropolis.
- c. Recognizing the importance of protecting and facilitating the exercise of shareholders' rights, the Company has established a policy of equitable and fair treatment for all shareholders as follows:
 - o **Promoting Exercise of Shareholders Rights**
 - I. The Company encourages all shareholders to exercise their rights in an equitable manner.
 - II. All shareholders are encouraged to attend the shareholders' meetings, and to provide comments and suggestions to the Board of Directors.
 - o **Facilitating Shareholders Attendance and Voting at the Meetings**

The Company encourages shareholders' participation in decision making on important issues and voting on such issues at General Meetings. All resolutions are voted on by poll.

o **Giving Information Relating to Shareholders Meetings**

The Company will ensure that shareholders are informed in advance of General Meetings, of important information, criteria and procedures for those meetings, including the voting procedure for each agenda item. The Company will strive to provide all information regarding General Meetings to all shareholders 21 days (but not less than 7 days) in advance, so that shareholders can study all the information prior to attending the meeting. In addition, the Company will post all information on the Company's web site prior to sending out the notice of the meeting.

o **Giving Opportunity to Shareholders to ask Questions and express their Opinions at The General Meetings**

The Company will, at all General Meetings, provide the opportunity to all shareholders to ask questions, express comments or offer any suggestions.

1.2 Disclosure of Resolutions of Shareholders' Meetings

The Company will submit the summary of resolutions of Shareholders' Meetings to the Stock Exchange of Thailand within the meeting date or 9 am of the next working day at the latest. The Company will also submit the report of the shareholders' meetings with Minutes (each agenda item clearly separated), number of Directors in attendance and/or absent, questions raised by shareholders and answers from the Directors and voting tallies of each agenda item to SET within 14 days and to the Ministry of Commerce within 30 days after the meetings. All meeting information will be accessible through the Company's website.

2. THE EQUITABLE TREATMENT OF SHAREHOLDERS

2.1 Proposing Additional Meeting Agenda Items and Nomination of Directors

- a. To enable minor shareholders to take part in the operations of the Company, the Company has established criteria and process for them to propose meeting agenda items and/or nominate Directors in advance.
- b. The Company will post such criteria on its website and post an announcement on the website of SET to enable shareholders to propose meeting agenda items and/or nominate Directors in advance.

2.2 Facilitating Shareholders at the Meetings

As most shareholders attending the Shareholder Meetings are Thais, the meetings will be conducted in the Thai language. The Company's website is bilingual.

2.3 Appointing Proxies

To maintain the rights of shareholders who cannot attend Annual General Meetings in person, they have the right to appoint proxies or delegate their votes to any Independent Director in attendance. The Company will state the names of these Independent Directors in the proxy forms as defined by the Ministry of Commerce for voting on behalf of shareholders without conditions. The Company treats proxies as shareholder votes. Thirty days ahead of each meeting, the Company discloses the proxy form and procedures on its website. Shareholders may make further inquiries about this by phone or through other channels such as the Company's website and e-mail.

3. THE ROLES TOWARD STAKEHOLDERS

● To Shareholders

Operating a profitable business that leads to sustainable growth. The Company is committed to corporate governance in tandem with corporate social responsibility (CSR) to assure investors that the Company provides sound investment returns and is sustainable. The Company has established channels for all stakeholders to contact directly through whistleblowing via its website www.thaipolyacrylic.com

● To Employees

The Company regards all employees as the most valuable asset and shall continue to develop the competencies and the integrity of the employees. The Company shall provide its employees with good benefits and provide a workplace that is safe within a healthy environment. Professional development opportunities are provided for all employees, helping to continuously and sustainably increase their productivity.

● To Customers

Ensuring customer satisfaction and loyalty by delivering world-class quality products and services at competitive prices. The Company takes customer satisfaction seriously, since customers are buyers and users of our products and services. The Company offers fair prices, quality products and accountability to customers and consumers, and is committed to consistently develop its products and to provide safe, integrated, attentive quality services in response to their needs. The Company has implemented quality, security, safety and occupational health standards in its operations in order to focus on quality management through efficient work processes with a view to deliver products and services that satisfy customers.

● To Business Partners

Observing fair and mutually beneficial business practices with all business partners while promoting trust as well as relationship and cooperation with a view to expand business capabilities and increase efficiency in a long-term partnership. Business partners are the key to business success through mutual support, and the Company treats them fairly. The Company strictly complies with contracts and values procurement processes. Clear procurement procedures have been formulated to ensure transparency, openness to scrutiny and mutual benefit.

The Company requires business partners to strictly conform to the rules about work safety and handling of tools, as well as other regulations, particularly in the type of work affecting health, safety and the surrounding environment.

The Company's approved Vendor List is prepared through a detailed selection process that reviews business/operational procedures of candidates to ensure that the business partners selected for the Vendor List are efficient and are capable of delivering products/services that meet the Company's requirements.

● To Creditors

Maintain good relationship with creditors in such a way that mutual trust and confidence are gained. In doing so the Company shall commit to and honor promises and obligations agreed with the creditors.

The Company ensures strict compliance with all terms of any loan agreement it enters into in a responsible and transparent manner. The Company will not conceal any information or hide any facts that might possibly result in the realization of losses for its creditors.

● To Business Competitors

The Company's policy is that it shall treat its business competitors in a manner that is acceptable in accordance with International law and generally accepted principles and standards. The Company shall furthermore operate its business within a fair, but competitive context and shall not take unfair advantage of its business competitors. The framework of this policy has been shaped by related laws and regulations as well as concepts related to generally accepted business codes of conduct. The collection of insider information from a business competitor is expressly prohibited. The policy further prohibits the infringement of intellectual property rights and trade secrets. Furthermore, it includes provisions that prohibit the slandering of business competitors and any form of collusion in conflict with existing laws and regulations.

● Community and Society

The Company shall continue to operate its business in a manner that is beneficial to the society and the community in which it operates. The Company shall co-operate with the community and relevant authorities to prevent any business transaction with any party that might be hazardous to the community and the society as a whole.

4. DISCLOSURE OF INFORMATION AND TRANSPARENCY

The Company promotes awareness among Directors, the Management and the employees of the importance of good corporate governance and transparency in their work, and creates appropriate mechanisms to receive complaints and fair treatment both for those who file complaints and those who have been complained against.

The Company offers opportunities for the public to file complaints on improper behavior of Directors, the Management and staff or their violation of Company's business ethics. Any complaint could be directed to either the Managing Director's Secretary or the Human Resource Department. The Company treats all complaints on the basis of equality, transparency and fairness to all concerned. The Company has put in place the following practices to ensure appropriate transparency to the shareholders of business operations.

1. Allow the investors, community, institutions and interested persons to access the information of the company through company website.
2. Recognizing the fact that some Directors reside abroad, and may consequently be excused from attending all Board Meetings, the Board encourages all Directors to attend the meetings when important issues are raised in the meeting agenda, such as the consideration and approval of future investments for plant expansion projects, and the consideration and approval of the annual financial statements and the annual budget proposals, etc.
3. Publish the corporate governance policy and Anti-Corruption policy on the Company's website.
4. Disclose the direct shareholding of directors and executives and indirect shareholding of spouses, or/and minor children of the directors and executives in Annual Report
5. Provide the opportunity for the shareholders to propose matters to be included as agenda items for the Annual General Meeting of Shareholders ("AGM") and to nominate person(s) to serve as the Company's director(s). The criteria and procedures have been disclosed on the Company's websites at www.thaipolyacrylic.com

5. BOARD RESPONSIBILITIES

5.1 DUTIES AND RESPONSIBILITIES

DIRECTORS

- Define the company's vision, mission, policies, strategies and business plans as well as to monitor the company's performance to ensure set targets are achieved.
- Perform its duties under TPA's Articles of Association, Policies, the resolutions of Board of Directors and shareholders' meetings and supervise the management to achieve the set targets and the budget efficiency and effectiveness of the company.
- Protect the interests of the company by executing the policy to prohibit all directors, executives and employees to conduct any business competing with the company and not acting in conflict of interest to the company and ensuring that the directors, executives and employees of the Company abide by the corporate governance policies and ethical business practices .
- Determine the criteria for selecting executives and oversee the succession plan

AUDIT COMMITTEE

1. Prepare charter on internal audit of the Audit Committee to correspond with scope of works and responsibilities. The charter must be approved by the Board and revised at least once a year.
2. Review Company's financial reporting process to ensure accuracy and reliability
3. Review compliance with laws of SET regulations, securities and exchange laws and laws relevant to business
4. Ensure the suitability and sufficiency of the internal control system and the independence of the Internal Auditor.
5. Consider related transactions or transactions of potential conflicts of interest or potential malfeasance affecting operations under the laws and SET's regulations.
6. Provide recommendations to the Board on the appointment, transfer, promotion and assessment of the Internal Auditor.
7. Review the risk approaches under the corporate and operation profile which affects the Company's operation
8. Review complaints and whistleblowing processes for compatibility with good governance practices.
9. Select, nominate, remove and recommend fees for the external auditor to the Board.
10. Review the policies and ensure that an effective anti-corruption support system is in place, to give advice and monitor the compliance with anti-corruption measures, as well as to receive reports and information on corrupting activities, investigate the facts and refer the matters to the company's board of directors for joint consideration on the penalties or resolutions.

NOMINATION AND REMUNERATION COMMITTEE

1. The Committee will search, screen and nominate qualified candidates for Independent Directors to the Board of Directors for approval.
2. The Committee will screen candidates nominated by the major shareholders and submit the qualified candidates to the Board for approval.
3. The Committee will submit, with opinion, the proposed Directors' Fees as recommended by the Chairman of the Board and Managing Director of the Company to the Board of Directors for consideration prior to formal approval from the Shareholders Meetings.
4. The Chairman of the Board will propose remuneration for the top management in consultation with the Committee.
5. The Committee will perform any other duties delegated by the Board of Directors of the Company.

INDEPENDENT DIRECTORS

To comply with duties and responsibilities of the Audit Committee.

5.2 DIRECTORS' MEETINGS

Board of Directors' Meetings

The Board of Directors' Meetings must be held at least once every 3 months according to the Company's Articles of Association and planned for the entire year. The Company Secretary will send the notice calling of a meeting and relevant supplementary documents to each Director at least 7 days prior to such meeting to allow the Directors enough time to consider.

In 2017, the Company held 4 Board of Directors' Meetings. Attendance Record of the Board of Directors Meetings was as follows:

| Directors | | Individual attendance | No. 1/2017 | No. 2/2017 | No. 3/2017 | No. 4/2017 |
|-----------------------------|--------------|-----------------------|------------|------------|------------|------------|
| *Ms. Annie Sophia Veerman | | 2/3 | / | / | - | n/a |
| * Mr. Benjamin James Harris | | 3/4 | / | / | / | - |
| Mr. Hans Henrik Melchior | | 4/4 | / | / | / | / |
| Mr. Tamotsu | Tamaki | 4/4 | / | / | / | / |
| Mr. Suchitr | Srivetbodee | 4/4 | / | / | / | / |
| Mr. Rakchai | Sakulteera | 4/4 | / | / | / | / |
| * Mrs. Caroline Prior | | 1/1 | n/a | n/a | n/a | / |
| Dr. Anuphan | Kitnitchiva | 2/4 | - | - | / | / |
| Mr. Jan Dam Pedersen | | 4/4 | / | / | / | / |
| Mr. Kulvech | Janvatanavit | 4/4 | / | / | / | / |

The average attendance in Board Meetings in 2017 was 89% and all Board Resolutions were passed unanimously.

*Ms. Annie Sophia Veerman tendered the resignation as a director and the Chairman of the Board with effect on 31 October 2017.

*Mr. Benjamin James Harris was appointed as the Chairman of the Board with effect on 9 November 2017.

*Mrs. Caroline Prior was appointed as the Non-Executive Director with effect on 9 November 2017.

Audit Committee Meetings

The Audit Committee shall have the duty to arrange meetings at least 4 times a year and planned for the entire year. The Audit Committee Secretary will issue a meeting notice along with the meeting agenda and relevant supplementary documents to each Director 5 days ahead of the meeting to allow the Directors enough time to prepare for the meeting.

In 2017, TPA held 5 Audit Committee meetings. Attendance Record of the Audit Committee Meetings was as follows as follow

| Directors | | Individual attendance | No. 1/2017 | No. 2/2017 | No. 3/2017 | No. 4/2017 | No. 5/2017 |
|----------------------|--------------|-----------------------|------------|------------|------------|------------|------------|
| Dr. Anuphan | Kitnitchiva | 5/5 | / | / | / | / | / |
| Mr. Kulvech | Janvatanavit | 5/5 | / | / | / | / | / |
| Mr. Jan Dam Pedersen | | 5/5 | / | / | / | / | / |

Nomination and Remuneration Committee Meetings

In 2017, TPA held 1 NRC meeting. Attendance Record of the NRC meeting was as follows

| Directors | | Individual attendance |
|-------------|--------------|-----------------------|
| Dr. Anuphan | Kitnitchiva | 1/1 |
| Mr. Kulvech | Janvatanavit | 1/1 |
| Mr. Tamotsu | Tamaki | 1/1 |

5.3 REMUNERATION OF DIRECTORS

None of the Company's Directors, except members of the Management Team, the Deputy Chairman, shall receive any form of remuneration and benefits from the Company. The Board of Directors has considered that the Directors' fees and meeting allowances, are fair compared to the same industry.

In 2017, The Company paid remuneration to Directors as follows :

| Director | Position | Remuneration 2016 | | Remuneration 2017 | |
|--------------------------|--|--------------------|----------------------|--------------------|----------------------|
| | | Annual Fee Baht | Meeting Allowance | Annual Fee Baht | Meeting Allowance |
| Dr. Anuphan Kitnitchiva | Independent Director/ Chairman of Audit and Nomination and Remuneration Committees | 416,000.00 | 77,000.00 | 437,000.00 | 56,000.00 |
| Mr. Kulvech Janvatanavit | Independent Director / Audit and Nomination and Remuneration Committees | 416,000.00 | 54,000.00 | 437,000.00 | 78,000.00 |
| Mr. Jan Dam Pedersen | Independent Director / Audit Committee | 416,000.00 | 60,000.00 | 437,000.00 | 72,000.00 |
| *Mr. Suchitr Srivetbodee | Deputy Chairman/ Managing Director | 208,000.00 | 24,000.00 | - | - |

* appointed as Managing Director of TPA with effective from 1 July 2016

5.4 DIRECTORS' ORIENTATION

For new Directors, the Company arranges an orientation program to inform them of its business policies, capital structure, shareholding structure, business performance, information systems as well as related laws and regulations.

5.5 SKILL DEVELOPMENT PROGRAM FOR BOARD MEMBER

To improve the knowledge of Corporate Governance rules and regulations, general management skills the company has the policy to encourage and support all directors to attend training programs which are organized by The Stock Exchange of Thailand, The Securities and Exchange Commission, and The Thai Institute of Directors Association (IOD) or to attend other relevant training programs.

| Directors Name | | Training Program | Year |
|--------------------------|--|--|------|
| Mr. Suchitr Srivetbodee | | Director Accreditation Program (DAP 6/2003) | 2003 |
| Dr. Anuphan Kitnichiva | | Role of the Chairman Program (RCP 38/2016) | 2016 |
| | | Successful Formulation and Execution of Strategy (SFE 26/2016) | 2016 |
| | | Advance Audit Committee Program (AACP 17/2014) | 2014 |
| | | Director Certification Program (DCP 130/2010) | 2010 |
| Mr. Jan Dam Pedersen | | Director Certification Program (DCP 256/2018) | 2018 |
| | | Director Accreditation Program (DAP 125/2016) | 2016 |
| Mr. Kulvech Janvatavavit | | Director Certification Program (DCP 14/2002) | 2002 |
| Mr. Rakchai Sakulteera | | Company Secretary Program (CSP 811/2017) | 2017 |

5.6 NOMINATION OF DIRECTORS

The Company ensures that the nomination and selection processes for directors are clear and transparent so that the board's qualifications are in line with the desired composition.

5.7 SELF ASSESSMENT OF DIRECTORS

In accordance with the SET's corporate governance principles for listed companies, the Board of Directors makes annual overall self-assessment of performance. The conclusion of the overall performance assessment for 2017 was 4.08 (out of 5) or 81%, in 2016 was 3.95 (out of 5) or 79%. The results from the assessment will be used for planning, developing, and improving the roles and responsibilities of the Board of Director.

AUDIT COMMITTEE

The Audit Committee also assessed its own performance overall, through self-assessment under the guidelines for Audit Committees of SET.

In 2017, the conclusion was the Audit Committee acted in compliance with the Charter of the Audit Committee and in accordance with SET's guidelines governing the qualifications and scope of the operation of the Audit Committee.

5.8 RISK MANAGEMENT

The Board has established a risk management system and has applied this throughout the Company's operations in order to prevent and manage identified risks. Moreover, the Company has a monitoring and assessment system in place. The Board has assigned the Audit Committee to oversee and audit the risk management system in order to ensure that risks being identified are addressed suitably and sufficiently.

The Audit Committee reviews the risk management processes with relevant Departments/ Functions and the Internal Auditor. Its opinion is that the Board maintains adequate risk management practices that are relevant, suitable and sufficient.

5.9 INTERNAL AUDIT FUNCTION

The Board of Directors has established an Internal Audit function with responsibility to review and monitor the sufficiency of the internal control system as well as to audit the operations of the Management functions and the Company's risks management. The Internal Auditor works independently and reports directly to the Company's Audit Committee.

5.10 COMPANY SECRETARY

In order to comply with the Securities and Exchange Act (No. 4) B.E. 2551, at its Meeting on 11 November 2017 the Board passed a resolution to appoint Mr. Rakchai Sakulteera, the Company's Financial Director, as Company Secretary.

A. QUALIFICATION OF COMPANY SECRETARY

- Having well-rounded knowledge and understanding of the Company's businesses.
- Understand the roles and duties of the Company Secretary.
- Having knowledge and understanding concerning legal matters, regulations of the of Stock Exchange Control and the Stock Exchange of Thailand.
- Do not exploit the Company's business opportunity for personal benefits as well as preserve the confidential information of the Company.
- Having good human relationship and can coordinate and contact with other agencies inside and outside the Company.
- Possess English proficiency.

B. DUTIES AND RESPONSIBILITIES

- Preparing agenda and supporting documents for the Board of Directors' Meetings and Shareholders' Meetings.
- Arranging and coordinating the Board of Directors' Meetings, Shareholders' Meetings as well as coordinate to ensure all resolutions have been implemented and complied with in accordance with the Company's Objectives, Articles of Association and the relevant laws and regulations.
- Monitoring the appointment of Directors and change of Directors' terms and arranging for the registration of the change of Directors with the relevant Authorities.
- Preparing and keeping the following documents:
 - Register of Directors.
 - Notice calling Directors' Meetings, Minutes of Board of Directors' Meetings and an Annual Reports of the Company.
 - Notice calling Shareholders' Meetings and Minutes of Shareholders' Meetings.
- Ensuring that the Directors and Executives have filed reports on their interest as required by law.
- Keeping the reports on interest filed by Directors and Executives as well as
- Submitting a copy of such report to the Chairman and the Chairman of the Audit Committee within 7 business days from the date on which the Company has received the reports.
- Performing any other acts as specified in the notification of the Capital Market Supervisory Board.

INSIDER INFORMATION

Insider trading is both illegal and unethical. Securities laws and Company policy prohibit the buying or selling of securities on the basis of material, non-public information. Directors, officers and any other employees, at any level, who are aware of non-public material information related to the Company or any other businesses, may not, directly or indirectly, use such material non-public information in purchasing or selling any securities of the Company or these businesses. Directors, officers and any other employees prohibited from purchasing or selling the securities of the Company or other businesses because they possess material, non-public information, may not have any other person purchase or sell securities on their behalf. Any purchases or sales made by another person on their behalf will be attributable to them. Material non-public information may not be disclosed to any person outside the Company (including relatives, friends or business associates and regardless of the purpose for which such disclosure may be made) until authorized Company officials have adequately disclosed the information to the public.

Anti-Corruption Policy

Thai Poly Acrylic Public Co., Ltd. is committed to and encourages the operation of its business in a fair manner on the basis of ethics, integrity and good governance for sustainability and continued social and environmental responsibility. Therefore, the Company has publicly established this anti-corruption policy as one of its key policies, and has prepared the work ethics and business code of conduct for all its employees and businesses to observe in the operation of the business of the Company and its employees as follows:

Definition: "The Company or Company's agents* (which include the Company's directors, managing director, management and employees in all departments at all levels, contractors and any companies or individuals acting on behalf of the Company) shall not give, receive, ask for, seek or promise to give any "inducement" (which includes money, gift, present, entertainment, sponsorship or donation, whether financial or otherwise, with a value exceeding the usual practice or custom or the appropriate limit), whether directly or indirectly, to/from any "person" (which includes those inside and outside the organisation and officials of the government, state enterprises, private entities, juristic persons or public organisations within and outside the country) for "themselves" (which includes family members and acquaintances) for an illegal purpose or in order to obtain a decision to grant or not to grant any favour which is outside the scope of acceptable business courtesy with concealed interests, regardless of whether such act is committed within or outside the country."

This policy does not allow the giving in a manner of bribery with other concealed intention to any government agencies, government officials, juristic persons or individuals, of money or other things in the form of gift, present, entertainment, different forms of donation, consideration, aid or sponsorship, including the giving of political support in any manner, such as supporting a political party or supporting a political candidate, etc.

This policy also requires that all accounting entries shall be recorded and all documents related to such entries shall be gathered correctly and completely to ensure that all expenses are honestly accounted for and that the Company's money or other resources will never be used for bribery-related purposes.

Any employee or Company's agent* who violates, ignores or fails to comply with this policy shall be deemed to have committed a serious offence and shall be punished in accordance with the Company's rules and the law. Any employee who refuses to commit corruption and thereby causes the Company to lose a business opportunity, shall not be punished or suffer any negative effect on their career.

The Company appoints all senior managers to be members of the anti-corruption committee with the duty to attend meetings, submit reports, review policies and practice guidelines and assess risks in order to establish the internal control guideline, which shall be included in the audit plan. The internal auditor shall carry out the monitoring and evaluation in the annual audit plan and report the results to the audit committee. In the event of an emergency, a report may be submitted directly to the audit committee through the chairman of the audit committee immediately.

Training and communication relating to the anti-corruption policy shall be provided regularly and thoroughly to all employees in all departments at all levels. The supervisors at each level shall have the duty to communicate and ensure that their subordinates understand the policy and observe it in the performance of all business activities under their responsibility, and supervise them to ensure that the performance is efficient and consistent with the guidelines. They shall also communicate the Company's policy and commitment to the customers, trade partners, contractors, agents and third party organisations.

Complaints, information and questions relating to corruption may be directed to:

- 1) Your direct manager, the Human Resources Manager.
- 2) The audit committee, email: Audit.Committee@thaipolyacrylic.com
- 3) Postal address: 60-61 Moo 9, Putthamonthon 4 Road, Krathumlom Sub-District, Sampran District, Nakornpathom Province 73220
- 4) The Company's website at www.thaipolyacrylic.com
- 5) Concern Line 001-800-11-009-4982

The Company will process the complaints or information from these channels through the inquiry procedures and respond to the complainant or informant within 30 days in a confidential manner, and will provide justice and protection for the employee or any other person who has given information or evidence on the corruption related to the Company.

Should you have any questions or need any further clarification on any issues, please contact or make an inquiry to your direct manager, the human resources manager or the legal counsellor.

Remark:

- In addition to this anti-corruption policy, all employees or Company's agents* at all levels are required to abide by the anti-corruption policies of affiliated companies as well.
- The Company's agents* include the Company's directors, managing director, management and employees in all departments at all levels, contractors and any companies or individuals acting on behalf of the Company.

Board of Directors
Thai Poly Acrylic Public Co., Ltd.

Corporate Social Responsibility

Thai Poly Acrylic Public Company Limited adopts concepts in doing business with the highest code of ethics and morality to promote corporate governance and fairness to achieve sustainable growth, and responsibility to society and environment.

1. Doing Business with Fairness

The Board of Directors is responsible for leading business to maximize shareholders' benefits, ensure fairness among stakeholders, and creates quality products and services to support customers' needs.

The Board of Directors manages, controls and monitors the business with good corporate governance to create transparency and fairness for mutual benefits of shareholders, stakeholders, society and community the Company incorporated with. In order to achieve the fairness in doing business, the Company initiated Good Corporate Governance Policy to ensure alignment with the Stock Exchange of Thailand stipulation in 2006, comprises 5 sections as detailed in Good Corporate Governance section.

2. Human rights concern and fairness to Labor

The Company recognises the values of employees, accepts personal differentiation and ability of both male and female employees which form integral parts of business operation.

All employees are treated with respect and honor as well as fairness in opportunities for development and career advancement.

Staff hiring and promotion will be considered based on the required capability in certain position. Other irrelevant factors or work performance in irrelevant functions will not be included in the consideration. Career advancement is solely depended on employees' work performance.

3. Consumer Responsibilities and Caring for Environment

The Company views that Work Safety, Health, and Environment is part of the Company's business and also the corporate social responsibilities. The Company has formulated the policy for this topic for implementation with effect on 1 August 2014. Detail as follows:

1. Comply with both existing and potential laws and regulations, and develop SHE management system to comply with TIS18001, ISO14001, and the Company's Code of Conduct. Such regulations will be adopted as minimum standard in operating business.
2. Minimize the risk, prevent and control risk incidents, injuries, illness from work, and environmental pollution. Avoid risk incidents which might impact employees, communities and relevant parties.
3. Prevent injuries and illness from work as goal set.
4. Comply with standard on waste discharge, minimise the waste, and use energy and water efficiently as goal set.
5. Set up the SHE standards for contractors and/or visitor to be in line with the Company's policy
6. Cooperate in circulating news, information, policies to employees and external parties both corporate and government sector.
7. View cooperation and compliance with SHE policies as an integral part of employees' annual performance evaluation.

8. Set clear roles and responsibilities of the management and all employees on SHE both in the office hours and afterhours.
9. Support and encourage competencies development through training to enhance knowledge and to raise awareness.
10. Commit to and responsible for product development to be safe for both consumers and environment
11. Manage resources efficiently to comply with the Company's policies and goal set.
12. Continue improving on SHE

The Company insists that all executives and employees in the organization must adhere to the principles and is responsible for compliance with safety regulations in the workplace.

The SHE Committee supervises the Management of Occupational Health and Environmental, sets the policy, targets and plans the annual SHE Improvement as well as monitors and evaluates the results during the year.

The Company has been certified and certified by the Occupational Health and Safety Management System (TIS18001), which confirms its commitment to safety of all employees and stakeholders.

The results of safety operations in 2017 as follows:

- | | |
|------------------------------------|----------|
| o Injured (1-3 days leave) | 1 person |
| o Injured (more than 3 days leave) | 0 person |
| o Fire | - nil - |
| o Chemical Leakage (Spill) | - nil - |

Apart from the above mentioned safety practices, the off the job safety practice has been applied to all employees especially wearing the helmet while riding the motorbike. The company ran the safety campaign and conducted training in order to create the awareness of safely riding.

4. Overall environment of Communities and Society

The Company always ensures sound environment of the plant surroundings as well as encourages the educational activities for children in the communities.

5. Cooperation in Community Development

The Company operates its business which is beneficial to the economy, society and surrounding communities, especially in terms of opportunities for youth education, sports, and science and technology innovation. These also include cooperation with communities and government units in preventing any action which may be harmful to the environment.

The company significant projects for community and society in 2017



Januray 13, 2017

TPA management took the occasion of Children's Day to give the schorlarship to students at Ban Kratumlom School.



June 26, 2017

TPA representatives and management participated in making the artificial flower (Dok Mai Chan) used for the Royal Cremation Ceremony of the late King Bhumibol



August 12-13, 2017

TPA staff joined in the Soccer Tournament organized by community and municipality of Kratumlom



September 19, 2017

TPA obtained the Standard on Prevention and Solution to Drugs Problems in an Establishment certificate (Mor Yor Sor) from Mr. Adisak Thepard - Nakornprathom Governor



November 17, 2017

TPA welcomed teachers and students from Ban Kratumplom School to make a study tour on acrylic molding at TPA Technical Center



November 21, 2017

TPA was completely certified to join as a member of the Thailand Private Sector Collective Action Coalition Against Corruption (CAC). Mr. Rakchai Sakulteera, Financial Director represented the company to receive the certificate from Dr. Bandid Nijathaworn, President & CEO Thai IOD.



December 8, 2017

TPA obtained the certification from Nakorn Prathom Governor on the Disability day



November – December 2017 TPA's Sport Anti – Drug 2017

TPA's Sport Anti – Drug 2017 was held during November – December 2017. This event is to encourage TPA's staff not getting involved with drug and to create the unity among employees.



December 2017 Garage Sales

TPA's management and staff organized the garage sales to raise fund for giving the education scholarship to selected students at Katumlom School.



April and December 2017 ; Don't Drink and Drive Campaign

The Company yearly ran the Don't Drink and Drive campaign to raise the awareness for the road safety during Songkran in April and New Year in December.

Related Party Transactions

The material related party transactions consist of the transactions carried out with Lucite Group Mitsubishi Rayon Group and Asiatic Acrylic Company Limited.

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarized 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 as follows:

1. Transactions with related parties for the year ended 31 December 2017

| Parties that might cause the conflict | Relationship | Type of transaction | Transaction Value | Price Policy | Reason |
|--|---|----------------------------|-------------------|---|-------------------------------------|
| Lucite International (Shanghai) Trading Ltd. | Shareholder is Lucite International UK Overseas Holdco1 Limited | Service expenses | 1.58 | Contract price and as agreed. | To expand the business in China. |
| Lucite International Korea Ltd. | Shareholder is Lucite International UK Overseas Holdco1 Limited | Service expenses | 2.57 | Contract price and as agreed. | To expand the business in Korea |
| Lucite International UK Ltd. (Darwen) | Shareholder is Lucite International UK Overseas Holdco1 Limited | Purchases of raw materials | 6.30 | As agreed with reference to market price. | Quality and prevent loss of supply. |
| | | Service expenses | 0.56 | Contract price and as agreed. | |
| Lucite International Japan | Shareholder is Lucite International UK Overseas Holdco1 Limited | Purchases of raw materials | 0.48 | As agreed with reference to market price. | Quality and prevent loss of supply. |
| Lucite International (U.S.A) | Shareholder is Lucite International UK Overseas Holdco1 Limited | Sales of goods | 9.23 | With reference to market price. | To expand the business in USA. |
| Lucite International Singapore Pte. Ltd. | Shareholder is Lucite International UK Overseas Holdco1 Limited | Service expenses | 0.15 | Contract price and as agreed. | To expand the business in Singapore |

| Parties that might cause the conflict | Relationship | Type of transaction | Transaction Value | Price Policy | Reason |
|---------------------------------------|---|----------------------------|-------------------|---|-------------------------------------|
| Thai MMA Co.,Ltd. | Shareholder is Mitsubishi Rayon Co.,Ltd | Purchases of raw materials | 558.83 | As agreed with reference to market price. | Quality and prevent loss of supply. |
| Diapolyacrylate Co.,Ltd. | Shareholder is Mitsubishi Rayon Co.,Ltd | Purchases of raw materials | 9.97 | As agreed with reference to market price. | Quality and prevent loss of supply. |

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

| Parties that might cause the conflict | Relationship | Type of transaction | Transaction Value | Price Policy | Reason |
|--|---|------------------------|-------------------|---|-------------------------------------|
| Lucite International (Shanghai) Trading Ltd. | Shareholder is Lucite International UK Overseas Holdco1 Limited | Other payable | 0.96 | Contract price and as agreed. | To expand the business in China |
| Lucite International Korea Ltd. | Shareholder is Lucite International UK Overseas Holdco1 Limited | Other payable | 1.56 | Contract price and as agreed. | To expand the business in Korea. |
| Lucite International UK Ltd. (Darwen) | Shareholder is Lucite International UK Overseas Holdco1 Limited | Other payable | 0.08 | Contract price and as agreed. | Quality and prevent loss of supply. |
| Lucite International (U.S.A) | Shareholder is Lucite International UK Overseas Holdco1 Limited | Trade receivable | 2.53 | With reference to market price. | To expand the business in USA. |
| Thai MMA Co.,Ltd. | Shareholder is Mitsubishi Rayon Co.,Ltd | Trade accounts payable | 207.96 | As agreed with reference to market price. | Quality and prevent loss of supply. |
| Diapolyacrylate Co.,Ltd. | Shareholder is Mitsubishi Rayon Co.,Ltd | Trade accounts payable | 2.97 | As agreed with reference to market price. | Quality and prevent loss of supply. |

Report on Accountability of the Board of Directors to the Financial Report

In accordance with the Company's accounting and finance policies, the Board of Directors is responsible for governing financial statements presentation and financial information disclosures in the Company's annual report in accordance with generally accepted accounting standards to ensure accuracy, adequacy, and transparency of the financial statements and disclosures. The Board of Directors was tasked on oversight of internal control systems, through the Audit Committee which incorporates three independent directors. Each of the Audit Committee members is a qualified and independent in establishing a reviewing system on accounting and financial information including all related party transactions. This is to ensure that all transactions are transparent without any conflict of interest which could minimize the Company's benefits, and to ensure the Company's financial statements reliability and accuracy, all of which are in line the Company's objectives and policies to operate under good corporate governance.

All of the Board of Directors members have considered and reviewed the financial statements for the year 2017, and assured that the Company's financial statements for the year ended 31 December 2017 are accurately and consistently prepared with adequate disclosures in accordance with generally accepted accounting standards as reference in the audit opinion of the external auditor report.



(Dr. Benjamin James Harris)
Chairman of the Board of Directors



(Mr. Suchitr Srivetbodee)
Managing Director

Report of the Audit Committee

Year 2017

Dear Shareholders,

The current Audit Committee of Thai Poly Acrylic Public Company Limited is made up of three knowledgeable directors: Dr. Anuphan Kitnitchiva as the Chairman, Mr. Kulvech Janvatanavit and Mr. Jan Dam Pedersen as Committee members. Ms. Thanjira Kunathipsritrakool, Internal Auditor, serves as secretary to the Audit Committee.

This year, the Committee performed its Board-assigned duties in line with its own charter, with priority given to the design of a systematic structure and work process. This facilitated the Company's conformance to corporate governance, established a risk management system and a sufficient internal control system.

This year the Committee held 5 meetings with the Management, the Internal Auditor and the external Auditor involved as highlighted below:

- 1. Review of financial reports :** Together with the Management, the Internal Auditor and the external Auditor, the Committee reviewed quarterly and annual financial statements, including related party transactions and conflict of interest transactions. The Committee discussed with the external Auditor the accuracy and completeness of the financial statements, any adjustment entries materially affecting the statements, adequacy and suitability of account recording methods and provisioning policies as well as accuracy and adequacy of information disclosure and the Auditor's independence. All to ensure that the financial statements preparation is in conformity with legal requirements and accounting standards under the generally accepted accounting principles, and is presented in a reliable and timely manner with information sufficiently disclosed in such statements for the benefit of investors or financial statement users.
- 2. Review of risk management :** The Committee reviewed the efficiency and suitability of risk management processes, including the Risk Management Policy and the plans and the approach that affect the Company's operations and investment plans. Also, the Committee reviewed the Management's risk assessments and oversaw risk mitigation associated with key issues significantly affecting the Company to ensure that the Company commands systematic, efficient, and prompt monitoring processes.
- 3. Review of the effectiveness of internal control :** The Committee evaluated compliance with laws and relevant regulations. The Committee also considered internal control systems with the external Auditor and Internal Auditor once a year by reviewing : Operations, resource consumption, stewardship of properties, prevention or reduction of errors or damage, losses, waste or fraud as well as the credibility of financial reports and compliance with laws and regulations. The external Auditor agreed that no significant problems or shortcomings were found.
- 4. Review of good governance :** The Committee focused on the management policies supporting good corporate governance. It actively encouraged Management to implement an anti-corruption program in order to ensure the effectiveness of the anti-corruption control. Furthermore, the Committee reviewed compliance with relevant laws and regulations and defined business processes. Related party transactions were also reviewed to ensure that the Company adhered to sensible conformance to normal business conditions.

Finally, the Committee reviewed the process of complaint-handling and whistle-blowing to ensure alignment with Company's corporate governance and business philosophy.

5. **Review of internal audit :** This year the Committee reviewed the annual internal audit plans and conformance to the plans and findings of audits. To this end, it commented on and monitored corrective actions for significant aspects of good governance and adequate internal control as well as the annual appraisal and merit consideration for the internal auditor. The Committee also encouraged the Internal Auditor to attend English training and to participate in a seminar in internal audit with a view to develop and equip her with internal-audit skills and improve her professional knowledge.
6. **Appointment of the external Auditor for 2018 :** The Committee endorsed the EY Office Limited as the Company's external Auditor for 2018 with the Board's concurrence for presentation and shareholders' approval at the AGM 2018 incl. the audit fees. Also, the Committee reviewed the scope, approach and annual plans of the external Auditor in the absence of Management.

In summary, the Audit Committee performed the duties and responsibilities stated in its charter with care, prudence and adequate freedom, whilst providing creative views and constructive recommendations for the equitable benefit of stakeholders. Its opinion is that Company's financial reports are accurate, credible and in line with generally accepted accounting standards. In addition, the Company commands practices that comply with relevant laws and business obligations together with good governance, adequate risk management and a suitable, sufficient internal control system and internal audit.



(Anuphan Kitnitchiva, Ph.D.)
Chairman of Audit Committee
February 27, 2018

Financial Overview

| | | 2017 | 2016 | 2015 |
|---------------------------|-----------------|----------|----------|----------|
| Revenues | (Million Baht) | 1,275.33 | 1,047.04 | 1,150.37 |
| Expenses | (Million Baht) | 1,196.55 | 960.13 | 1,070.71 |
| Net profit (loss) | (Million Baht) | 62.84 | 69.36 | 62.14 |
| Earnings (Loss) per share | (Baht) | 0.52 | 0.57 | 0.51 |
| Shares | (Million Share) | 121.50 | 121.50 | 121.50 |
| Assets | (Million Baht) | 978.69 | 985.99 | 927.96 |
| Liabilities | (Million Baht) | 369.12 | 317.75 | 280.49 |
| Shareholders' Equity | (Million Baht) | 609.57 | 668.23 | 647.48 |
| Book Value per share | (Baht) | 5.02 | 5.50 | 5.33 |

Explanation of Financial Analysis & Operating Performance

Operating results under the Business Operation Plans

Operating results under the Business Operation Plans 2017 can be summarized as follows:

- (a) The Company is highly committed to the important of the Safety, Health and Environment (SHE) policy which all Directors, Management, Employees and Visitors must strictly follow the policy and guidelines.

The SHE Committee is set up and assigned to supervise and control, set SHE's policies & guidelines, objectives and targets, including annual SHE Improvement Plan. Furthermore, the Committee also monitors and evaluates the performances during the year.

One of the important targets that the Company has considered is to set up annual plan for pre-maintenance and improvement for machinery and equipment conditions to ensure the maximum safety in working place to all Operators and improve production efficiency.

SHE is the Company's important policy that all management and staff are responsible for adhering to policy and strictly follow the safety at work regulation in all aspects.

The Company has been examined and accredited TIS18001, a certification on occupational safety management standard, which is to ensure that the Company is attentive in the work safety of staff and all relevant persons.

- (b) In 2017 the Company maintained a good proportion between domestic and export sales in order to maximize the benefit from the fluctuation on conversion rate between Baht and other hard currencies, especially US Dollar. In order to avoid the risk from loss currency conversion, the Company has the policy to hedge the currency with the reputable commercial bank in Thailand.

Also the Company has developed new marketing strategies and adjusted new product portfolios in order to improve production line of plastic materials in responding to the dynamic changes of supply and demand in both domestic and overseas market. A lot of progress has been made but the management will continue to search for more new business opportunities through the new product development (NPD) process, particularly focusing on value added products. The NPD process will be handled by NPD Committee, headed by Managing Director, the Committee is fully responsible and manage the Product Portfolio for a sustainable long term growth of the company.

- (c) In the past year, the Company continued to focus on product quality improvement in order to attain higher standards so as to respond to the needs of its customers both in domestic and overseas, and also aimed to improving the production efficiency and reducing production waste that will be beneficial to the overall production costs. Also, the company has a high emphasis on the product differentiation as a key business driven to growing profitable volume for both existing and new products that will encourage the company to avoid price competition.

2. Operating Results

In 2017, the Company had net sales of Baht 1,128.23 million, an increase of Baht 118.08 million or 11.69% compared to the previous year. However, the Company's net profit in 2017 decrease by Baht 6.52 million or 9.40.% compared to the previous year. The decrease in net profit while the sales revenue increases due to two major factors; continuous rising raw material price throughout the year caused the operating loss by Baht 52.14 million, and offset by profit from land sales at 116.11 million.

Trade Receivables

Trade receivables are detailed below.

| Comparative trade receivables from 2015 - 2017 | 31 December 2017 | | 31 December 2016 | | 31 December 2015 | |
|--|------------------|---------------|------------------|---------------|------------------|---------------|
| | housand Baht | % | housand Baht | % | housand Baht | % |
| Trade receivables - related parties | | | | | | |
| Not due | - | 0.0% | 2,059 | 0.8% | 2,323 | 0.9% |
| Overdue not over 3 months | 2,531 | 0.9% | - | 0.0% | 4,907 | 2.0% |
| Total trade receivables - related parties | 2,531 | 0.9% | 2,059 | 0.8% | 7,230 | 2.9% |
| Trade receivables - non-related parties | | | | | | |
| Not due | 218,893 | 81.2% | 189,780 | 77.0% | 189,557 | 77.3% |
| Overdue | | | | | | |
| Not over 3 months | 41,617 | 15.4% | 44,936 | 18.2% | 39,817 | 16.2% |
| 3 - 6 months | - | 0.0% | 728 | 0.3% | 3,809 | 1.6% |
| 6 - 12 months | - | 0.0% | 1,441 | 0.6% | 410 | 0.2% |
| Over 12 months | 6,639 | 2.5% | 7,668 | 3.1% | 4,400 | 1.8% |
| Total trade receivables - non-related parties | 267,149 | 99.1% | 244,553 | 99.2% | 237,993 | 97.1% |
| Total trade receivables | 269,680 | 100.0% | 246,612 | 100.0% | 245,223 | 100.0% |
| Less: Allowance for doubtful accounts | (6,496) | -2.4% | (7,668) | -3.1% | (4,400) | -1.8% |
| Total trade receivables - net | 263,184 | 97.6% | 238,944 | 96.9% | 240,823 | 98.2% |

Trade receivables as at 31 December 2015, 2016 and 2017 were Baht 240.82 million, Baht 238.94 million, and Baht 263.18 million, respectively, comprising both trade receivables - related parties and non-related parties. Trade receivables have credit terms of 30 - 90 days depending on trade conditions of each customer.

The average day receivable from 2015-2017 were 85 days, 86 days, and 82 days, respectively. As at 31 December 2015 - 2017, the Company set up allowance for doubtful accounts amounting to Baht 4.40 million, Baht 7.67 million and Baht 6.50 million respectively. In 2017 the outstanding allowance for doubtful accounts was decreased Baht 1.17 million, resulting from debts collection during the year. The allowance for doubtful account was set up by considering the aging of the accounts, payment history and probability to receive payment.

As at 31 December 2015 - 2017, most of the trade receivables were not due and overdue not over 3 months, accounted for 96.4%, 96.0% and 97.5% of total trade receivables before allowance for doubtful accounts, respectively. The trade receivables which were overdue for more than 3 months were 3.6%, 4.0% and 2.5% of the total receivables, respectively.

The Company has closely followed up with accounts which were overdue for more than 6 months through calls as well as taking appropriate legal measures. Allowance for doubtful accounts were set up for accounts having difficulty in payment.

Inventory

The Company's inventory is detailed below.

| Comparative inventory from 2015 - 2017 | 31 December 2017 | | 31 December 2016 | | 31 December 2015 | |
|--|------------------|------------|------------------|------------|------------------|------------|
| | Thousand | % | Thousand | % | Thousand | % |
| | Baht | | Baht | | Baht | |
| Finished goods | 45,056 | 35% | 43,288 | 33% | 47,405 | 38% |
| Raw materials | 41,593 | 32% | 37,157 | 28% | 26,714 | 22% |
| Spare parts and factory supplies | 34,684 | 27% | 41,344 | 32% | 45,232 | 37% |
| Goods in transit | 7,360 | 6% | 8,716 | 7% | 4,234 | 3% |
| Total | 128,693 | 100% | 130,505 | 100% | 123,585 | 100% |
| Less : Reduce cost to net realisable value | (12,640) | -10% | (15,045) | -12% | (13,847) | -11% |
| TOTAL | 116,053 | 90% | 115,460 | 88% | 109,738 | 89% |

Inventory as at 31 December 2015 - 2017 were Baht 109.74 million, Baht 115.46 million and Baht 116.05 million respectively. The inventory turnover ratio from 2015 - 2017 were 17.3 times, 18.27 times and 23.91 times.

The average number-of-day-sales were 21 days, 20 days and 15 days. The slightly increase in inventory in 2017 was due to continuously monitoring inventory.

The Company has a policy to set up an allowance to reduce cost to net realizable value based on slow moving items, aging profile of inventories and the amount the inventories are expected to realize. The allowance of reduce cost to net realizable value from 2015-2017 were Baht 13.85 million, Baht 15.05 million and Baht 12.64 million respectively. The increase in 2017 was from additional allowance for spare parts aged over 5 years.

Property, Plant and equipment

The details as per following

| Category of Asset | 31 December 2017 | | 31 December 2016 | | 31 December 2015 | |
|---|------------------|------|------------------|------|------------------|------|
| | million Baht | % | million Baht | % | million Baht | % |
| Land | 136.33 | 51% | 241.11 | 64% | 241.11 | 63% |
| Building and building improvement | 41.82 | 16% | 42.00 | 11% | 41.91 | 11% |
| Machine and equipment | 74.77 | 28% | 79.63 | 21% | 84.39 | 22% |
| Furniture, fixture, office equipment and vehicles | 6.94 | 3% | 9.01 | 2% | 8.04 | 2% |
| Assets under construction and installation | 9.10 | 3% | 4.51 | 1% | 5.50 | 1% |
| Total | 268.96 | 100% | 376.26 | 100% | 380.95 | 100% |

During the year 2017 the Company had acquired additional assets amounting Baht 19.38 million (2016: Baht 15.10 million). The return on fixed assets ratio from 2015-2017 were 20.98%, 23.58% and 26.30% respectively.

3. Financial Positions

Assets

As at 31st December 2017, the Company had total assets at Baht 978.69 million, decreased by Baht 7.30 million or 0.74% when compared to last year due to land sales Baht 104.78 million and increase in cash at bank Baht 75.93, and accounts receivable Baht 24.52 million respectively.

Liabilities

As at 31st December 2017, the Company had total liabilities at Baht 369.12 million, an increase of Baht 51.37 million or 16.17% from the previous year, as a result of the increase of current liabilities at Baht 51.82 million or 16.31% compared to that of the year before. Main reason was an increase in trade account payables from payment due varied from previous year. This made the liability to shareholder's equity ratio increased to 60.6% compared to the previous year 47.6%

Liquidity

In 2017, the Company had net cash flow used in operating activities Baht 14.46 million, a decrease of Baht 128.64 million from the previous year, mainly from decrease of operating result and gain on sales of land and equipment Baht 127.14 million.

Net cash flows from investing activities for the year Baht 213.33 million, an increase of Baht 224.37 million, mainly from land sales.

Cash flows used in financing activities for the year Baht 122.93 million increased from previous baht 72.42 million, mainly due to dividend paid from 2016 mainly operating results and interim dividend. Resulted in the net cash and cash equipment in 2017 increased from 2016 by Baht 75.93 million.

The Company recorded a decrease in net cash flows from operating activities, and less in cash used in investing and in financing activities. Resulted in the company liquidity ratio in year 2017 was still high at 2.05 times compared with last year at 2.08 times.

Capital Structure

The Company had ratio of liabilities to shareholders' equity at 0.61 times, a slight increase to that of the previous year at 0.48 times, from increase in accounts payable.

Based on the financial position and the operating results of the year 2017, the Board of Directors Meeting No 1/2018, on 22 February 2018 passed a resolution to propose to the annual General Shareholders Meeting to approve the payment of dividend at the rate of Baht 0.30 per share, totaling Baht 36,450,000 (Thirty six million and four hundred fifty thousand only) which will be paid on 23 May 2018 combining with the interim dividend paid on 7th December 2017 at the rate of Baht 0.50 per share totaling Baht 60, 750,000 (Sixty million and seven hundred fifty thousand only).

The total of dividend paid is at the rate 0.80 per share totaling Baht 97,200,000 (Ninety seven and two hundred only)

4. Main Factor and Influences That May Affect Operations or Financial Position in the Future

The factor that may have certain influences towards the future operations of the Company have already been stated in Article 1: Risk Factors.

Auditor's Report

Independent Auditor's Report

To the Shareholders of Thai Poly Acrylic Public Company Limited

Opinion

I have audited the accompanying financial statements of Thai Poly Acrylic Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2017, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Poly Acrylic Public Company Limited as at 31 December 2017, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Sales

The amount of sales presented in the financial statements for the year 2017, amounting to Baht 1,128 million, is significant and the account directly impacts on the Company's operating results. Moreover, the Company has a large number of customers both in Thailand and overseas and sales are made under various terms and conditions. Therefore, I focused on the Company's recognition of sales revenue.

I assessed and tested the Company's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed key controls. On a sampling basis, I also examined supporting documents for sales transactions occurring during the year and near the end of the accounting period. In addition, I reviewed credit notes that the Company issued after the period-end and performed analytical review procedures on sales accounts.

Inventories

Estimating the net realisable value of inventory, as disclosed in Note 9 to the financial statements, is an area of management judgement, particularly with regard to the estimation of provision for diminution in the value of slow-moving and obsolete inventory. This requires analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry. There is a risk with respect to the amount of the provision set aside for diminution in the value of inventory.

I assessed the method and the assumptions applied by management in determining the provision for diminution in value of inventory by gaining an understanding of the basis applied in determining such provision and reviewing the consistency of the application of that basis, comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover and comparing proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory for each product line.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Watoo Kayankannavee

Certified Public Accountant (Thailand) No. 5423

EY Office Limited

Bangkok: 22 February 2018

Financial Statements

Thai Poly Acrylic Public Company Limited

Statement of financial position

As at 31 December 2017

| (Unit: Baht) | | | |
|---------------------------------------|------|--------------------|--------------------|
| | | As at | As at |
| | Note | 31 December 2017 | 31 December 2016 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 314,526,252 | 238,592,078 |
| Current investment - Fixed deposit | | 1,137,951 | 1,122,668 |
| Trade and other receivables | 8 | 263,784,087 | 239,267,074 |
| Inventories | 9 | 116,053,293 | 115,459,857 |
| Other current assets | | 11,917,225 | 13,428,172 |
| Total current assets | | 707,418,808 | 607,869,849 |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 268,955,616 | 376,259,748 |
| Intangible assets - Computer software | | 405,466 | 430,821 |
| Deferred tax assets | 17 | 1,603,533 | 1,142,056 |
| Other non-current assets | | 303,018 | 284,017 |
| Total non-current assets | | 271,267,633 | 378,116,642 |
| Total assets | | 978,686,441 | 985,986,491 |

The accompanying notes are an integral part of the financial statements.

Thai Poly Acrylic Public Company Limited
Statement of financial position (continued)
As at 31 December 2017

| | | (Unit: Baht) | |
|---|-------------|-------------------------|-------------------------|
| | | As at | As at |
| | <u>Note</u> | <u>31 December 2017</u> | <u>31 December 2016</u> |
| Liabilities and shareholders' equity | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 317,790,878 | 275,565,205 |
| Current portion of liabilities under finance lease agreements | | 840,875 | 1,391,045 |
| Income tax payable | | 13,866,804 | 7,796,412 |
| Other current liabilities | | <u>11,865,901</u> | <u>7,786,650</u> |
| Total current liabilities | | <u>344,364,458</u> | <u>292,539,312</u> |
| Non-current liabilities | | | |
| Liabilities under finance lease agreements, net of current portion | | 1,397,595 | 2,280,732 |
| Provision for long-term employee benefits | 12 | <u>23,354,340</u> | <u>22,933,220</u> |
| Total non-current liabilities | | <u>24,751,935</u> | <u>25,213,952</u> |
| Total liabilities | | <u>369,116,393</u> | <u>317,753,264</u> |
| Shareholders' equity | | | |
| Share capital | | | |
| Registered | | | |
| 121,500,000 ordinary shares of Baht 1 each | | <u>121,500,000</u> | <u>121,500,000</u> |
| Issued and fully paid-up | | | |
| 121,500,000 ordinary shares of Baht 1 each | | 121,500,000 | 121,500,000 |
| Share premium | | 233,350,000 | 233,350,000 |
| Retained earnings | | | |
| Appropriated - statutory reserve | 14 | 12,150,000 | 12,150,000 |
| Unappropriated | | <u>242,570,048</u> | <u>301,233,227</u> |
| Total shareholders' equity | | <u>609,570,048</u> | <u>668,233,227</u> |
| Total liabilities and shareholders' equity | | <u>978,686,441</u> | <u>985,986,491</u> |

The accompanying notes are an integral part of the financial statements.
ANNUAL REPORT 2017

Thai Poly Acrylic Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

| | <u>Note</u> | <u>2017</u> | <u>2016</u> |
|---|-------------|----------------------|----------------------|
| Profit or loss: | | | |
| Revenues | | | |
| Sales | | 1,128,233,491 | 1,010,155,449 |
| Service income | | 1,018,050 | 20,314,418 |
| Other income | | | |
| Scrap sales | | 14,869,183 | 11,236,068 |
| Exchange gains | | - | 1,740,408 |
| Gain on sales of land and equipment | 10 | 127,135,099 | 83,103 |
| Others | | <u>4,078,347</u> | <u>3,509,386</u> |
| Total revenues | | <u>1,275,334,170</u> | <u>1,047,038,832</u> |
| Expenses | | | |
| Cost of sales and services | | 1,056,297,696 | 828,653,941 |
| Selling expenses | | 45,415,933 | 47,210,599 |
| Administrative expenses | | <u>94,835,611</u> | <u>84,268,946</u> |
| Total expenses | | <u>1,196,549,240</u> | <u>960,133,486</u> |
| Profit before finance cost and income tax expenses | | 78,784,930 | 86,905,346 |
| Finance cost | | <u>(135,697)</u> | <u>(148,826)</u> |
| Profit before income tax expenses | | 78,649,233 | 86,756,520 |
| Income tax expenses | 16 | <u>(15,812,412)</u> | <u>(17,399,527)</u> |
| Profit for the year | | <u>62,836,821</u> | <u>69,356,993</u> |
| Other comprehensive income: | | | |
| Other comprehensive income for the year | | <u>-</u> | <u>-</u> |
| Other comprehensive income for the year | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the year | | <u>62,836,821</u> | <u>69,356,993</u> |
| Earnings per share | 17 | | |
| Basic earnings per share | | <u>0.52</u> | <u>0.57</u> |

The accompanying notes are an integral part of the financial statements.

Thai Poly Acrylic Public Company Limited
Statement of changes in shareholders' equity
For the year ended 31 December 2017

| | Issued and fully paid-up share capital | Share premium | Retained earnings | (Unit: Baht) |
|---|--|--------------------|-------------------------------------|-------------------------|
| | | | Appropriated - statutory reserve | Unappropriated Total |
| Balance as at 1 January 2016 | 121,500,000 | 233,350,000 | 12,150,000 | 280,476,234 |
| Profit for the year | - | - | - | 69,356,993 |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 69,356,993 |
| Dividend paid (Note 20) | - | - | - | (48,600,000) |
| Balance as at 31 December 2016 | 121,500,000 | 233,350,000 | 12,150,000 | 301,233,227 |
| Balance as at 1 January 2017 | 121,500,000 | 233,350,000 | 12,150,000 | 301,233,227 |
| Profit for the year | - | - | - | 62,836,821 |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 62,836,821 |
| Dividend paid (Note 20) | - | - | - | (121,500,000) |
| Balance as at 31 December 2017 | 121,500,000 | 233,350,000 | 12,150,000 | 242,570,048 |

The accompanying notes are an integral part of the financial statements.

Thai Poly Acrylic Public Company Limited

Cash flow statement

For the year ended 31 December 2017

| | (Unit: Baht) | |
|--|---------------------|---------------------|
| | <u>2017</u> | <u>2016</u> |
| Cash flows from (used in) operating activities | | |
| Profit before tax | 78,649,233 | 86,756,520 |
| Adjustments to reconcile profit before tax to | | |
| net cash provided by (paid from) operating activities | | |
| Depreciation and amortisation | 22,022,803 | 19,906,326 |
| Allowance for doubtful accounts (reversal) | (1,171,595) | 3,267,976 |
| Reduction of inventory cost to net realisable value (reversal) | (2,405,467) | 1,197,851 |
| Gain on sales of land and equipment | (127,135,099) | (83,103) |
| Loss from write-off of equipment | 24,242 | 102,118 |
| Provision for long-term employee benefits | 3,818,220 | 2,245,469 |
| Unrealised (gain) loss on exchange | 659,760 | (267,483) |
| Interest income | (1,723,212) | (1,493,099) |
| Interest expenses | <u>135,697</u> | <u>148,826</u> |
| Profit (loss) from operating activities before | | |
| changes in operating assets and liabilities | (27,125,418) | 111,781,401 |
| Operating assets (increase) decrease | | |
| Trade and other receivables | (24,022,536) | (99,728) |
| Inventories | 1,812,031 | (6,919,599) |
| Other current assets | 1,358,610 | (7,009,096) |
| Other non-current assets | (19,001) | - |
| Operating liabilities increase (decrease) | | |
| Trade and other payables | 43,234,719 | 37,221,573 |
| Other current liabilities | 4,036,620 | 1,556,321 |
| Provision for long-term employee benefits | <u>(3,397,100)</u> | <u>(1,153,400)</u> |
| Cash flows from (used in) operating activities | (4,122,075) | 135,377,472 |
| Cash paid for interest expenses | (135,697) | (148,826) |
| Cash paid for income tax | <u>(10,203,497)</u> | <u>(21,051,567)</u> |
| Net cash flows from (used in) operating activities | <u>(14,461,269)</u> | <u>114,177,079</u> |

The accompanying notes are an integral part of the financial statements.

Thai Poly Acrylic Public Company Limited

Cash flow statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

| | <u>2017</u> | <u>2016</u> |
|---|---------------------------|---------------------------|
| Cash flows from (used in) investing activities | | |
| Improvements of plant and acquisition | | |
| of machinery and equipment | (20,178,488) | (12,491,613) |
| Acquisition of computer software | (129,009) | (114,900) |
| Proceeds from sales of land and equipment | 231,923,216 | 92,213 |
| Interest income | <u>1,717,329</u> | <u>1,473,138</u> |
| Net cash flows from (used in) investing activities | <u>213,333,048</u> | <u>(11,041,162)</u> |
| Cash flows used in financing activities | | |
| Payment of liabilities under finance lease agreements | (1,433,307) | (1,907,770) |
| Dividend paid | <u>(121,500,000)</u> | <u>(48,600,000)</u> |
| Net cash flows used in financing activities | <u>(122,933,307)</u> | <u>(50,507,770)</u> |
| Net increase in cash and cash equivalents | 75,938,472 | 52,628,147 |
| Unrealised exchange losses for cash and cash equivalents | (4,298) | (57,101) |
| Cash and cash equivalents at beginning of year | <u>238,592,078</u> | <u>186,021,032</u> |
| Cash and cash equivalents at end of year | <u><u>314,526,252</u></u> | <u><u>238,592,078</u></u> |
| | - | - |

Supplemental cash flow information

Non-cash transactions

Decrease in accounts payable from

 purchases of machinery and equipment

(801,822) (838,904)

Purchases of equipment under finance lease agreements

- 3,449,000

Thai Poly Acrylic Public Company Limited

Notes to financial statements

For the year ended 31 December 2017

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 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of 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 management of the Company believes that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

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. 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 post-employment benefits 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:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgements and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

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.

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

The obligations under the defined benefit plan 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) | | |
|--|----------------------|-------------|--|
| | <u>2017</u> | <u>2016</u> | <u>Transfer pricing policies</u> |
| <u>Transactions with related parties</u> | | | |
| Sales of goods | 9 | 14 | With reference to market price |
| Purchases of raw materials | 576 | 416 | 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 2017 and 2016 are as follows:

| | (Unit: Thousand Baht) | |
|---|-----------------------|----------------|
| | <u>2017</u> | <u>2016</u> |
| <u>Trade receivables - related parties (Note 8)</u> | | |
| Fellow subsidiaries | <u>2,531</u> | <u>2,059</u> |
| <u>Trade and other payables - related parties (Note 11)</u> | | |
| Fellow subsidiaries | 2,595 | 5,440 |
| Subsidiaries of ultimate parent | | |
| Thai MMA Company Limited | 207,960 | 164,480 |
| Others | <u>2,970</u> | <u>3,505</u> |
| Total trade and other payables - related parties | <u>213,525</u> | <u>173,425</u> |

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company had employee benefit expenses payable to its directors and management as below.

| | (Unit: Thousand Baht) | |
|------------------------------|-----------------------|---------------|
| | <u>2017</u> | <u>2016</u> |
| Short-term employee benefits | 21,291 | 24,783 |
| Post-employment benefits | 477 | 216 |
| Other long-term benefits | <u>2</u> | <u>4</u> |
| Total | <u>21,770</u> | <u>25,003</u> |

7. Cash and cash equivalents

| | (Unit: Thousand Baht) | |
|-----------------------|-----------------------|----------------|
| | <u>2017</u> | <u>2016</u> |
| Cash | 50 | 50 |
| Bank deposits | 134,476 | 98,542 |
| Bank of Thailand Bond | 180,000 | 140,000 |
| Total | <u>314,526</u> | <u>238,592</u> |

As at 31 December 2017, bank deposits in saving accounts and Bank of Thailand Bond carried interests between 0.15 and 1.05 percent per annum (2016: between 0.15 and 1.44 percent per annum).

8. Trade and other receivables

| | (Unit: Thousand Baht) | |
|--|-----------------------|----------------|
| | <u>2017</u> | <u>2016</u> |
| <u>Trade receivables - related parties</u> | | |
| Aged on the basis of due dates | | |
| Not yet due | - | 2,059 |
| Past due | | |
| Up to 3 months | 2,531 | - |
| Total trade receivables - related parties | <u>2,531</u> | <u>2,059</u> |
| <u>Trade receivables - unrelated parties</u> | | |
| Aged on the basis of due dates | | |
| Not yet due | 218,893 | 189,780 |
| Past due | | |
| Up to 3 months | 41,617 | 44,936 |
| 3 - 6 months | - | 728 |
| 6 - 12 months | - | 1,441 |
| Over 12 months | 6,639 | 7,668 |
| Total | <u>267,149</u> | <u>244,553</u> |
| Less: Allowance for doubtful debts | <u>(6,496)</u> | <u>(7,668)</u> |
| Total trade receivables - unrelated parties, net | <u>260,653</u> | <u>236,885</u> |
| Total trade receivables - net | <u>263,184</u> | <u>238,944</u> |
| <u>Other receivables</u> | | |
| Loans to employees | 431 | 150 |
| Others | 169 | 173 |
| Total other receivables | <u>600</u> | <u>323</u> |
| Total trade and other receivables - net | <u>263,784</u> | <u>239,267</u> |

9. Inventories

(Unit: Thousand Baht)

| | Cost | | Reduce cost to net realisable value | | Inventories - net | |
|-------------------------------------|----------------|----------------|--|-----------------|-------------------|----------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Finished goods | 45,056 | 43,288 | (2,751) | (4,881) | 42,305 | 38,407 |
| Raw materials | 41,593 | 37,157 | (5,640) | (6,997) | 35,953 | 30,160 |
| Spare parts and factory supplies | 34,684 | 41,344 | (4,249) | (3,167) | 30,435 | 38,177 |
| Goods in transit | 7,360 | 8,716 | - | - | 7,360 | 8,716 |
| Total | <u>128,693</u> | <u>130,505</u> | <u>(12,640)</u> | <u>(15,045)</u> | <u>116,053</u> | <u>115,460</u> |

During the current year, the Company reduced cost of inventories by Baht 2 million (2016: Baht 7 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 4 million (2016: Baht 6 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 |
| Cost | | | | | | Total |
| 1 January 2016 | 241,114 | 176,698 | 448,602 | 18,187 | 11,435 | 901,533 |
| Additions | - | 112 | 2,126 | 470 | 3,449 | 15,102 |
| Disposals/Write-off | - | (104) | (829) | (684) | - | (1,712) |
| Transfer in (out) | - | 3,502 | 6,122 | 211 | - | - |
| 31 December 2016 | 241,114 | 180,208 | 456,021 | 18,184 | 14,884 | 914,923 |
| Additions | - | 13 | 4,034 | 1,539 | - | 19,377 |
| Disposals/Write-off | (104,783) | - | (1,085) | (654) | (1,302) | (107,824) |
| Transfer in (out) | - | 3,877 | 5,329 | - | - | - |
| 31 December 2017 | 136,331 | 184,098 | 464,299 | 19,069 | 13,582 | 826,476 |
| Accumulated depreciation | | | | | | |
| 1 January 2016 | - | 134,789 | 364,210 | 15,715 | 5,870 | 520,584 |
| Depreciation for the year | - | 3,519 | 13,007 | 1,063 | 2,091 | 19,680 |
| Depreciation on disposals/Write-off | - | (102) | (826) | (673) | - | (1,601) |
| 31 December 2016 | - | 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 |
| Net book value | | | | | | |
| 31 December 2016 | 241,114 | 42,002 | 79,630 | 2,079 | 6,923 | 376,260 |
| 31 December 2017 | 136,331 | 41,818 | 74,766 | 2,483 | 4,461 | 268,956 |
| Depreciation for the year | | | | | | |
| 2016 (Baht 16 million included in manufacturing cost, and the balance in selling and administrative expenses) | | | | | | 19,680 |
| 2017 (Baht 18 million included in manufacturing cost, and the balance in selling and administrative expenses) | | | | | | 21,869 |

During the current year, the Company sold a vacant land to the unrelated company, at a price of Baht 232 million (net of selling costs) and recognised gain from sales of Baht 127 million in profit or loss. The Company had received full payment and transferred ownership of the land to the buyer in November 2017.

As at 31 December 2017, the Company has motor vehicles with net book value of Baht 3 million (2016: Baht 5 million) which were acquired under finance lease agreements.

As at 31 December 2017, 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 413 million (2016: Baht 405 million).

11. Trade and other payables

| | (Unit: Thousand Baht) | |
|------------------------------------|-----------------------|----------------|
| | <u>2017</u> | <u>2016</u> |
| Trade payables - related parties | 210,930 | 170,586 |
| Trade payables - unrelated parties | 70,095 | 68,373 |
| Other payables - related parties | 2,595 | 2,839 |
| Other payables - unrelated parties | 11,270 | 8,735 |
| Accrued expenses | 22,901 | 25,032 |
| Total trade and other payables | <u>317,791</u> | <u>275,565</u> |

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) | | |
|--|------------------------------------|------------------------|---------------|
| | 2017 | | |
| | Legal severance payment plan | Long service awards | Total |
| Provision for long-term employee benefits | | | |
| at beginning of year | 21,821 | 1,112 | 22,933 |
| Included in profit or loss | | | |
| Current service cost | 2,869 | 305 | 3,174 |
| Interest cost | 611 | 33 | 644 |
| Benefits paid during the year | (3,397) | - | (3,397) |
| Provision for long-term employee benefits | | | |
| at end of year | <u>21,904</u> | <u>1,450</u> | <u>23,354</u> |

(Unit: Thousand Baht)

| | 2016 | | |
|--|------------------------------------|------------------------|---------|
| | Legal severance payment plan | Long service awards | Total |
| Provision for long-term employee benefits | | | |
| at beginning of year | 20,603 | 1,238 | 21,841 |
| Included in profit or loss | | | |
| Current service cost | 2,889 | 314 | 3,203 |
| Interest cost | 558 | 36 | 594 |
| Reversal during the year | (1,552) | - | (1,552) |
| Benefits paid during the year | (677) | (476) | (1,153) |
| Provision for long-term employee benefits | | | |
| at end of year | 21,821 | 1,112 | 22,933 |

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

| | (Unit: Thousand Baht) | |
|---|-----------------------|-------------|
| | <u>2017</u> | <u>2016</u> |
| Cost of sales | 1,451 | 1,339 |
| Selling and administrative expenses | 2,367 | 906 |
| Total expenses recognised in profit or loss | 3,818 | 2,245 |

The Company expects to pay Baht 0.7 million of long-term employee benefits during the next year (2016: Baht 0.2 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 10 years (2016: 10 years).

Significant actuarial assumptions are summarised below:

| | Percent per annum | |
|----------------------|-------------------|-------------|
| | <u>2017</u> | <u>2016</u> |
| Discount rate | 2.9 | 2.9 |
| Salary increase rate | 4.0 | 4.0 |
| Turnover rate | 0 - 34.0 | 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 2017 and 2016 are summarised below:

(Unit: Million Baht)

| | As at 31 December 2017 | | | |
|----------------------|------------------------------|-------------|---------------------|-------------|
| | Legal 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 |

(Unit: Million Baht)

| | As at 31 December 2016 | | | |
|----------------------|------------------------------|-------------|---------------------|-------------|
| | Legal 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) | 2.3 | (0.1) | 0.1 |

13. Undrawn credit facilities

As at 31 December 2017, undrawn credit facilities of the Company granted by financial institutions amounted to approximately Baht 302 million (2016: Baht 312 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>2017</u> | <u>2016</u> |
| Raw materials and consumables used | 893,035 | 665,042 |
| Salaries, wages and other employee benefits | 130,170 | 126,063 |
| Fuel and utility expenses | 56,499 | 54,630 |
| Transportation expenses | 23,452 | 22,875 |
| Depreciation and amortisation | 22,023 | 19,906 |
| Repair and maintenance expenditure | 11,001 | 10,879 |
| Changes in finished goods | (1,767) | 4,117 |

16. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

| | (Unit: Thousand Baht) | |
|--|-----------------------|---------------|
| | <u>2017</u> | <u>2016</u> |
| Current income tax | | |
| Current income tax charge | 16,274 | 17,022 |
| Deferred tax | | |
| Relating to origination and reversal of temporary differences | (462) | 378 |
| Income tax expenses reported in the statement of comprehensive income | <u>15,812</u> | <u>17,400</u> |

The reconciliation between accounting profit and income tax expenses is shown below.

| | (Unit: Thousand Baht) | |
|---|-----------------------|---------------|
| | <u>2017</u> | <u>2016</u> |
| Accounting profit before tax | <u>78,649</u> | <u>86,757</u> |
| Applicable tax rate | 20 percent | 20 percent |
| Accounting profit before tax multiplied by income tax rate | 15,730 | 17,351 |
| Effects of | | |
| Non-deductible expenses | 427 | 166 |
| Additional expense deductions allowed | (345) | (117) |
| Income tax expenses reported in the statement of comprehensive income | <u>15,812</u> | <u>17,400</u> |

The components of deferred tax assets and deferred tax liabilities as at 31 December 2017 and 2016 are as follows:

| | (Unit: Thousand Baht) | |
|--|-----------------------|----------------|
| | <u>2017</u> | <u>2016</u> |
| Deferred tax assets | | |
| Provision for long-term employee benefits | 4,670 | 4,587 |
| Reduction of inventory cost to net realisable value | 2,528 | 3,009 |
| Allowance for doubtful accounts | 1,300 | 1,533 |
| Provision for expenses | 1,137 | 1,141 |
| Others | 28 | 168 |
| Total | <u>9,663</u> | <u>10,438</u> |
| Deferred tax liabilities | | |
| Difference depreciation for accounting and tax purpose | (7,657) | (8,512) |
| Others | (402) | (784) |
| Total | <u>(8,059)</u> | <u>(9,296)</u> |
| Deferred tax assets - net | <u>1,604</u> | <u>1,142</u> |

17. Earnings per share

Basic earnings per share is calculated by dividing profit 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 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 2017 and 2016 are as follows:

| | (Unit: Million Baht) | |
|----------|----------------------|--------------|
| | <u>2017</u> | <u>2016</u> |
| Thailand | 646 | 554 |
| Overseas | 483 | 476 |
| Total | <u>1,129</u> | <u>1,030</u> |

Major customers

For the years 2017 and 2016, 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 2017 amounting to approximately Baht 4 million (2016: 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 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 | | <u>121.5</u> | <u>1.0</u> |
| <u>For the year ended 31 December 2016</u> | | | |
| Final dividend for 2015 | Annual General Meeting of the shareholders on 26 April 2016 | 48.6 | 0.4 |

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) | |
|-----------------------------|----------------------|-------------|
| | As at 31 December | |
| | <u>2017</u> | <u>2016</u> |
| Payable | | |
| In up to 1 year | 2 | 2 |
| In over 1 and up to 3 years | 2 | - |

21.2 Guarantees

As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 7 million (2016: Baht 7 million) issued by a bank on behalf of the Company in respect of certain performance bonds as required in the normal course of business to guarantee electricity usage and others.

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 2017 and 2016, 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)

| 2017 | | | | | | |
|--|----------------------|-------------|---------------------------|-------------------------|-------|--|
| | Fixed interest rates | | Floating interest rate | Non-interest bearing | Total | Effective interest rate (% p.a.) |
| | Within 1 year | 1 - 5 years | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 180 | - | 135 | - | 315 | 0.15 - 1.05 |
| Current investment | 1 | - | - | - | 1 | 1.25 |
| Trade and other receivables | - | - | - | 264 | 264 | - |
| | 181 | - | 135 | 264 | 580 | |
| Financial liabilities | | | | | | |
| Trade and other payables | - | - | - | 318 | 318 | - |
| Liabilities under finance lease agreements | 1 | 1 | - | - | 2 | 0.32 - 0.66 |
| | 1 | 1 | - | 318 | 320 | |

(Unit: Million Baht)

| 2016 | | | | | | |
|--|----------------------|-------------|---------------------------|-------------------------|-------|--|
| | Fixed interest rates | | Floating interest rate | Non-interest bearing | Total | Effective interest rate (% p.a.) |
| | Within 1 year | 1 - 5 years | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 140 | - | 99 | - | 239 | 0.15 - 1.44 |
| Current investment | 1 | - | - | - | 1 | 1.38 |
| Trade and other receivables | - | - | - | 239 | 239 | - |
| | 141 | - | 99 | 239 | 479 | |
| Financial liabilities | | | | | | |
| Trade and other payables | - | - | - | 276 | 276 | - |
| Liabilities under finance lease agreements | 1 | 2 | - | - | 3 | 0.32 - 0.66 |
| | 1 | 2 | - | 276 | 279 | |

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 2017 and 2016, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

| Foreign currency | Financial assets | | Financial liabilities | | Average exchange rate | |
|-------------------|------------------|-------------|-----------------------|-------------|------------------------------------|-------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| US dollar | 2.7 | 2.1 | 1.0 | 0.6 | 32.6809 | 35.8307 |
| Australian dollar | 0.7 | 0.8 | - | 0.1 | 25.4772 | 25.9362 |
| Japanese yen | - | - | 18.4 | 14.2 | 0.2898 | 0.3080 |
| Euro | - | - | - | 0.1 | 39.0273 | 37.7577 |

As at 31 December 2017 and 2016, the forward exchange contracts outstanding are summarised below.

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

| 2016 | | | |
|------------------|-------------|------------------------------------|------------------------------|
| Foreign currency | Sold amount | Contractual exchange rate | Contractual maturity date |
| | (Million) | (Baht per 1 foreign currency unit) | |
| US dollar | 1.1 | 34.7944 - 35.6150 | 31 March 2017 to 15 May 2017 |

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 2017, the Company's debt-to-equity ratio was 0.61:1 (2016: 0.48:1)

24. Event after the reporting period

On 22 February 2018, the Board of Directors' meeting passed a resolution to propose the payment of a dividend of Baht 0.30 per share, or a total of Baht 36.45 million, to its shareholders. The dividend payment will be proposed to the 2018 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 2018.



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