

POLYPLEX



ANNUAL REPORT
2016/2017



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"Investors can study the additional information of the company from the Annual Registration Statement Form 56-1 as shown in SEC website, www.sec.or.th or the Company website www.polyplexthailand.com"



Polyplex participation in SNEC 2017
- PV POWER EXPO - Shanghai - April 2017



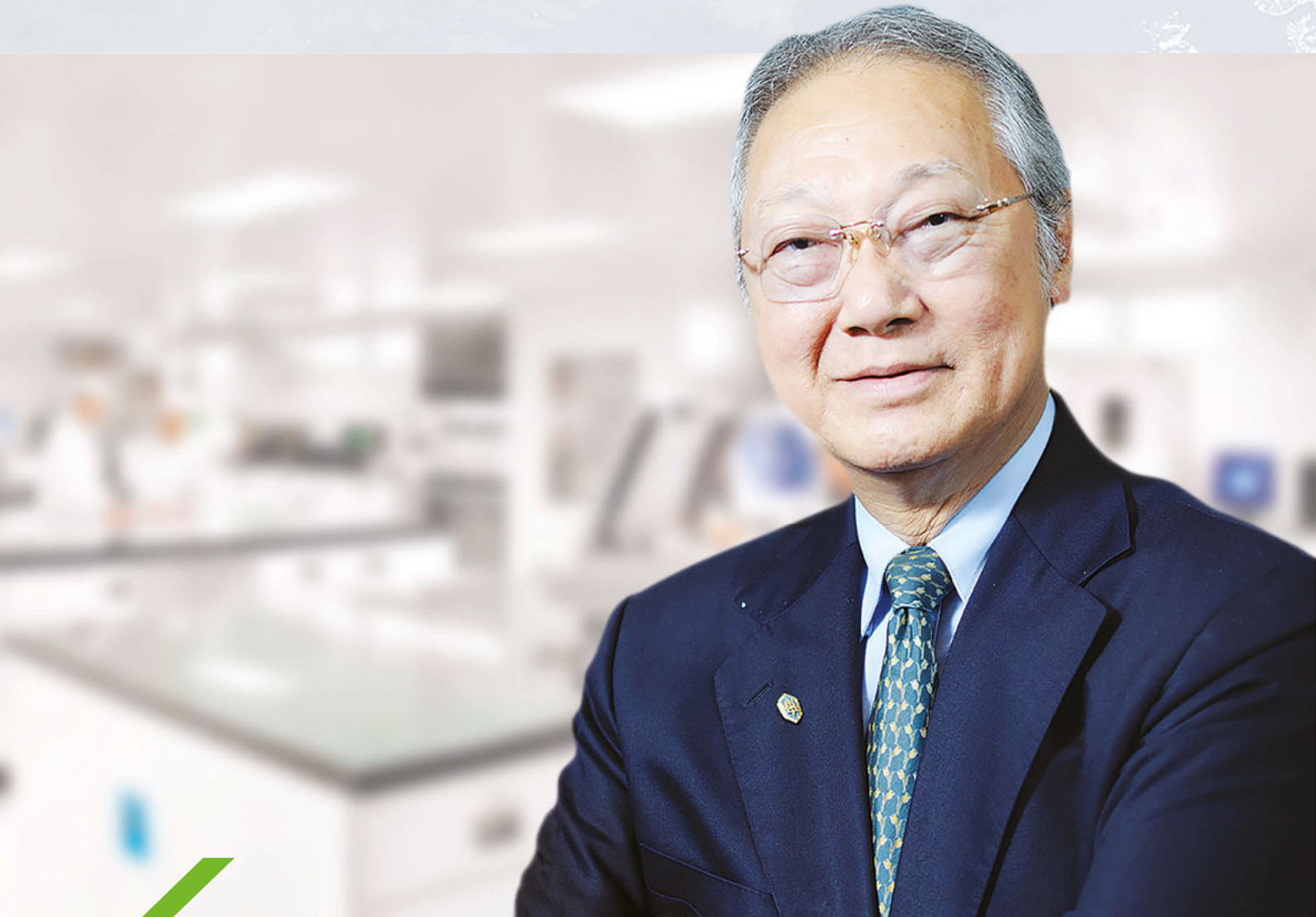
Polyplex participation in Inter
-pack packaging exhibition
Germany - May 2017



Team Polyplex deliberating ideas
and strategies at Company Offsite Meet



CSR initiative by Polyplex
- Blood donation by employees



Message From the Chairman

Mr. Manu Leopairrote

Chairman-Board and Audit Committee

Dear Valued Shareholders, the year under review has seen a significant turnaround in the operations and financial performance of the company despite extended tepid market conditions. This has been possible due to better asset utilization, enrichment in product mix and cost optimization efforts besides gains recorded due to favourable exchange rate movements. Even after normalizing the profitability in comparison to the previous year where there was a large one time impairment loss provision, foreign exchange losses and tax charges, the current year reveals is a marked improvement in the operating margins.

Almost all the new assets added since 2011, notably the thick film line in Thailand and the thin film line in US are now running closer to optimum capacity. The Thick film line has been able to garner a stable customer base across several applications especially in photovoltaic module backsheet segment. Polyplex Europa, the subsidiary in Europe, continues to be profitable and perform satisfactorily.

Despite higher production levels arising from the investments made in last few years, the topline of the Company remained almost flat at about THB 12 billion due to decline in selling prices arising from corresponding decline in raw material costs. The reported net profit stood at THB 1366 million as against a net loss of THB 123 million last year. The reported profit is after accounting for THB 326 million of Exchange gains.

While the supply overhang in the PET film industry persists, the Company remains financially strong and confident about the future of this industry. The geographically diversified presence of the Company along with the extensive product offering and wide spread customer base has helped the Company to increase sales and would help the Company to do so in the future as well. When markets become balanced, the Company should be able to improve its margins due to the strong base it has created over the years.

The Company's balance sheet remains healthy and we would strive to look for opportunities of further profitable growth. An additional metallizer in the US and a second Blown PP line in Thailand are under implementation. The funds raised from the rights offering last year in Thailand have been used to reduce the debt levels further. In line with the better profitability, the Board has proposed restarting the payment of dividend with a payout of 0.36 THB per share subject to approval of the shareholders.

The recycling plant which the Company had started a few years ago in Thailand contributes in reducing the impact of plastic waste on the environment. The Company remains committed and will continue its effort in finding sustainable solution for rest of its waste as well as processed film waste. Apart from this, the Company regularly engages in community oriented programs across all its locations.

On behalf of the Board, I would like to thank all the shareholders, business partners and the employees of the Company for their constant support and hard work without which we would not have been able to weather the ups and downs of business and look forward to similar support in the future as well.



Mr. Manu Leopaiprote
Chairman—Board and Audit Committee

Board of Directors



Mr. Manu Leoparote
Chairman
- Board and Audit Committee



Dr. Virabongsa Ramangkura
Director and Member
- Audit Committee



Mr. Shiraz Erach Poonevala
Director and Member
- Audit Committee



Mr. Sanjiv Saraf
Vice Chairman



Mr. Amit Prakash
Managing Director



Mr. Praphad Phodhivorakhun
Director



Mr. Pranay Kothari
Director



Mr. Manish Gupta
Director

Audit Committee Report – 2016-17

To the Shareholders of Polyplex (Thailand) Public Co., Ltd.

Following the company's transformation into a public limited company on August 11, 2004, the shareholders' meeting held on September 2, 2004 decided to constitute an Audit Committee comprising of three independent directors with knowledge, expertise and experience in finance & accounting, industry and business. The appointees were Mr. Manu Leopairote (Chairman of the Audit Committee), Dr. Virabongsa Ramangkura and Mr. Shiraz Erach Poonevala.

The Audit Committee performed duties under the delegation of authority set out by the Board of Directors. Among the Audit Committee's responsibilities are to review the quarterly / annual financial results of the company, supervise whether the company was in compliance with the rules and regulations of the Stock Exchange of Thailand (SET) and Securities Exchange Commission (SEC), ensure the transparency of the accounting system, review of internal control systems and promote good corporate governance practices.

In the financial year ended March 31, 2017, a total of four Audit Committee meetings were held.

1. Reviewed and approved the quarterly and yearly financial statements of the company and its subsidiaries to ensure compliance with the generally accepted accounting standards and disclosure of key information before proposing them for the Board's approval as also prior to submission to SEC and SET. After due consideration and discussion, it is the opinion of the Committee that the above mentioned financial statements are presented fairly in accordance with generally accepted accounting principles and sufficiently disclosed.
2. Reviewed the disclosure of information on transactions between the company and its affiliates or any transactions, which may have been perceived as potentially causing conflicts of interest.
3. Reviewed and monitored the corporate compliance and internal control systems as also risk mitigation measures. The Committee believes that the company's internal control systems are adequate.
4. Reviewed the proposal for no dividend for FY 2015-16 and recommended to the Board of Directors for their consideration and approval.
5. Reviewed and approved the Annual budget for financial year 2016-17 for the Company and its subsidiaries and recommended to the Board for their consideration and approval
6. Reviewed and approved the proposal to invest in a new replacement Metallizer at Polyplex USA LLC
7. Considered and recommended to the Board of Directors to appoint Mr. Chayapon Supasethnon (CPA No. 3972) and/or Ms. Pimjai Manitkajornkij (CPA No. 4521) and/or Ms. Sumana Pungpongsanon (CPA No. 5872) and/or Ms. Rosaporn Dejarkom (CPA No. 5659) of EY Office Limited as the Company's auditors for the accounting period ending 31 March 2017 with the remuneration of Baht 3,060,000



Mr. Manu Leopairote
Board Chairman and Audit Committee Chairman



Dr. Virabongsa Ramangkura
Audit Committee Member



Mr. Shiraz Erach Poonevala
Audit Committee Member

The Board of Directors' Report on its Responsibility to Financial Statements

To the Shareholders of Polyplex (Thailand) Public Company Limited

In recognition of its duties and responsibilities and in compliance with good corporate governance principles, the Board of Directors has ensured that the financial statements and financial information appearing in the annual report are accurate, complete and adequate. The financial statements are in compliance with the generally accepted accounting practices in Thailand and follow accounting standards and practices that are appropriate to the nature of business. To ensure reasonable confidence in using these financial statements, the Board has instituted and maintained internal control systems, subject to periodic review by the Audit committee and reported to the Board.

The company auditor has applied generally accepted auditing standards in auditing the company's financial statements for 2016-17 and is of the view that these financial statements present fairly, in all respects, the financial standing, results of the operations and cash flows for the company, in accordance with generally accepted accounting principles.

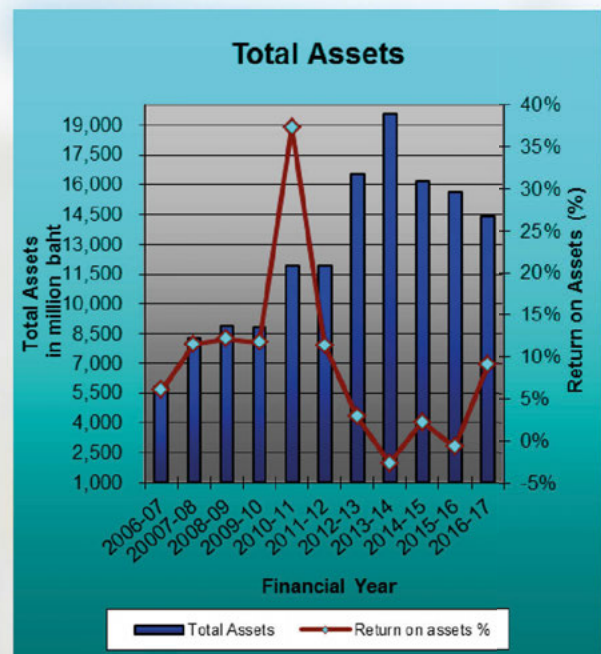
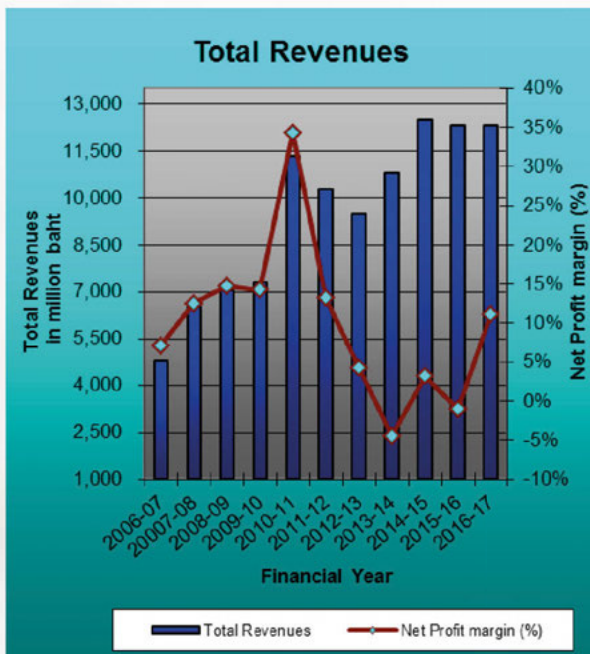
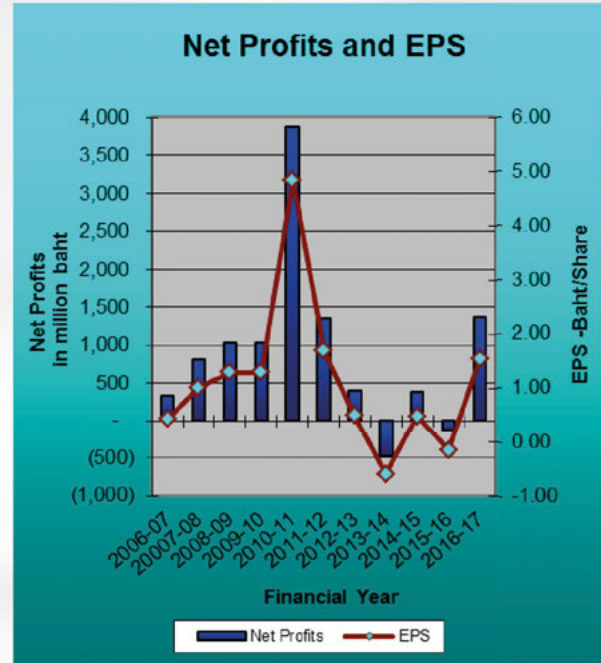
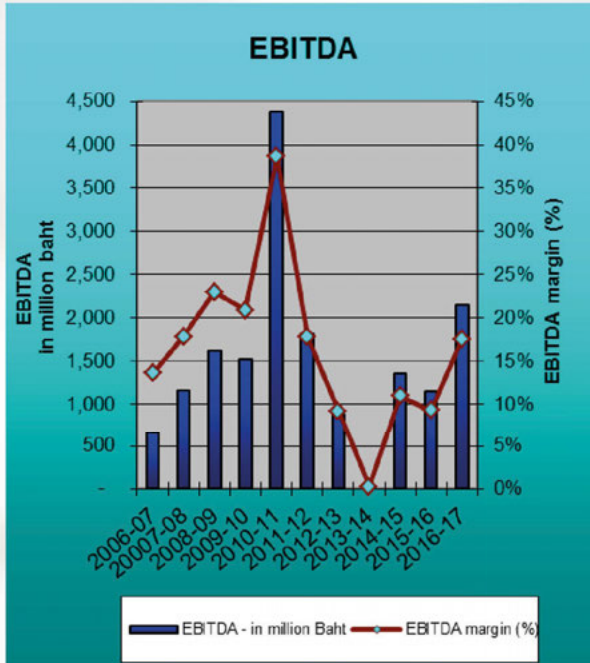


Mr. Manu Leopaivate
Chairman



Mr. Amit Prakash
Managing Director

Key Financial Indicators



Financial Highlights

	2012-13	2013-14	2014-15	2015-16*	2016-17#
Progression (Thousand Baht)					
Net Sales	9,230,018	10,702,538	11,912,727	12,278,323	11,538,844
Total Revenues	9,495,185	10,792,537	12,483,602	12,314,180	11,929,093
Gross Profit	1,355,850	928,678	1,518,896	2,326,078	2,207,367
Net Profit (Loss)	402,494	(479,718)	390,025	(123,235)	1,366,361
Total Assets	16,512,186	19,581,075	16,166,437	15,631,119	14,399,016
Total Liabilities	8,267,306	10,943,098	8,534,566	7,427,982	4,732,616
Shareholder's equity	8,244,880	8,637,976	7,631,870	8,203,137	9,666,400
Financial Ratios					
Net Profit Margin (%)	4.24%	-4.44%	3.11%	-0.95%	11.45%
Return on Equity (%)	4.81%	-5.75%	4.80%	-1.47%	15.32%
Return on Assets (%)	2.83%	-2.66%	2.17%	-0.73%	9.10%
Per Share Data (Baht)					
No. of shares	800,000,000	800,000,000	800,000,000	800,000,000	881,643,836^
Dividend per share (Baht)	0.14	NIL	0.10	NIL	0.36
Earnings per share	0.5	-0.6	0.49	(0.15)	1.55
Par value	1	1	1	1	1

Note: Above figures and ratios are on consolidated basis, including the Company's subsidiaries in USA, Turkey, Singapore, Netherlands, China and Thailand

* Previous year figures have been restated.

As proposed by the Board of Directors for consideration and approval in the 2017 Annual General meeting of the Shareholders

^ Weighted average number of shares including shares issued during the year under Rights Offering

General information

2.1 The company	Polyplex (Thailand) Public Company Limited
Stock Exchange of Thailand symbol	PTL
Registered Head office	75/26, Ocean Tower II, 18th Floor, Sukhumvit Soi 19, Kwaeng North Klongtoey, Khet Wattana, Bangkok- 10110
Telephone	(662) 665-2706-8
Facsimile	(662) 665 2705
Factory-1	Siam Eastern Industrial Park, 60/24, Moo 3, Tambol Marbyangporn, Amphur Pluak Daeng, Rayong- 21140
Factory-2	Siam Eastern Industrial Park, 60/91 Moo 3, Tambol Marbyangporn, Amphur Pluakdaeng, Rayong 21140
Factory-3	Siam Eastern Industrial Park, 60/109, Moo 3, Tambol Marbyangporn, Amphur Pluakdaeng , Rayong 21140
Type of Business	Manufacturer of Polyester Thin Film (Plain and Metallized), Polyester Chips, Polyester Thick Film (Plain), Extrusion Coated film, Cast Polypropylene Film (Plain and Metallized), Silicone Coated Film and Blown PP Film
Company registration number	0107547000729
Telephone	(66) 38 627 074- 99
Facsimile	(66) 38 627 070
Website	http://www.polyplexthailand.com
Registered Capital	Baht 900,000,000#
Common Shares	900,000,000 shares#
Par Value	Baht 1.00 per share
Paid-up Capital	Baht 900,000,000#
Number of Employees	1,078 including subsidiaries in Turkey, USA and China, and 645 in Thailand.

As at 31st March 2017

2.2 Subsidiaries in which the company holds more than 10% share – As at 31st March, 2017

Company Name and Address	Business Type	Registered	Issued & Paid Up - No. of shares held by the Company	% shareholding	Type of Shares
Polyplex (Singapore) Pte Ltd. 61, Club Street, Singapore-069436	Investment Holding Company	100,000 300,000	100,000 39,100	100% 100%	Common Preference
Polyplex Europa Polyester Film* Sanayi Ve Ticaret A.S. Karamehmet Mah. Avrupa Serbest Bolgesi, 3 Sokak No. 4 Ergene, Tekirdag, TURKEY Karamehmet Mah. Avrupa Serbest Bolgesi, Turkey	Manufacturer of Polyester Film & Polyester chips	1,500,000	1,500,000	100%	Common
Polyplex Trading (Shenzhen) Co. Ltd* Room.1309, A block, Galaxy Century Building, Caitian South Rd., Futian District, Shenzhen People's Republic of China	Distribution Company	\$400,000**	\$400,000**	100%	Common
Polyplex (Americas) Holding Inc. Corporation Trust Center 1209 Orange Street Wilmington, New Castle County, Delaware- 19801	Investment and Trading & Distribution Company	10,000	9,324	100%	Common
Polyplex USA LLC*** 3001 Mallard Fox Drive NW Decatur, Alabama – 35601	Manufacturing Company	****	\$46,616,500	100%	Common
EcoBlue Limited 60/91, Moo 3 Siam Eastern Industrial Park, Marbyangporn Sub-district, Pluak Daeng District, Rayong, THAILAND	Manufacturing Company	1,065,000	708,225	66.5%	Common
Polyplex Paketleme Çözümleri Sanayi ve Ticaret A.Ş# Muhittin Mahallesi, Çetin Emeç Bulvarı, Acun Sokak, Cemil Bayram Apt., No: 7/1 Çorlu/Tekirdağ_ Turkey	Trading Company	20,000	20,000	100%	Common
Polyplex Europe B.V. Strawinsky laan 1749., WTC, Toren D, 12e 1077XX Amsterdam NETHERLANDS	Trading Company	30,000	2,000	100%	Common

* Indirect holding via PSPL

** \$ 400,000 refers to the registered & paid up Share capital of Polyplex Trading (Shenzhen) Co. Ltd.

There is no concept of number of shares or par value per share in People's Republic of China.

*** Indirect Holding via Polyplex America Holdings Inc.

**** There are no shares of Polyplex USA LLC. Capital contribution from PAH is termed as Members Unit and it is 100% by PAH.

Indirect holding via Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi

2.3 Other references

(a) Registrar

Name	Thailand Securities Depository Co., Ltd.
Address	93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand
Telephone	(662) 009 9000
Facsimile	(662) 009 9991

(b) Trustee

N/A

(c) Auditing Firm

1)	Name	EY Office Limited
	Address	33rd Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek road Near Queen Sirikit National Convention Centre Bangkok 10110, Thailand
	Telephone	(662) 264-0777
	Facsimile	(662) 661-9190
	Auditors*	Mr. Chayapol Suppasdtanon (CPA No. 3972) and/or Ms. Pimjai Manitkajohnkit (CPA No. 4521) and/or Ms. Sumana Punpongsanon (CPA No. 5872) and /or Ms. Rosaporn Decharkom (CPA No. 5659)

* Auditors of the company for the FY 2016-17

(d) Legal Advisors

Name	Linklaters (Thailand) Ltd
Address	20th Floor, Capital Tower, All Seasons Place, 87/1 Wireless Road Bangkok 10330, Thailand
Telephone	(662) 305 8000
Facsimile	(662) 305 8010
Contact person	Mr. Pichitpon Eammongkolchai
Name	Baker & McKenzie Ltd.
Address	990 Abdulrahim Place, 5th floor and 22nd-25th Floors, Rama IV Road, Silom, Bangrak Bangkok 10500, Thailand
Telephone	(662) 636-2000
Facsimile	(662) 636-2110
Contact person	Mr. Youththachai Vitheekol

(e) Advisor or manager under management contract

N/A

Policy and Overview of Business Operation

3.1. Vision, Mission, Objective and Strategy of the Company



Values



Our core values, enunciated in the acronym S.C.O.R.E., inspire our internal and external interactions.

Seamlessness

We leverage synergies across hierarchies, functions and locations.

Care

We value our people and are committed to their development.
We take a long-term approach to all our relationships.

Ownership and Responsibility

We honor our commitments towards internal and external stakeholders.

Excellence

We stretch ourselves continuously to improve the way we work.
We constantly pursue newer and better ideas, processes, products and practices.

3.2. Background of the Company and key developments

Polyplex (Thailand) Plc. (“PTL” or “the Company”) was incorporated as a private company on March 26, 2002 to manufacture and distribute PET film (polyethylene terephthalate film or polyester film). In August 2004, the Company was transformed into a Public Company, with a registered capital of Baht 960 million and the IPO was subsequently made in December 2004. Current registered and Paid up capital of the Company is Baht 900 million. The Company is promoted by Polyplex Corporation Limited (PCL) based in India and engaged in the same business as the Company for more than 29 years. As at 31st March, 2017, PCL has 51% stake in the Company through both direct and indirect shareholding and the balance 49% is with the general public.

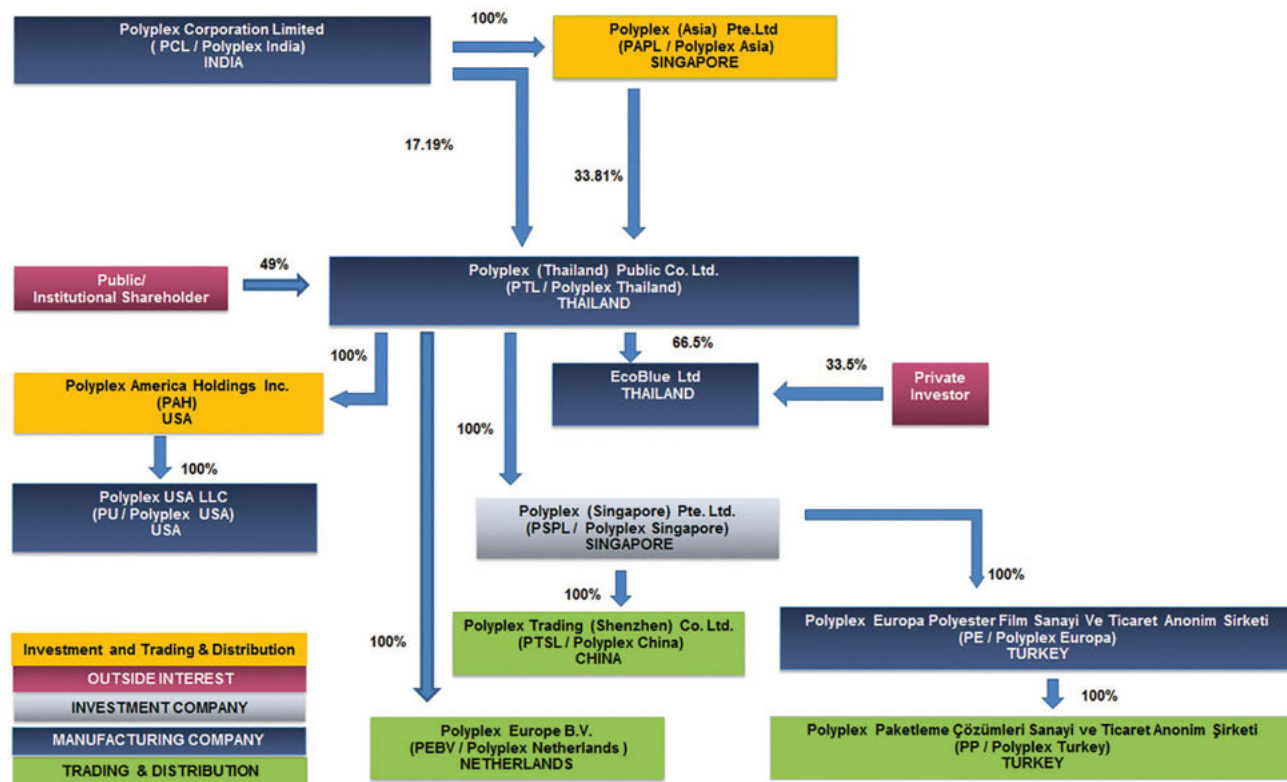
Past key changes and developments in the Company are as follows:

March 2002	PTL was incorporated by PCL, which is a listed company (on the Bombay Stock Exchange as also National Stock Exchange) in India to set up a greenfield expansion for manufacture of Thin PET film.
April 2003	Startup of the Thin PET film line 1 in Thailand
November 2003	Startup of the Thin PET film line 2 in Thailand
August 2004	Registration was completed to transform the Company into a public company.
September 2004	Start up on PET resin batch plant in Thailand.
December 2004	IPO of 240,000,000 shares at the price of Baht 6.90 per share.
February 2005	Startup of PET resin continuous plant in Thailand.
August 2005	Startup of Metallizer Line 1 in Thailand.
December 2005	Startup of the first Thin Pet film line in Turkey implemented under a 100% subsidiary company Polyplex Europa Polyester Film San ve Ticaret. A.Ş.
January 2006	Acquisition of 80.24% in a Trading Distribution company in USA and renamed it Polyplex (Americas) Inc.
March 2006	Startup of Metallizer Line 1 in Turkey
December 2006	Startup of PET resin plant in Turkey
April 2008	Startup of Extrusion Coating Line 1 in Thailand
May 2008	Startup of Thin PET film line 2 in Turkey Metallizer Line 2 in Thailand as well as Turkey
September 2009	The Trading company in China- Polyplex Trading (Shenzhen) Co. Ltd was set up as a 100% subsidiary and capital injected through Polyplex (Singapore) Pte Ltd
March 2010	Startup of the Cast Polypropylene line (plain CPP) and Metalliser (Line 3) in Thailand
March 2012	Startup of the Silicone Coating line in Thailand
July 2012	Polyplex USA LLC acquired Metalizing assets from Vacumet Plastics division in Austell, Georgia, USA
August 2012	Set up of a Liaison office in Malaysia
January 2013	Acquired the balance 19.76% from the minority shareholders of Polyplex (Americas) Inc.(PA) USA and merged the Trading company with the manufacturing subsidiary PUL.

April 2013	Startup of Thin PET Film line 1 in Decatur, USA under a 100% subsidiary company – Polyplex USA LLC
April 2013	Set up a Trading and distribution company in Netherlands – Polyplex Europe B.V, as a 100% subsidiary of the Company.
June 2013	Startup of the Extrusion Coating line 2 in Thailand.
September 2013	Set up of a Trading and Distribution Company in Turkey – Polyplex Paketleme Çözümleri Sanayi ve Ticaret A.Ş. as a 100% subsidiary of Polyplex Europa Polyester Film San ve Ticaret. A.Ş.
October 2013	Startup of Thick PET Film line & Blown PP film line in Thailand
December 2013	Startup of the recycling plant in Thailand implemented under a new subsidiary - EcoBlue Limited
February 2014	Startup of the PET resin plant for Thick PET film line in Thailand
March 2014	Startup of Offline coater in Polyplex Europa Turkey
October 2014	Set up of a Liaison office in Korea
October 2014	Startup of PET Resin plant in USA
October 2014	Startup of Metalliser Line 4 in Thailand
January 2015	Startup of Metalliser Line 3 in Turkey
January 2015	Disposal to Indorama Netherlands B.V, of 100% stake held in Polyplex Resins Sanayi ve Ticaret A.S (PR) by its wholly owned subsidiary Polyplex Europa Polyester Film San ve Ticaret. A.Ş. (PE), Turkey and its parent company Polyplex (Asia) Pte Ltd (PAPL), [67% held by PE and 33% held by PAPL]
March 2016	Board approved and recommended to the shareholders for their approval, the increase in Share capital through a Rights offering of 100 million Ordinary shares in the ratio of 1 new share for every 8 existing shares, at an Issue price of Baht 6.40/share.
April 2016	Rights Offering as above, approved in the Extra Ordinary General Meeting of shareholders
May 2016	Rights Offering fully subscribed including oversubscriptions and Baht 640 million capital successfully raised
November 2016	Board approved the new replacement metallizer project at Polyplex USA LLC
May 2017	Board approved a second Blown PP film line project at Thailand

3.3. Shareholding structure

The current shareholding structure of the Polyplex group is:



Polyplex Corporation Ltd. (PCL)

PCL, the parent company operating for over 29 years since 1988, is one of the major producers and distributor of plastic film in India selling in both the domestic and overseas markets. It has been listed for several years on Bombay Stock Exchange and other Exchanges in India. It's paid up capital is INR 325.6 million (about Bt. 172.4 million).

PCL has the following production capacities as at 31st March 2017:-

Product	Annual Capacity	UOM
Polyester Film	55,000	MT
Polyester Chips	77,600	MT
Metallized Film	28,500	MT
BOPP Film	35,000	MT
Coated Films	270	Million Sqm

Its direct and indirect shareholding in the Company aggregate to 51% of the latter's paid up capital.

Polyplex has also evolved an equitable policy for distribution of markets, for common businesses, between its Indian, Thailand, Turkey and US operations based on the several factors like product range, delivered cost to customer, supply lead times and preferential duty access. Based on the same, PTL would serve South East Asia, Asia Pacific, China, Australia & New Zealand. PCL would serve South Asia. Turkey will serve Europe, Africa and CIS/Russian markets and USA would serve North American market.

The Polyplex group also has a policy on future investments in polyester film / related areas between the Company and its parent company. Investments in India/SAARC region would be decided and made by PCL and its other subsidiaries (excluding the Company) while investments in Thailand / ASEAN region as well as other countries would be in all likelihood be made by PTL or the subsidiaries in which the Company has a major stake. The above is subject to availability of Investible cash / ability to borrow debt by the existing / preferred Company as per the policy.

Polyplex (Asia) Pte. Ltd. (PAPL)

PAPL was established as a 100% subsidiary of PCL in July, 2004 and is now a major shareholder of PTL holding 33.81% as on 31st March 2017. The issued and paid up capital of PAPL as of March 31, 2017 stands at USD 1.13 million.

Polyplex (Singapore) Pte. Ltd. (PSPL)

PSPL was established as a 100% subsidiary of PTL in July 2004, as a wholly owned investment company. Subsequently, PSPL invested in Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Şirketi (PE), through Share capital injection as well as by extending subordinated loans, to set up a manufacturing factory in Turkey so as to serve the demand in European and other proximate markets.

In September 2009, PSPL set up a trading company in China, Polyplex Trading (Shenzhen) Co Ltd (PTSL) by investing \$ 400,000 as share capital.

The issued and paid up capital of PSPL (including Preference Share Capital) as of March 31, 2017 stands at Euro 9.14 million.

Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi (PE)

PSPL had incorporated a 100% owned subsidiary company, PE in Turkey for setting up a Greenfield polyester film plant to cater to the European and other proximate markets. The commercial operations started in December, 2005 with the start up of the first thin PET film line. The first Metallizer plant started production in March, 2006. The PET resin plant commenced commercial production from December, 2006. The second thin PET film line and Metallizer commenced commercial production in May 2008. The latest addition to its assets has been an Offline Coater which started commercial production in March 2014 and a third Metallizer which started commercial production in January 2015. The issued and paid up capital of PE, including Additional Contribution from PSPL, as of March 31, 2017 stands at Euro 8.8 million.

Polyplex Trading (Shenzhen) Co. Ltd (PTSL)

In the financial year 2009-10, PTL invested in the setting up of a wholly owned Trading Company in Shenzhen, China, through its 100% held Investment Company in Singapore, PSPL. The issued and paid up capital of PTSL as at 31st March 2017 is USD 0.4 million.

Polyplex America Holdings Inc (PAH).

In FY 2011-12, PTL invested in setting up a 100% Investment and Trading & Distribution Company in USA. PAH has further invested in Polyplex (USA) LLC, a manufacturing facility. The issued and paid up capital of PAH (including the Additional Paid-In Capital) as on 31st March'2017 is USD 46.62 million.

Polyplex USA LLC (PUL)

Polyplex USA LLC, Decatur, Alabama, was established in FY 2011-12 as a 100% subsidiary of PAH. This is the first manufacturing base of Polyplex in USA. The thin PET film line has started commercial production in April, 2013 and the PET Resins plant project commenced commercial production in October 2014. The members' contribution which represents the paid up capital as on 31st March'17 is USD 46.5 million.

Polyplex Europe B.V

Polyplex Europe B.V was established in April 2013 as a 100% subsidiary of Polyplex (Thailand) Plc. The registered capital is 3 million Euro of which Euro 0.2 million has been called and paid up till 31st March'17. This company is mainly engaged in the warehousing and distribution of different products of the Company in the European market.

Polyplex Paketleme Cozumleri Sanayi ve Ticaret A.S

In FY 2013-14, Polyplex Europa Polyester Film Sanayi ve Ticaret Anonim Şirketi (PE) had established a company in Turkey, named Polyplex Paketleme Çözümleri Sanayi ve Ticaret A.Ş. holding 100% of its share capital. This company is mainly engaged in trading of PET Film, PET chips and other products of the Company. The Registered Share capital of this company is TRY 100,000 as of March 31, 2017, which has been fully called and paid up.

Nature of business

4.1. Revenue structure of the Company

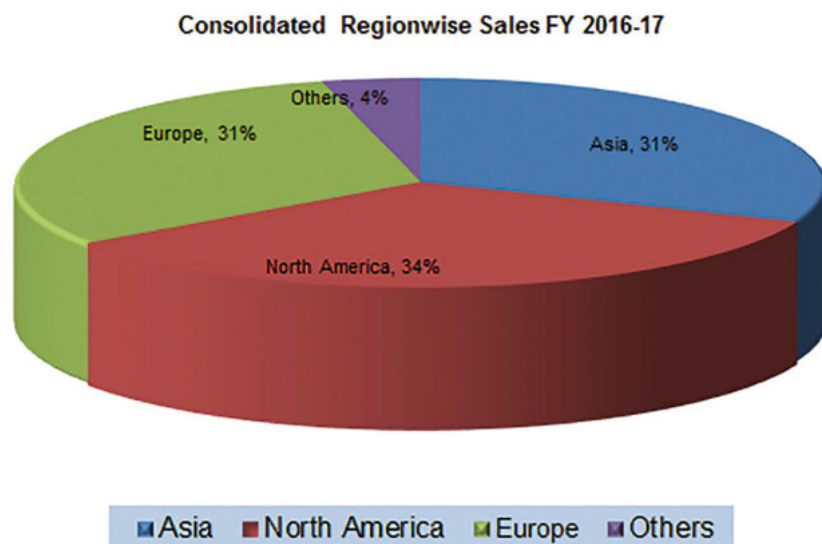
PTL's standalone and consolidated sales value classified by regions is shown below:

STANDALONE	2014-15		2015-16		2016-17	
Customers						
Exports	Bt. million	%	Bt. million	%	Bt. Million	%
Asia	2,604.67	47.48	2,738.76	49.99	2,703.52	48.84
North America	1,002.95	18.28	1,090.81	19.91	1,136.52	20.53
Europe	360.82	6.58	347.69	6.35	223.78	4.04
Others	151.24	2.76	200.55	3.66	198.38	3.58
Total exports	4,119.67	75.09	4,377.81	79.90	4,262.21	76.99
Domestic Sales	867.26	15.81	840.44	15.34	769.69	13.90
Sale of chips/others ¹	204.99	3.74	231.68	4.23	238.49	4.31
Total sales revenues	5,191.92	94.63	5,449.93	99.47	5,270.39	95.20
Other revenues ²	294.45	5.37	28.95	0.53	265.60	4.80
Grand total	5,486.36	100.00	5,478.88	100.00	5,535.99	100.00
CONSOLIDATED	2014-15		2015-16		2016-17	
Customers						
Exports	Bt. million	%	Bt. Million	%	Bt. Million	%
Asia	2,656.67	21.28	2,773.63	22.52	2,739.30	22.96
North America	1,368.92	10.97	1,636.88	13.29	1,760.63	14.76
Europe	3,139.47	25.15	2,989.91	24.28	2,656.20	22.27
Others	437.77	3.51	389.85	3.17	466.77	3.91
Total exports	7,602.83	60.90	7,790.28	63.26	7,622.91	63.90
Domestic sales						
- PTL (Thailand)	867.26	6.95	840.44	6.82	769.69	6.45
- PE (Turkey)	1,022.81	8.19	969.92	7.88	799.65	6.70
- PUL (USA)	2,097.76	16.80	2,307.72	18.74	2,069.64	17.35
Total Domestic sales	3,987.82	31.94	4,118.08	33.44	3,638.98	30.51
Sale of chips/others ¹	322.08	2.58	369.96	3.00	276.95	2.32
Total sales revenues	11,912.73	95.43	12,278.32	99.71	11,538.84	96.73
Other revenues ²	570.88	4.57	35.86	0.29	390.25	3.27
Grand total	12,483.61	100.00	12,314.18	100.00	11,929.09	100.00

Note:

1) Sale of chips/others includes both domestic and export sales.

2) Includes Exchange gain, miscellaneous sales, Export Incentive, interest received, etc.



4.2. Business Goals

The vision of Polyplex is to continuously grow, create value and establish global leadership in the plastic film business through building trusted partnerships with Investors, Customers, Business Associates and Employees. Keeping this vision in mind, Polyplex has been moving towards establishing itself as a Preferred packaging substrate provider as against just a PET thin film supplier, by undertaking expansions for manufacturing BOPP film, CPP film and Blown PP/ PE films, which are other Packaging substrates used by Converters, in addition to PET thin film. The Thick PET film line in Thailand which started commercial production in October, 2013, is Polyplex's first step into the Thick Film segment which has helped in diversifying its product and customer portfolio. The Company supplies the films to all major PV back sheet manufacturers and has initiated trials in the optical segment. As a result, the Company has been able to ramp up the production of this line in current year and plans to further increase the customer base, by getting our products qualified in newer customer accounts and/or applications in the coming year.

The business goal is to increase market share in various regional markets- through geographically diversified manufacturing presence, increased market penetration in key markets and build a diversified portfolio of products like Metallized films, Clear films, Thermal Lamination films, Silicone Coated film, Blown PP film, Chemically Coated films, and other grades of packaging films like CPP, BOPP etc. The Thin PET film line in USA which started in April, 2013, was a strategic investment in this direction, to enable the company to increase its market share in American continent by moving closer to the customers and becoming a preferred on-shore supplier as against an off-shore or near-shore supplier in the past.

4.3. Promotion certificates

PTL has been granted ten BOI promotion certificates, details of which are as below:

S.No	Certificate No.	Type of business	Date granted
1	1321(2)/2545	PET film	20-May-02
2	1287/(2)/2546	PET film and PET Resin	11-Jun-03
3	1159(2)/2548	Metallized Films	22-Feb-05
4	1261(2)/2550	Thermal Lamination Films	14-Mar-07
5	1044(2)/2551	Metallized Films	10-Jan-08
6	1110(2)/2552	CPP film (Plain and Metallized CPP)	4-Feb-09
7	1719(2)/2553	Silicone Coated Film / Blown PP	14-July-10
8	1705(2)/2555	Thermal Lamination Film (Line 2)	12-May-2012
9	1827(2)/2555	PET Thick Film and PET Resin	21-May-2012
10	1357(2)/2557	Metallized Films	20-March-2014

By virtue of the provisions of the Board of Investment Promotion Act B.E. 2520, the Company has been granted certain standard promotional privileges on the manufacturing and distributing the polyester film/ resin/Thermal Lamination film/CPP film/ Silicone Coated/Blown PP film as per the following sections: 25, 26, 27, 28, 31, 34, 35(1), 35(2), 35(3), 36(1), 36(2) and 37 respectively. The Company must comply with certain conditions and restrictions provided for in the promotion certificate. Details of the privileges of each of the above sections are available at www.boi.go.th

4.4. Business Operations by each product line

Manufacture and Distribution of Polyester thin film (Polyethylene Terephthalate Film, also called PET film, sold under the Brand name 'Sarafil'), is the core business of the Company, including its subsidiaries. It focuses mainly on 3 key segments- Packaging, Industrial and Electrical. The customers use the company's

products as raw material to produce their end-products which are then sold to their consumers. Some examples of products made from PET thin film are Coffee/Tea bag, snack bag, softener bag, detergent bag, wire/cable wrap and hot stamping foil.



In April 2008, the company started manufacturing a downstream value added product called 'Thermal Lamination film'. This sold under the brand name 'Saralam'. In this product line, the PET film, Nylon film or BOPP film is used as the base film, and then extrusion coated with adhesive resins like LDPE or EVA, based on the requirement of the end use application to be catered to. After the start up of the second line in June'13, the Company has increased its capacity of this product with an aim to increase the value added product sales in its mix. Some of the applications of Saralam are as under:



In line with its objective of becoming a complete packaging solution provider, rather than just a thin PET film supplier, the company has in March 2010 started the manufacture of Cast polypropylene film. The company manufactures and sells plain & metallized CPP film under the brand name 'SaraCPP'.

In an effort to continue its objective of diversifying the product as well as the customer base, Polyplex set up a Silicone Coating film line in Thailand which commenced commercial operations in March'12 under the brand name "Saracote". Some of its applications are as under:



The Blown film line in Thailand is another concentric diversification by the Company in the plastic film business. This film is mainly used as a base film for the Silicone Coated film, as well as sold in the merchant market. As the first Blown film line is almost fully ramped up and the Company sees more growth potential in this product segment, it has decided to go for a second line and Board has in May, 2017, approved the investment in a new Blown film line in Thailand which is under commissioning and expected to start commercial operations in Q1 2018-19.

The Thick PET film line in Thailand is another related diversification by the Company which will help the company to cater more to the industrial and electrical segments as compared to the packaging segment for Thin PET film. Some of the common applications of Thick PET film are as under:



As a sustainability initiative, the Company has invested in a project to recycle and provide sustainable solution for film based process waste. The project had started commercial operations in December, 2013 in Thailand, under the Company's subsidiary- EcoBlue Limited.

4.4.1. Product Description

The range of products offered by the company is as under:

A.) Transparent thin PET films which can divided into 5 sub-categories

- Plain & Corona treated
- Chemically coated
- High adhesion films
- Ultra clear films
- Co-extruded films

B.) Metallized PET films

- Normal Metallized
- Semi Metallized film (low Optical density)
- High barrier films

C.) Specialty Films

- Twist films
- Anti static films
- Heat Sealable films

- Isotropic Films, High Friction Films, etc
- Matte films
- Offline Coated Transparent Barrier films
- Alox Coated Transparent Barrier Films
- Off-line coated Sealable-Pealable films

D.) Thermal Lamination Film

- Gloss PET Thermal Film
- MATTE PET Thermal Film
- BOPP Thermal Film
- Metallized Thermal Film
- Nylon Thermal Film

E.) Cast Polypropylene film - Product range:

- Lamination & Conversion grade film
- Transparent film for lamination & surface printing
- High hot tack film for candy packing
- Metallizable grade film- Transparent heat sealable film for vacuum metallization
- Twist grade film
- Retort grade film

F.) Siliconized Films (Under the brand name 'Saracote') in PET and PP films are used in various applications such as:

- Shingle roofing tapes
- Release liner in pressure sensitive labels.
- Release liner in pressure sensitive adhesive tapes.
- Release liner in medical and hygiene products.

G.) Thick PET Film - main sub categories are as under:

- Milky White
- Clear/Ultra Clear
- Transparent
- Hazy Film

4.4.1.1. Product Characteristics

a) Characteristic of PET film

PET film characteristic properties are as follows:

- Optically brilliant, clear appearance
- Excellent mechanical strength and toughness
- Good dielectric properties
- Good flatness and coefficient of friction (COF)
- Tear-resistant and puncture-resistant characteristics
- Excellent dimensional stability over a wide range of temperatures
- Very good resistance to most common solvents, moisture, oil, and grease
- Excellent barrier against a wide range of gases

PET film can also be modified with varying degrees of shrinkage, opacity & colors and different surface textures for it to be used over a wide range of applications.

A wide range of chemical treatments (in addition to corona) can be applied to PET film during its manufacture to help it adhere to various coatings.

b) Characteristics of CPP Film

- Excellent Heat sealing properties/ High heat resistance
- Exceptional Optics
- Good dimensional stability and barrier properties
- Excellent printability
- Metallized CPP- Significantly increases barrier properties

c) Characteristics of Thermal Lamination Films

- High gloss & stiffness provide longevity to laminated media
- Coated adhesive forms inseparable bond with inks/papers
- Surface is conducive to add-on processes like Hot stamping, UV coating
- Improves visual appeal of product

d) Characteristics of Silicone Coated Films

- Silicone Coated film is designed to provide excellent carrier to pressure sensitive material
- Single/ Double sided coated film
- Superior tensile strength, dimensional stability and caliper control as compared to other Liners

e) Characteristics of Blown PP/PE Film

- Excellent off line coating ability
- Exceptional Gauge control
- Ability to match color shades in Films
- Economical Oxygen Barrier Films

4.4.1.2. End Use segment

Thin PET film can be used in the following 3 key segments

- **Packaging**- Clear and Metallized thin PET film can be used as part of the outer layer and middle layer of the flexible packaging such as coffee bag, snack bag, softener bag, and detergent bag.
- **Industrial**- Comprising of Hot stamping foils, flexible air-conditioning ducts, labels /ID cards, lamination products and many more.
- **Electrical**- Wire and cable wrap, membrane switches, flexible printed circuits, capacitors and motor insulation.

Thick PET film is mainly used in the Industrial and Electrical segments

- **Electrical**- This segment accounts for almost 60%- 65% of Thick PET film market and is driving the growth in demand of Thick PET films. This segment can be further sub-classified under the following:
 - **Display** : Flat panel display, Advance display, Holographic, STN Reflectors, Anti-reflection, Touch Panels (ITO), & Optical Applications.
 - **Electrical** : Electrical Insulation, Cable Wrap, Transformers, Slot Liners, Wedges, and Phase Insulation for Motors and Generators.
 - **Electronics** : Photo tool, Photo resist, Flexible Printed Circuits (FPC), Membrane Touch Switch (MTS) and Medical Sensors
 - **Solar** : PV Back sheet (Protective film), Insulation film, Protective film for Top Surface.
- **Industrial**- Window Film, Laminating Film, Credit & Prepaid Cards, Medical Film etc are the key applications.

Thermal Lamination films mainly cater to the following applications:

- Thermal Lamination of documents or printed media
- Reflective Insulation
- Flexible packaging
- Rigid packing using printed corrugated carton board

CPP films can be used in the following key segments:

- **Packaging**- CPP film is used as the inner most layer in food packaging, due to its excellent heat sealing properties. It may also be used in Textile packaging, packaging of health care products/ consumer products etc
- **Industrial**- Hot fill bags & liners, Industrial adhesive tapes, Interior automotive trim panels etc

Silicone Coated Films mainly cater to the following applications:

- PET Release liners for labels
- PET Shingle tapes for the roofing industry
- PP release liners for labels/stickers.

The segmental break-up of revenue (PTL Standalone and Consolidated) from Film sales (Plain & Metallized PET films, Thermal Lamination/ Silicone Coated Films/ CPP film and Blown PP film) are as follows:

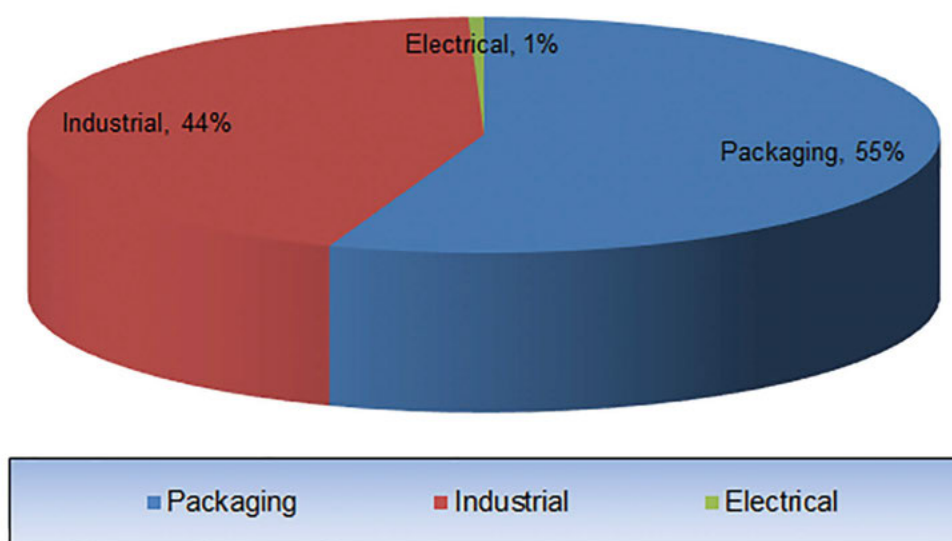
STANDALONE SALES	2014-15		2015-16		2016-17	
Segment	Bt. Mn	%	Bt. Mn	%	Bt. Mn	%
Packaging Use	3,180.83	63.78	2,965.67	56.83	2,730.54	54.26
Industrial Use	1,771.90	35.53	2,217.31	42.49	2,276.22	45.24
Electrical Use	34.20	0.69	35.27	0.68	25.14	0.50
Total Film Sales	4,986.93	100.00	5,218.25	100.00	5,031.90	100.00

CONSOLIDATED SALES	2014-15		2015-16		2016-17	
Segment	Bt. Mn	%	Bt. Mn	%	Bt. Mn	%
Packaging Use	7,341.08	63.34	7,006.84	58.84	6,248.97	55.49
Industrial Use	4,079.59	35.20	4,773.38	40.08	4,950.40	43.96
Electrical Use	169.98	1.47	128.14	1.08	62.52	0.56
Total Film Sales	11,590.65	100.00	11,908.36	100.00	11,261.89	100.00

Note:

1) Sales of all types of films have been segregated above, depending on end use application of each type of product sold.

Consolidated Segmentwise Film Sales FY 2016-17



4.4.1.3. Products with similar properties

In certain applications like graphics and magnetic recordings, substituting PET film would result in compromising performance characteristics of the product (e.g., strength, flatness, clarity, tear resistance, thermal stability and chemical resistance). However, in other applications, for which certain PET film performance characteristics may not be needed, PET film competes with a wide variety of substitute materials. These applications tend to fall in the low end of the product range, where other plastic films (e.g., polyvinyl chloride, polypropylene, and polyethylene films) and paper may be considered as lower-priced substitutes. Applications for which a variety of substitute products may exist are primarily packaging and general-purpose industrial applications.

BOPP Films (Biaxially Oriented Polypropylene) is one such close substitute product type, which is comparable in terms of its broad physical and mechanical properties to Polyester films. However, there are pros and cons of using PET film or BOPP films and depending upon the application requirements, a choice of the substrate would be made. As a result of this, both PET films and BOPP films have largely demarcated pockets where one is preferred over the other.

A Comparison of BOPP Films and BOPET (Polyester) Films

Polyester film is considered as the premium plastic film in the flexible packaging industry. This is also reflected by the difference in the volume of the two products.

Features	BOPP	BOPET
Water vapour barrier	Excellent	Fair
Gas barrier properties	Poor	Excellent
Break down voltage	Poor	Excellent
Machineability	Fair	Excellent
Printability	Fair	Excellent
Suitability for metallising	Poor	Excellent
Density (gm/cc)	Low (0.91)	High (1.39)
Strength	Fair	Excellent
Temperature Sensitivity	Poor	Excellent

Polyester film when stretched in both directions gives excellent dimensional stability, gas barrier properties, break-down voltage etc. BOPP, despite stretching remains a 'limp film'. Polyester film has better handling capabilities for fluctuations in temperatures etc. and is therefore also preferred in the less sophisticated markets. In tropical countries PET is also preferred due to its moisture and oxygen barrier properties. In addition products where aroma retention is important require the use of PET; e.g. coffee, tea.

On the other hand, the low density of BOPP (0.91 Vs. 1.39 for PET) makes it a 'cheaper' alternative in packaging. However, the advantage of density is to some extent offset by the need to typically have a thicker film when using BOPP as compared to PET for the same application. Further, since PET is not ordinarily heat sealable, BOPP is preferred in heat sealable applications.

All over the world BOPP and PET have established their respective segments in the packaging market and overlap is insignificant. Even in times of decline in BOPP selling prices few years back, there was no visible impact on the growth in PET films consumption. This establishes the limited substitutability between the two products.

4.5. Business Strategy

Key elements of the strategy are:

- Attain cost leadership by way of capacity expansion and vertical integration.
- Capture high growth markets and build good customer relationship.
- To build strong global delivery capabilities with a judicious mix of on-shore, near-shore and off-shore strategy.
- Further broad base the product portfolio by investing in upgrading technical and R&D capabilities.
- Concentric and related diversification to bring stability in earnings.
- Consolidate market position in key geographic locations.

Moving in this direction, the following initiatives have been taken by the Company:

- The setting up of 2 successive Thin PET film lines in Thailand was the first step towards achieving cost leadership position along with diversification of customer base.
- The 2 Thin PET film lines in Turkey has helped improve its cost structure to service its expanding customer base in Europe, Middle East, Africa & CIS/Russia.
- The Company's investment in the new PET Thin film line in USA is another step towards geographically diversifying its manufacturing base. This has helped the Company to participate in the growth in the flexible packaging segment in the American region and increase its market share.
- Backward integration into the manufacturing of PET chips has further strengthened the cost structure of the Company in Thailand, Turkey and in USA. In addition, this has helped maintain the quality of input resin and hence of final product.
- Increase in its Metallizing capacities across all its manufacturing locations has helped the Company to improve its value added product portfolio. The Company is investing in a replacement metallizer at the subsidiary in USA which will enable PUL to create differentiation through improved product / customer mix and generate better margins.
- The 2 Extrusion Coating lines in Thailand has helped the Company to further increase the share of value added products, in its sales portfolio.
- With the start-up of the new Silicone Coated film in Thailand in 2012, the Company has been able to increase its presence in new product segments and thereby reduce the impact of the cyclical nature of the Thin Polyester Film industry. The PET Thick film line in Thailand should help the company to bring about more stability in earnings, as this segment is generally more stable in comparison to the PET Thin film segment.
- The Blown film line helped Polyplex to enter into the Silicone coated PP film market and based on the success and positive experience of the first line, the Company is now investing in the second Blown PP film line to expand the capacity and increase its market share.
- The setting up of a recycle plant in Thailand for providing sustainable solution for film based process waste is the first step by the Company towards the Green Initiative.
- Various types of customer engagement initiatives by the Company have helped it to not only retain key customers, but also increase its customer base across the globe.
- The wide network of distributors and agents has helped the Company to gain access to all key markets of the world.
- The Liaison offices in Malaysia and Korea help the Company to understand these critical markets in a better way.

4.6. Distribution Channel

The Company distributes its products to both domestic and overseas markets, with main focus put on the latter.

The product distribution is being made directly to the end users using its own marketing arms in USA, Turkey, Netherlands and China as well as commission agents across the globe. The indirect channel is

mainly through distributors in designated areas. The sales through distributors and commission agents help support and even boost the sale volumes as these distributors and agents are in close proximity of the target markets, hence allowing for closer service provision to the customers with rapid delivery, and also better market penetration to access small customers.

Value of total film sales to end users and distributors are as follows. Sales made through commission agents are included in 'End Users' segment.

STANDALONE SALES	2014-15		2015-16		2016-17	
Customers	Bt. million	%	Bt. million	%	Bt. million	%
End Users	2,123.04	42.57	2,251.62	43.15%	2,180.82	43.34%
Distributors	2,863.89	57.43	2,966.63	56.85%	2,851.08	56.66%
Total	4,986.93	100.00	5,218.25	100.00	5,031.90	100.00

CONSOLIDATED SALES	2014-15		2015-16		2016-17	
Customers	Bt. million	%	Bt. million	%	Bt. Million	%
End Users	6,839.49	59.01	7,552.18	63.42	7,507.54	66.66
Distributors	4,751.16	40.99	4,356.19	36.58	3,754.35	33.34
Total	11,590.65	100.00	11,908.36	100.00	11,261.89	100.00

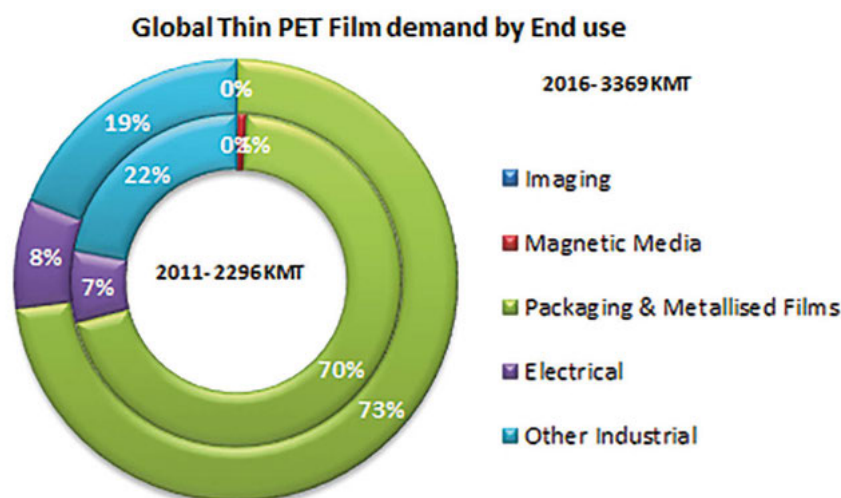
4.7. Markets and competitive environment

4.7.1. Global Demand and supply

Thin PET Film

The growth in packaging has over the years shifted the production and usage patterns of Thin PET films. The Company's relevant segments of Packaging, Industrial and Electrical constitute almost 100% of the total demand as the traditional high-end technology segments like magnetic media and imaging segments have become redundant due to technology transformation.

Better packaging not only improves the shelf life of the products but is also essential for improving product appeal in a highly competitive consumer goods industry. Flexible packaging also plays a key role in source reduction on the principle of 'use less waste in the first place' which has ensured higher-than-GDP growth in the flexible packaging industry across the globe. PET film, being a higher-end substrate within packaging, has grown more rapidly than other substrates, growing at an average of about 5-8% per annum, globally. Demand in packaging is quite resilient as it relates to consumption of food products and consumer staples which are to a large extent non-discretionary in nature. This characteristic of the packaging segment has resulted in steady growth in demand, despite the adverse factors of economic slowdown witnessed in the recent past.

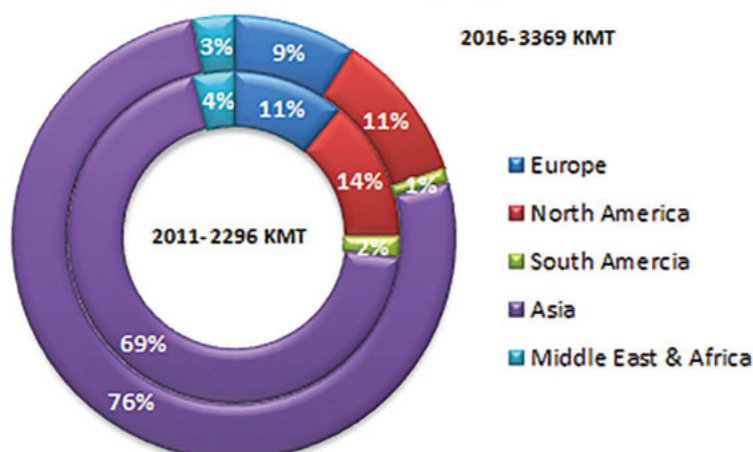


Source: Company estimates from Industry /Market study reports

An increase in the purchasing power, coupled with the changing life style of people in the developing countries has brought with it a substantial increase in the per capita consumption of packaging material. As a result of this, Asia is the largest market for Thin PET films with more than two-third of the films produced globally being consumed in this region. At the same time, per capita consumption of packaging material in developing countries is still very low as compared to the mature markets. The key drivers of demand growth in these regions are the increase in the share of organized sector, increasing consumerism, changing demographics and the resulting need for better and more convenient packaging.

A similar trend is also evident on the supply-side with most of the new capacities being added in low-cost developing countries. Most of the new capacity is also focused on the packaging segment, with an emphasis on high productivity and low operating costs. This has adversely impacted the traditionally large producers of PET film operating with high cost structures, who have now been forced to concentrate in the emerging niche technologies in PET films like films for LCDs, solar panels, touch screens and specific high-end applications within packaging. While trade defense measures like anti-dumping and countervailing duties are on the rise in an increasingly competitive market environment, they are unable to address the inherent problems of unproductive assets operating in the developed countries producing regular films.

Global Thin PET Film demand by Region



Source: Company estimates from Industry /Market study reports

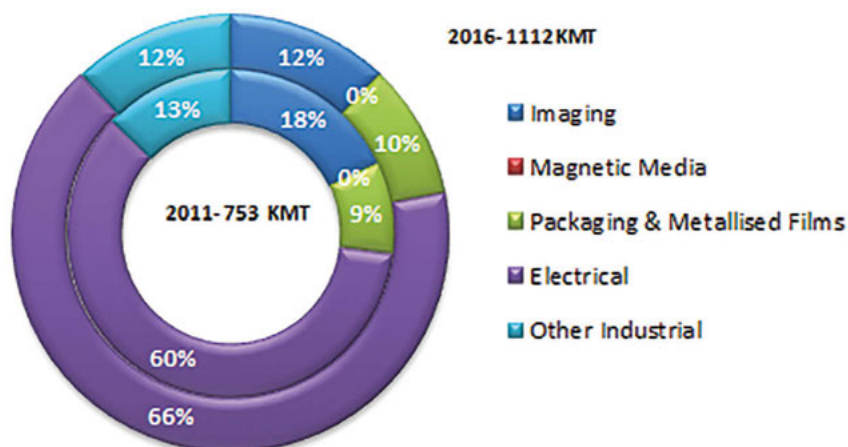
Since the last few years the Thin PET film industry is witnessing a significant oversupply scenario due to excessive capacity addition following the exceptionally high margins witnessed in the PET film industry in 2010. The surge in capacity additions witnessed since 2011 has slowed down which should help in gradually correcting the demand supply imbalance in the industry. Companies with consistent quality products, diversified product portfolio, access to international customers and a better supply chain model stand a better chance of participating in the market growth and improving/maintaining their margins above the industry averages.

Thick PET Film

Electrical and Industrial are the key segments in Thick film industry. In the last few years the demand of Thick PET film has been growing at a CAGR of about 5%-7%.

New innovations and usage new applications in the Electrical segments (like Flat Screen panel, PV solar cells etc) have been driving the growth in the past and would help this industry to continue to grow at a healthy CAGR of about 4-6% for the next few years.

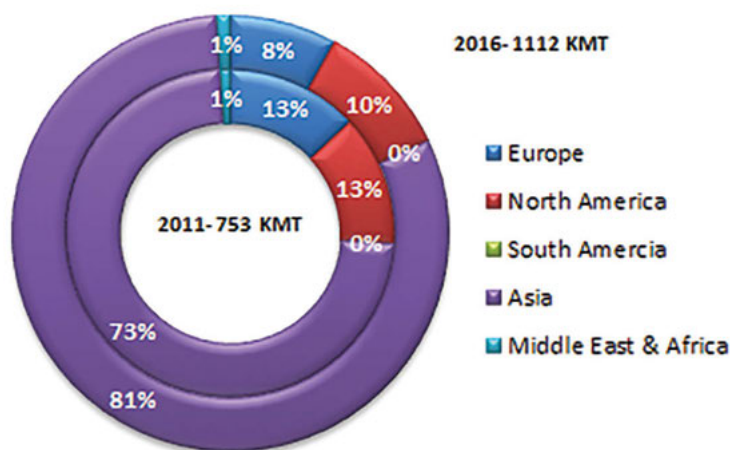
Global Thick PET Film demand by End Use



Source: Company estimates from Industry /Market study reports

Similar to Thin Film industry, the additions in the capacity of Thick PET film has been done mainly by countries within Asia like China, South Korea and Japan.

Global Thick PET Film demand by Region



Source: Company estimates from Industry /Market study reports

4.7.2. Industry Situation

Global competition

The global Thin PET film manufacturers can be classified into 3 main categories by size of their production capacity:

- (i) World majors with production capacity of over 100,000 tons per year
- (ii) Mid-size players with production capacity between 50,000 - 100,000 tons per year and
- (iii) Small / local producers with production capacity of less than 50,000 tons per year

Demand for PET film for magnetic media application has been high in the past, prompting major producers to focus mainly on this segment. Competition in the magnetic media segment is thus confined only to these major ones based on their long and well established expertise and experience.

For other PET films including thin film, competition is seen among all groups of producers thanks to the consistently rising demand, especially for thin film which is used in packaging, industrial and electrical segments where healthy growth of demand has been recorded in the past. Thus small, mid-sized and major producers (including Polyplex group) have expanded their capacity to cope with the increasing demand in these segments. This has led to the expectation of higher market share by producers in various countries which have surplus production capacity.

Domestic competition

Thailand's PET film market is of small scale as compared to the global PET film market. As per our estimates, demand of PET film (thin & thick) in Thailand is approximately 50,000 tons per year with growth rate for next few years expected to be about 7-8% p.a. In the past, domestic producers have put emphasis on producing BOPP film rather than any other types. PTL has principally focused on Thin PET film since its inception in Thailand and started with one PET film line, within nine months set up a second line as well. Over the years, PTL has had several other expansions in film capacity i.e. value added films like Metallized film (4 lines), Thermal Lamination film, Silicone Coated film etc and related product diversification like manufacturing CPP film and Blown PP & PE films (second Blown film line under implementation). It is presently having the largest PET film production capacity in the country.

The film production capacities of the various plastic film producers in Thailand as at 31st March 2017 are as follows:

Production line (tons per year)	Thai Film Industrials Plc.	A.J. Plast. Plc.	SRF industries Limited	PTL*
BOPP film	103,000	132,000		-
PET Thin film	-	62,000	28,500	48,000
PET Thick Film				28,800
CPP film	3,500	16,000		**15,600
BOPA film	-	18,000		-
Metallized film	5,000	28,300	12,000	23,800
Blown Film#				8,845
Total	111,500	256,300	40,500	125,045
Thermal Lamination film	-	-		365 mn Sqm
Silicone Coated Film				725 Mn Sqm

Source: Form 56-1/Industry sources

* PTL capacities are as approved by BOI (for projects promoted by BOI). For actual attainable capacities, please refer table below, under section 'Production Capacity'

** Combined capacity p.a. as approved by BOI for CPP plain and metallized film

including capacity of the new Blown film line under implementation

Conclusion on PET film industry

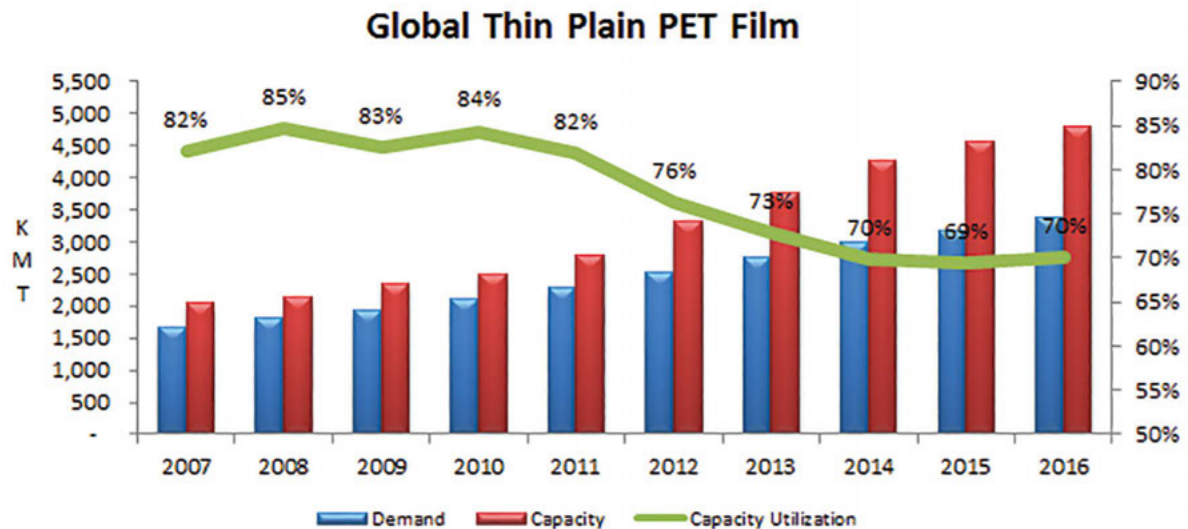
The PET film industry has been expanding continuously in the past. The main driving factor for the past few years has been the growth of the packaging, industrial and electrical segments. Meanwhile, PET film producers have boosted their capacity utilization and/or their production capacity aggressively to respond to the increasing growth of demand.

From 2006- 2012, the Capacity utilization of Thin PET film was in the range of 80-90% with the highest capacity utilization seen in 2010 (92%), subsequent to which a lot of players have added significant capacities, resulting in an excessive oversupply scenario in the last 4-5 years. This has brought down the utilization levels to less than 80% in the past few years.

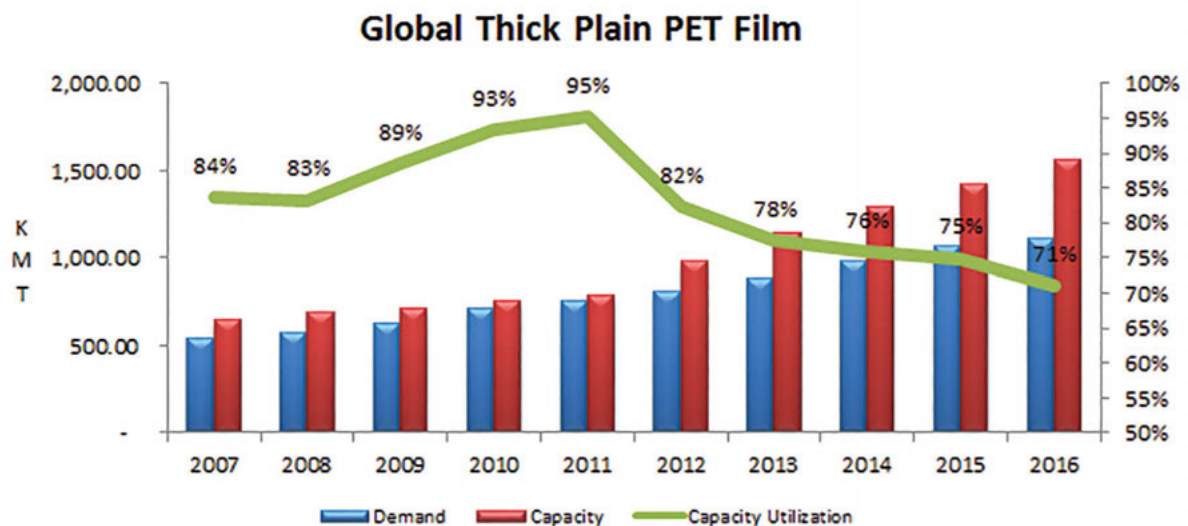
From 2006- 2012, the Capacity utilization of Thick PET film was in the range of 70-80% with the highest capacity utilization seen in 2010 & 2011 (86-87%), subsequent to which a lot of players have added significant capacities, resulting in an excessive oversupply scenario in the last 4-5 years. This has brought down the utilization levels to less than 70% in the past few years.

The levels of 85-90% are considered a high utilization rate being close to the full machinery capacity. In practice, some producers produce lower than the nameplate capacity due to the long use and hence the poor condition of machinery while some produce with capacity utilization even higher than 100% of the nameplate capacity using new and modern machinery and based on their long-time expertise and experience.

The trend of global capacity utilization for Thin and Thick PET film for last 10 years is as under:



Source: Company estimates from Industry/Market study reports



Source: Company estimates from Industry/Market study reports

Despite the rising demand for PET film, it is not easy for new entrants to compete with the existing players. It is because it is an industry that needs high levels of know-how, skills and expertise to ensure the exact product size, standard and specifications required by the customers. Project management skills are also needed to enhance efficiency and cost effectiveness that will lead to competitiveness against other producers. Capacity expansion may be unavoidable to attain larger size and hence economy of scale. Polyplex group has accumulated over 29 years' experience in the PET film industry. It has been strengthened with consistent expansion in production capacity. Its management is highly competent. Delivery of products is efficient by having geographically distributed production bases and a widely spread sales and distribution network that allow for easy access to the customers.

The emphasis on the countries with high demand growth potential, production and cost effectiveness and concentrating on business segments such as packaging, industrial and electrical segments which have recorded healthy growth all along has contributed to the Polyplex group becoming one of the leading producers of thin PET film (excluding capacity for magnetic media).

In view of tariff barriers imposed by importing countries such as anti-dumping and anti-subsidy duties, the Company's parent company based in India has experienced such threat from both the EU and the USA several times. It has thus been keen on the issue, having information on the criteria and inspection process adopted by those countries and knowing how to deal with the problem. It is an outcome of the understanding of the process, that USA has levied zero duties till date under the anti-dumping measure against the company.

As an outcome of the Antidumping investigation by the Government of Brazil against Turkey, an Anti-Dumping duty of about 6.7 cents/Kg on imports from Turkey to Brazil has been levied since March 2012. The impact of these duties is not very significant as the Company's sales to Brazil are minimal. The Government has recently initiated a sunset review of such duties. The Company has offered full cooperation in this investigation and submitted the required information to the investigating authorities.

As an outcome of the Antidumping investigation by the Government of Indonesia against Thailand, an Anti-Dumping duty of about 2.2% on imports from PTL into Indonesia has been levied since December 2015.

In April 2017, Korea has initiated a Dumping investigation against imports of PET film from Thailand, Taiwan & UAE. The Company will offer full cooperation in this investigation and is in the process of submitting the required information to the Korean investigating authorities.

The company is undertaking all the safeguards to insulate against the risk arising out of anti-dumping duties and other protective barriers imposed by the importing countries.

Outlook for the PET film industry:

- Global demand for Thin PET films is expected to grow at a CAGR of about 7-9% pa over the next few years and for Thick PET films it is expected to grow at about 4-6% pa.
- Demand growth for the products in the Flexible Packaging segment in the South East Asian region is expected to be about 7-10%.
- Mid size and new producers would increasingly look to diversify their product range from commodity grades to specialty grade films to improve margins.
- The surge in capacity additions witnessed since 2011 after the exceptionally high margins of 2010 has slowed down and this is expected to gradually help correct the demand supply imbalance.
- The cyclical nature of the industry would continue.
- The transitioning of the industry to Asia would pose higher competitive pressure in the years to come.
- Free Trade Agreements being entered between various countries are opening up new opportunities, as well as threats.
- Increasingly, the larger producers are trying to tie up strategic partnerships or acquisitions in order to ensure growth, presence in diversified markets or products or even as a measure to acquire technology for newer and sophisticated product range.

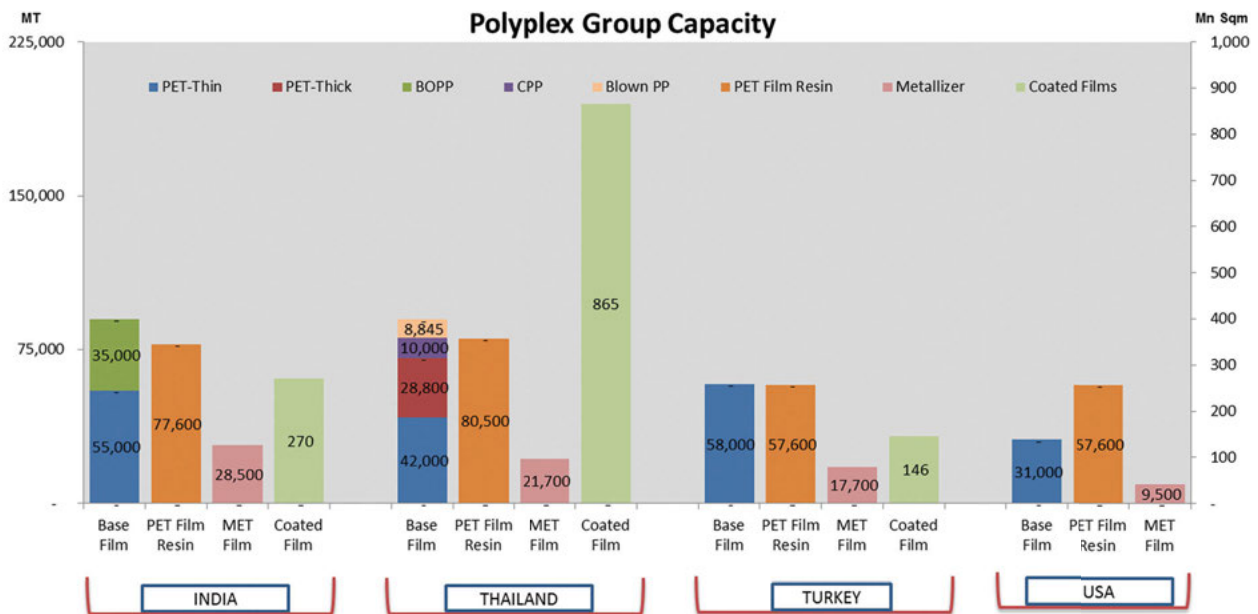
4.8. Manufacturing of product

4.8.1. Production

PTL is having 3 plots of land at Siam Eastern Industrial Park, Rayong Province, with a total area of about 100 Rai on which all the production facilities are built up.

a) Production capacity

Capacity of Polyplex group as on 31st March 6 2017# is as follows:

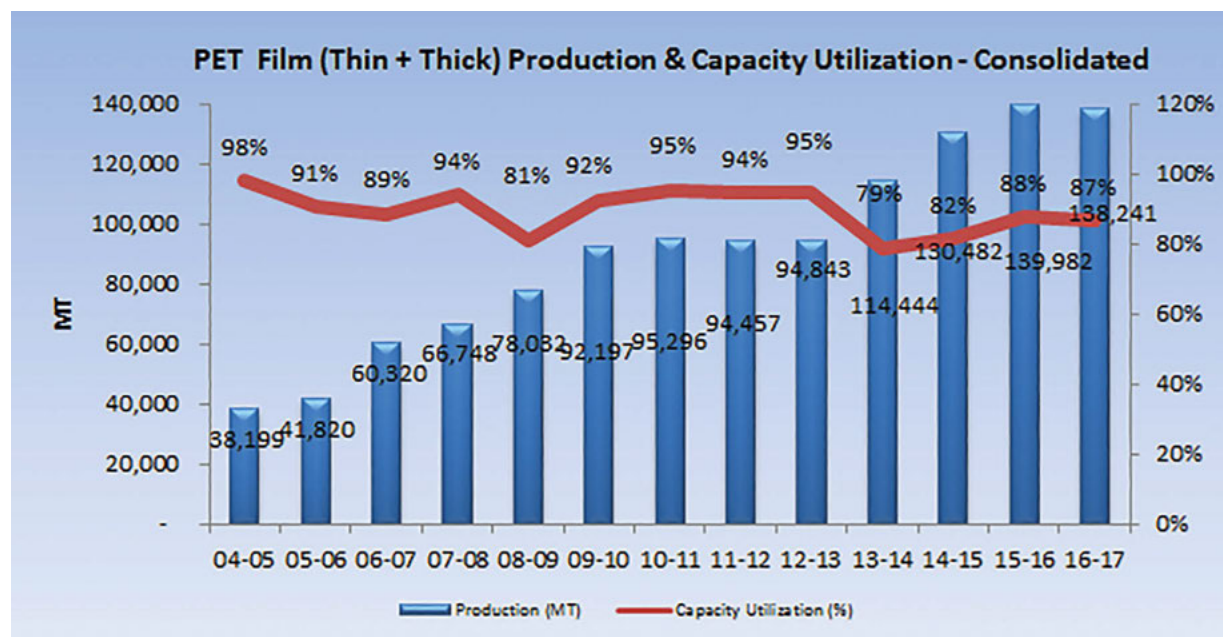
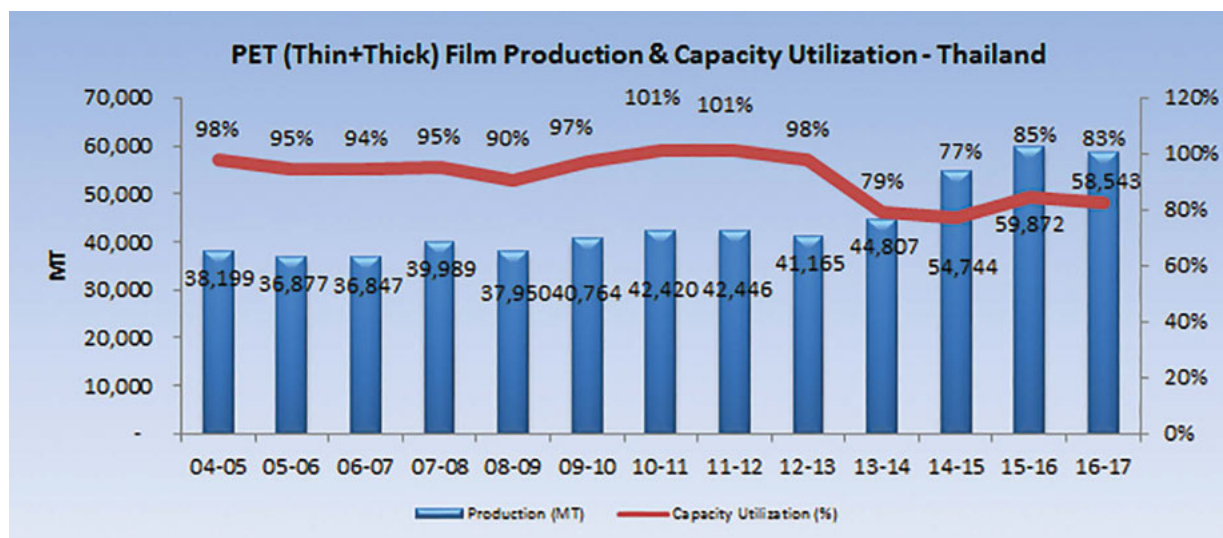


Product Type	India	Thailand*#	Turkey	USA#	Total	Unit
PET Thin Plain Film	55,000	42,000	58,000	31,000	186,000	MT
PET Thick Film		28,800			28,800	MT
PET Resin	77,600	80,500	57,600	57,600	273,300	MT
Metallized Film*	28,500	21,700	17,700	9,500	77,400	MT
BOPP Film	35,000				35,000	MT
CPP Plain Film		10,000			10,000	MT
Blown PP Film*		8,845			8,845	MT
Coated Films	270	865	146		1,281	Mn Sqm

* Capacities for Thailand above are attainable capacities and capacities approved by BOI based on theoretical output are higher. For BOI approved capacities in Thailand, please refer table above under section 'Domestic competition'.

including capacity of the new Blown PP line in Thailand and the new replacement metallizer at USA under implementation

The capacity utilization rates for the Plain PET film lines (Thin +Thick) PTL Standalone and Consolidated are as follows:



· Capacity and Production of PET thin film in USA and PET thick film in Thailand included in above graphs, since start of commercial production in April and October, 2013 respectively

4.8.2. Major raw materials

PET resin

PET Resin (polyethylene terephthalate resin) is the major raw material in the production process for PET films. It has been the strategy of Polyplex to produce its own Resins at all the manufacturing locations. Accordingly every location has its own Resin plant with sufficient capacity to meet its requirement.

Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG):

The major raw materials for PET resin production are purified terephthalic acid (PTA) and mono ethylene glycol (MEG). To ensure uninterrupted procurement of raw materials the Company has currently tied up with local suppliers for PTA and MEG for PTL. The subsidiary in Turkey is sourcing its PTA from Asia and MEG from Middle East. The subsidiary in USA, is procuring its requirements from local suppliers.

The company enters into Annual contracts as per which 100% of the company's requirements would be supplied as per the specified price formula throughout the contractual period(s).

Major Raw materials for the Extrusion Coated Film production:

Apart from PET film, which comes mostly from the company's in house production, the major raw materials for the Extrusion Coated film production are BOPP base film and Coating chemicals such as LDPE and EVA. All these are sourced from various manufacturers / traders from within Thailand as well as imports from within the region.

Major Raw materials for the Cast Polypropylene Film production:

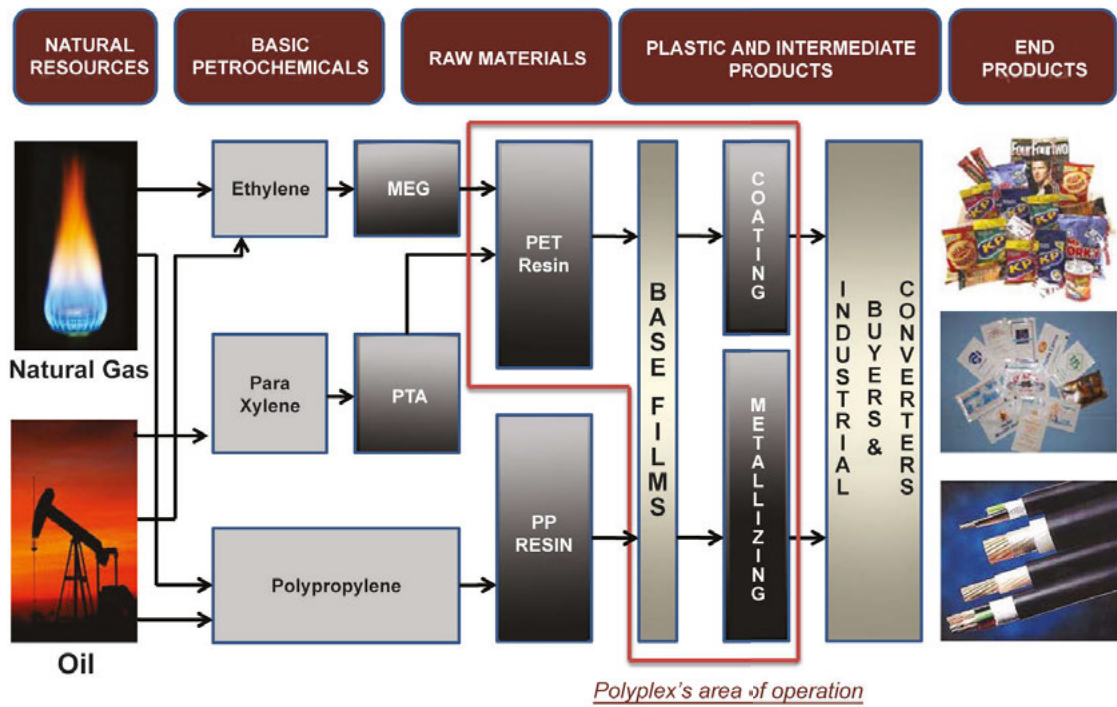
The major raw materials for the Cast Polypropylene film production are Homo Polymer and Co-Polymer. Homopolymer is being procured locally while Co-Polymer is sourced from traders within Thailand as well as imports from within the region.

Major Raw materials for the Silicone Coated Film production:

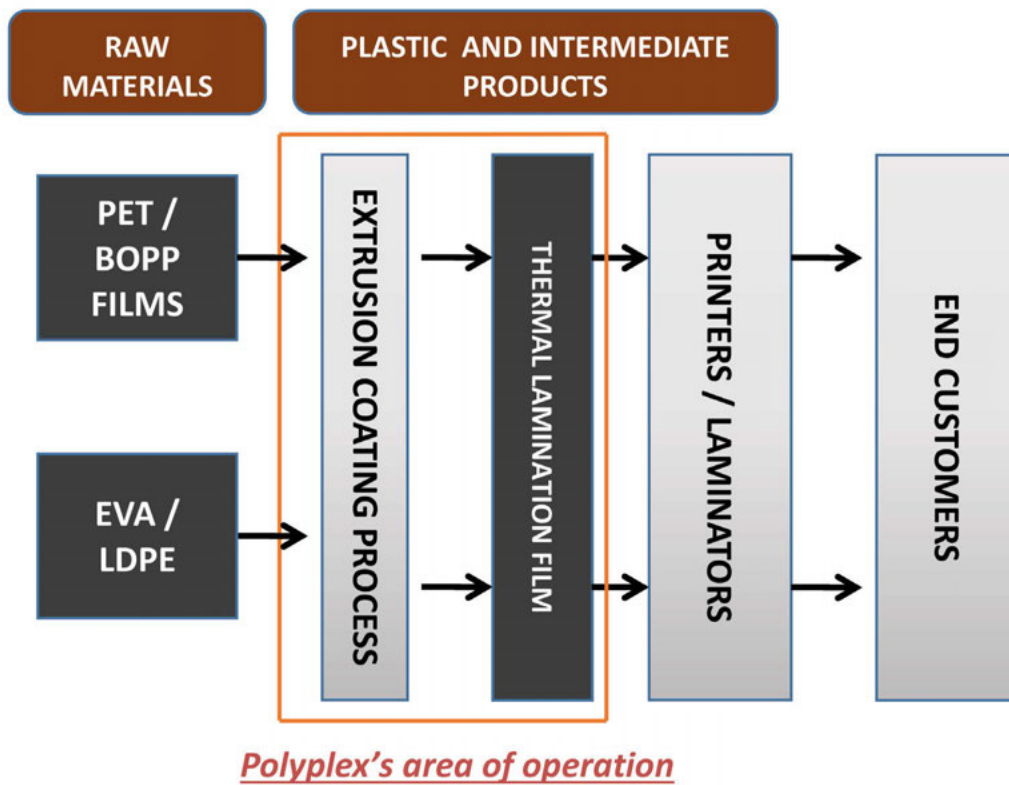
For the Silicone Coating line, the main raw material is PET film which is transferred from the Company's in house production and also imported from the Parent company in India at Arm's length pricing. Silicone and other chemicals are being imported from USA and Europe from leading suppliers.

Major Raw materials for the Blown PP Film production:

For Blown PP film line, the main raw material is PP resins (Homopolymer, Co-Polymer and PP Color master batches). These are sourced from local suppliers as well as imports from within this region.



The value chain for Thermal Lamination film is given below:



4.8.3. Impact on the environment

There is a negligible impact on environment caused from the polyester film production process since PET in both film and resins are generally recyclable. For its Polyester resin line, it has the required EIA approval and submits regular reports required as per EIA approval to the concerned authorities.

Since its commencement of production in March 2003, PTL has not faced any significant problems relating to the environment. Inspection by the Industrial Factory Department has been undertaken on a regular basis, the result of which has come out that the Company's manufacturing process poses no environmental impacts.

All our product lines in Thailand have the following certifications:

- ISO 14001:2004 certification on Environment Management system
- ISO 9001:2008 certification on Quality Management system
- OHSAS 18001:2007 certification on Occupational Health and Safety Management system
- ISO 22000:2005 certification on Food Safety standards
- TPM Excellence Award (Category A)

All our product lines in Turkey have the following certifications:

- ISO 14001:2004 certification on Environment Management system
- ISO 9001:2008 certification on Quality Management system
- OHSAS 18001:2007 certification on Occupational Health and Safety Management system
- BRC/IoP – certification on Global Standard for Packaging and Packaging Materials
(For Plain and Metallized Film lines)
- ISO 50001:2011 certification on Energy Management system

Risk Factors

Before making a decision to invest in the shares of the Company, investors should prudently consider the information about risk factors described in this section and all information contained herein. Apart from the said risk factors, there are still other unpredictable risks that may adversely impact the Company's operating results.

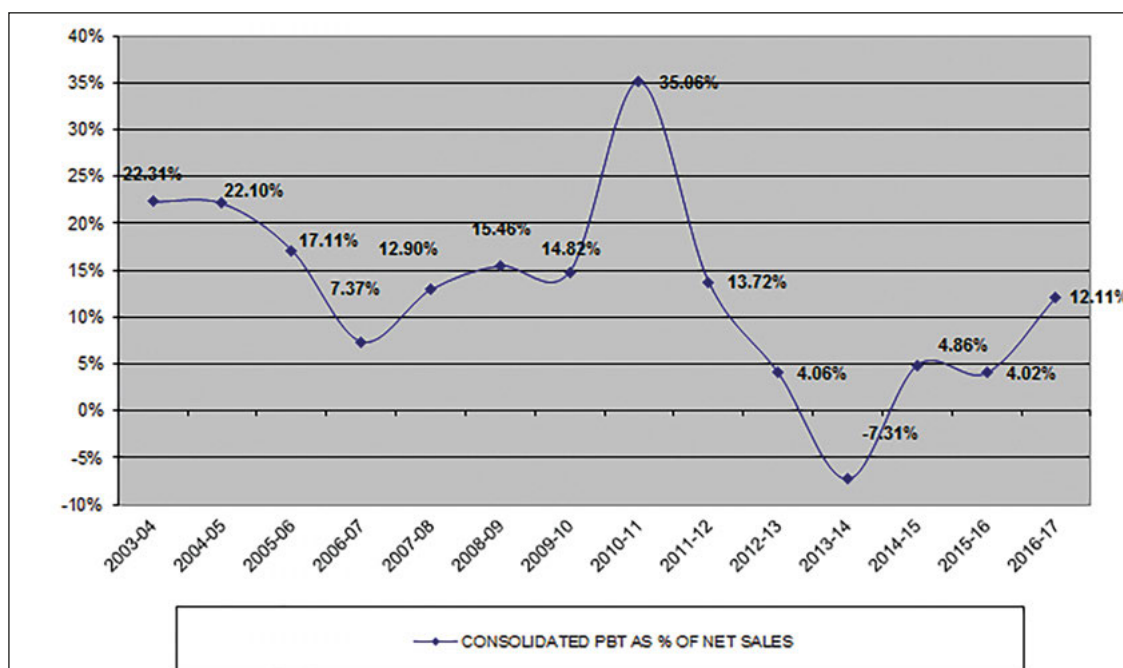
The key risk factors are:

5.1. Industry Cycle

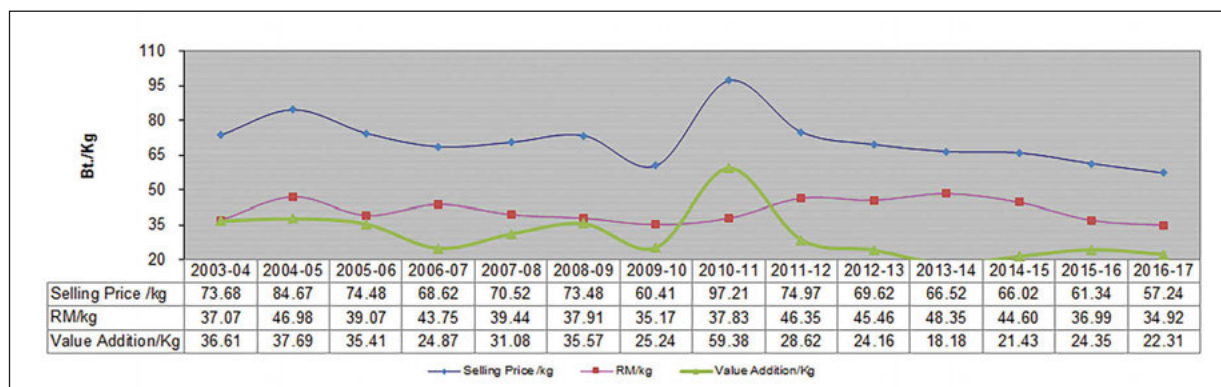
The industry cycle of PET film hinges on the spread between the PET film price and the prices of PTA and MEG which are the major raw materials. Whenever the demand supply balance favors the suppliers, the PET film and raw material price spread usually widens, thereby encouraging the manufacturers to increase production by expanding their capacities. On the contrary, if PET film supply is larger than market demand, the film prices will drop, hence narrowing the spread between PET film and the raw material prices. This cyclical nature will inevitably affect every producer's revenues and profits. Post the 2010-11 up-cycle, a lot of capacities were added in the PET film industry. This has created an imbalance in the demand supply scenario and has put pressure on the selling prices, thereby contracting the margins. Further, any adjustment in the selling prices to reflect higher costs of production becomes difficult due to the oversupply situation.

To illustrate the cyclical impact of the PET film industry, the movement of profit before tax/sales of PTL (Consolidated), is shown in comparison with that of the prices of PET film and raw materials, as below:

Comparison of profit before tax* as a % to sales, of PTL on a consolidated basis, with prices of plain PET film (thin & thick), raw materials and value addition (Consolidated - Average for PTL-Thailand, PE-Turkey and PUL - USA)



* the exceptional loss from sale of Polyplex Resins in FY 2014-15 and the Asset impairment loss in FY 2015-16 have been excluded to compute the profit before tax.



Source: Company information

The cyclical behavior can be seen in the above historic data, which has direct impact on the operating results of PET film producers like Polyplex.

To mitigate such risk, the Company has sought to undertake the following:

- With high productivity levels, cost control measures and a diversified product range including various value added products, Polyplex believes it is one of the lower cost producers of polyester film in the world which will help it deliver better financial results than the other constituents of the industry.
- Diversify its product portfolio by introducing new products like Extrusion Coated Film, Cast Polypropylene Film, the Silicone Coating Line, Thick PET Film, Offline Coated films, Blown PP Film etc to mitigate the risk of over dependency on a single product and single industry.
- Regular investments in metallizing capacity helps Polyplex to offer new types of products to its customers and further improve the mix of specialty film in its sales.
- Accessing customers operating across the globe in the flexible packaging and industrial segments by presenting alternative sourcing options from its existing manufacturing locations in Thailand, Turkey and USA and its warehousing & distribution set up in Europe Turkey and China, thereby mitigating the risk of over dependency on few customers.
- Diversified manufacturing and distribution base helps to mitigate the risk of volatile markets. For Eg: South East Asian markets are quite volatile and price-sensitive in nature, whereas developed markets of US, Europe, Japan etc are less volatile. Polyplex tries to mitigate such risks by having a diversified sales portfolio.
- Increased focus on new product development through R&D or technology acquisitions besides having a strong technical services team is an additional differentiator between Polyplex and its competition.

5.2. Risks relating to uncertainty in prices of the product and raw material

The basic raw material for production of PET film is PET resin, which is in turn produced from Purified Terephthalate Acid (PTA) and Mono Ethylene Glycol (MEG).

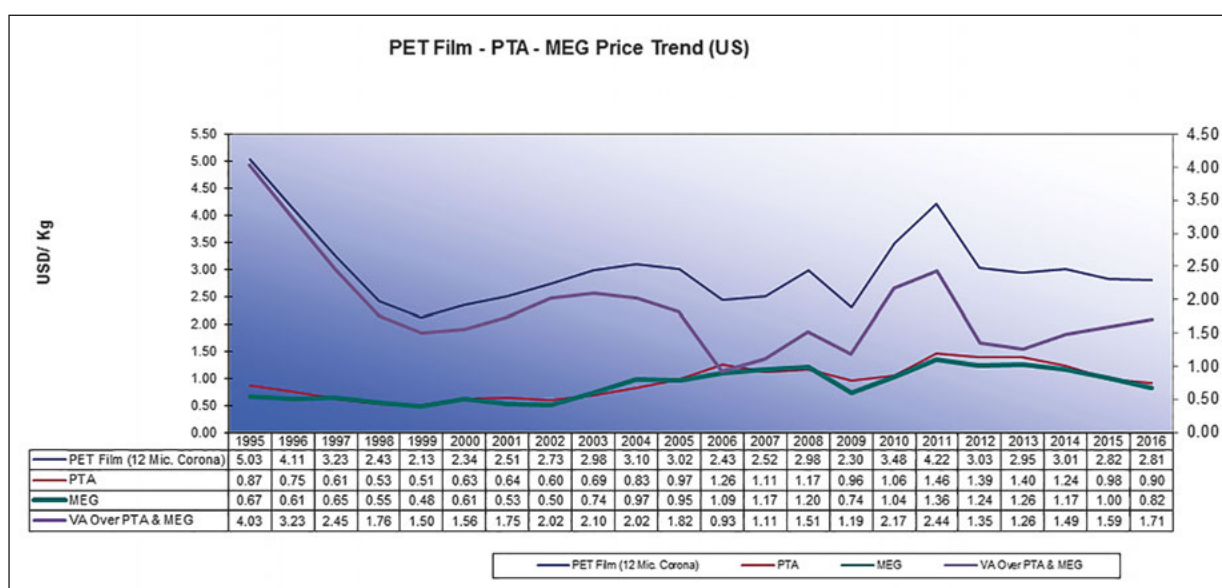
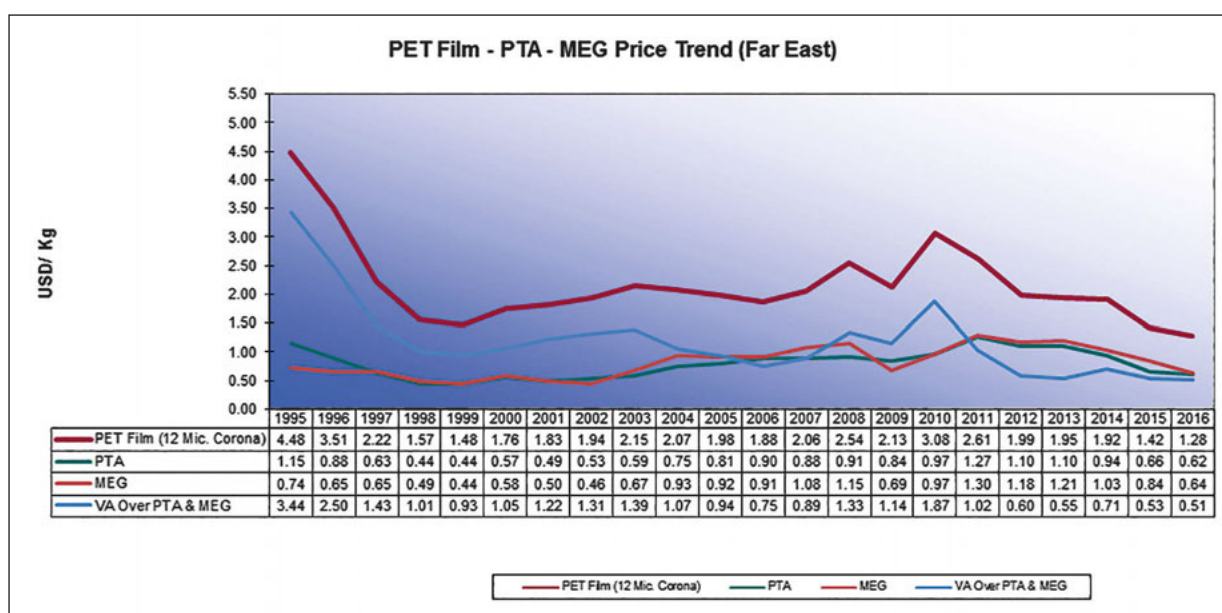
Since the cost of resin is the single largest component of the total production cost of Polyester film, the fluctuation in the resin price may hurt the Company's operating margins depending upon the ability of the Company to pass the increase in costs to its customers. As selling prices are usually negotiated on a monthly / quarterly basis, in a balanced demand supply situation, the Company is usually able to adjust the selling prices following any changes in the PET resin cost and other operating costs.

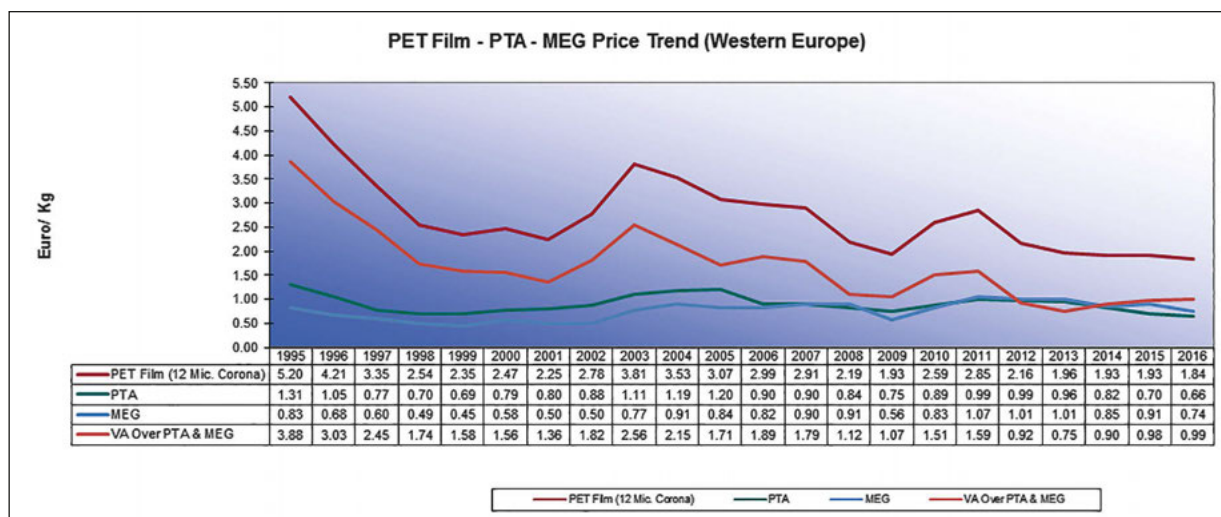
The above graph of historic Selling price and Raw material price movement demonstrates the correlation between the raw material cost and the selling prices. In most of the years the movement in the selling prices has been following the trend of the raw material cost except for few years where other factors such as major down cycle or up cycle in the industry caused by demand-supply imbalance influenced the prices.

The oversupply witnessed in the Polyester film industry continued in FY 2016-17, although the pace of further capacity additions has slowed down. The volatility in the crude prices in the recent past has impacted our raw material prices and while lower raw material helped in improving the margins due to the time lag in passing the benefit to the customers, the margins were squeezed at the time the raw material went up due to increasing crude oil prices. Stability of crude oil at any particular level will help in improving business sentiment and enable all players along the entire supply chain, in overcoming uncertainty caused by crude oil volatility.

Analysis of historical data shows high correlation between PTA/MEG – polyester film prices. The spread between two intermediates would vary depending upon the demand-supply situation of the commodity. Also sudden and sharp movements in raw material prices may affect the correlation for some time.

The chart below shows the past trend in the pricing of PET film and PTA and MEG and the Value addition rate per Kg, in Far East, US and Europe respectively:





Source: Industry information

The above industry data demonstrates that variations in the raw material prices by and large tend to get passed on to the end-customers. The demand-supply balance of PET films which could vary across regions impact margins accordingly. The spread between the raw material and PET films, especially over the last few years, has moved in a band. PTL's contracts with some customers provide for a quarterly/periodic review in pricing which enables it to adjust for any raw material cost movement.

The Company monitors world and local input price trends carefully and determines its procurement plans accordingly.

5.3. Risk associated with reliance on only a few raw material suppliers

The 2 major raw materials for the company, PTA and MEG are well traded commodities, and are available from a variety of manufacturers across the world.

In Thailand, the company is meeting its requirement domestically, by procuring each of these raw materials 100% from local suppliers, thereby enjoying certain distinct advantages of shorter lead time/lower raw material inventory carrying levels etc. The company has entered into long term / yearly contracts for the supply of the raw material to ensure its availability. These contracts also usually have a supply guarantee clause to ensure that the supplies remain uninterrupted for a reasonable period of time in case of any unforeseen circumstances.

In Turkey, the company procures bulk of PTA & MEG from 2-3 global suppliers through long term / yearly contracts and also explores spot opportunities for some part of the business to leverage on the surplus situation on these raw materials from time to time. These contracts guarantee the supply of the material except for force majeure situations.

In USA, the company is sourcing its PTA and MEG 100% from local suppliers, thereby enjoying advantages of shorter lead time/lower raw material inventory carrying levels etc. The company has entered into long term / yearly contracts for the supply of the raw material to ensure its availability.

And as far as the pricing is concerned, since it is formula based linked to certain standard international benchmark indices there is high degree of transparency.

For the Extrusion Coated film production, apart from PET film which is transferred from the Company's in house production and also imported from third parties or other group companies at arm's length pricing, the major raw materials are BOPP base film and Coating chemicals such as LDPE and EVA. All these are sourced from various manufacturers / traders from within Thailand as well as imports from within the region.

The major raw materials for the Cast Polypropylene film production are Homo Polymer and Co-Polymer. Homopolymer is being procured locally while Co-Polymer is sourced from traders in Thailand as well as imports within the region.

For the Silicone Coating line, the main raw material is PET film and Blown PP film which is mostly transferred from the Company's in house production and also at times, the PET film is also imported from third parties and/ or group companies at arm's length pricing. Silicone and other chemicals are being imported from USA and Europe from leading suppliers.

For Blown PP film line, the main raw material is PP resins (Homopolymer, Co-Polymer and PP Color master batches). We are sourcing our requirement from local supplies as well as imports from within this region.

5.4. Risk from environmental regulatory measures

All the production lines of PTL, except for the Polyester resin line, do not require any environmental impact assessment (EIA). For its Polyester Resin line, the Company has the required clearance from the regulatory authorities and utmost care is taken to ensure compliance to the same.

5.5. Risk from competition from existing manufacturers and entry of new players

With consistently rising demand and healthy growth potential, the PET film industry attracts new capacity investments from existing large manufacturers who are well-established companies with long experience in this industry, as well as medium to small producers and new entrants with capability to accommodate investment in PET film plants and machinery. In this industry, it is quite common for capacity additions to happen in a bunch, following a period of attractive margins and profits and this disrupts the demand-supply balance for a temporary period of time, until demand growth catches up with new supplies. In certain cases, as witnessed in the last few years, the oversupply is so excessive that the down cycle lasts for a prolonged period of 4-5 years. Despite the cyclical nature of this industry, it continues to remain an attractive industry with strong fundamentals and a steady demand growth.

Compared to other players, Polyplex's lower cost of production, established quality and technical services, geographically diversified manufacturing presence, wide range of products and applications and global market reach are some of key factors which make Polyplex one of the leading players in this industry. It remains confident of being able to compete against both world leading producers as well as newcomers.

The Company has been continuously evaluating other growth options in PET film / value added products / related areas like CPP / BOPP/ Silicone Coated Films at all existing locations in Turkey/Thailand/US, while also carefully evaluating growth options in other new locations/new product lines. The company has also been evaluating possibilities for any acquisitions to further expand its manufacturing base and also to improve its cost structure, product offering and market reach / penetration.

5.6. Risk from trade barrier measures

Trade barrier measures imposed by various countries are broadly of two major types:

- a) Anti-dumping (AD): An anti-dumping duty can be imposed on imports if the ex-factory prices of such imported products are proved to be lower than the local selling prices of the similar products in the countries of the exporters. For the past few years, the countries adopting this measure are the European Union member countries and the US against such countries as India, China, Brazil and South Korea.
- b) Anti-subsidy: A countervailing duty (CVD) can be imposed if the government or any government agency provides any benefits or privileges specifically to any company or exporter of such country.

Such tax measures will cause import duty on the goods produced and exported from the targeted countries imposed at such a high rate that such goods will carry higher prices and hence have difficulty to compete with the products of the rivals. For manufacturers having a regional manufacturing base in such locations, such trade defense measures can be an opportunity if anti dumping duties are levied against imports from the Asian low cost producers.

The company is taking all safeguards to insulate against the risk arising out of anti-dumping duties and other protective barriers imposed by the importing countries. A geographically well-diversified sales portfolio like ours will help mitigate the adverse fall-out of such an action, if any. And by having a local manufacturing presence in USA and Europe, it can take advantage of such trade barriers levied by these countries against imports from Asian countries.

As an outcome of the Anti-Dumping investigation initiated by the Government of Brazil in December 2010, against UAE, Mexico and Turkey, in respect of PET film imports into Brazil, the government of Brazil, w.e.f March, 2012 has imposed anti-dumping duty of USD 67.44 / MT on the Company's subsidiary in Turkey (Polyplex Europa), which is however the minimum rate as compared to the rates announced for other countries as well as other producers in Turkey. Polyplex Europa's exports to Brazil are not a very significant portion of their overall sales volumes and as such, there is no major impact from the anti-dumping margin imposed. The Government has recently initiated a sunset review of such duties. The Company has offered full cooperation in this investigation and submitted the required information to the investigating authorities.

As an outcome of the Antidumping investigation by the Government of Indonesia against Thailand, a final Anti Dumping duty of about 2.2% on imports from PTL into Indonesia has been levied since December 2015.

In April 2017, Korea has initiated a Dumping investigation against imports of PET film from Thailand, Taiwan & UAE. The Company will offer full cooperation in this investigation and is in the process of submitting the required information to the Korean investigating authorities.

5.7. Risks from future projects

The major risks associated with any new Projects are as below:

- **Market Risk:** Since Polyplex has a global reach and an extensive marketing and distribution network, the Company does not foresee any major risk in developing the markets for new products.
- **Competition Risk:** The Company believes that its cost structure would be globally very competitive and will be one of the major advantages to gain an edge over some of the existing producers/new entrants.
- **Project Implementation risk:** Due to the experienced Projects team at Polyplex, the Company remains confident of successful implementation of new projects on time and within Budgeted costs except for un-foreseen circumstances.
- **Funding Risk:** Long term Debt to the extent of 65-75% of the Project cost is generally borrowed by the Company and the balance is funded out of internal accruals. Based on the good relationship with existing banks and the low gearing ratio, the Company is quite confident of raising the required financing for any new future Projects at competitive terms and conditions.
- **Currency Risk:** For any new project, the currency of borrowing is decided, based on the projected operational cash flows of the project. The currency which has the maximum surplus in the operational cash flows is chosen to be the currency for the loan. This creates a natural hedge for the loan repayments, as and when the repayments start. The company also has internal FX guidelines to cover net exposure of Project costs, in various currencies by booking appropriate forward contracts, so that the risk on the initially estimated overall Project cost, on account of currency fluctuations is minimized.

Apart from all the Project specific risks and their mitigation plans as discussed above, the Company would also like to mention here that the overall Project risk of any new Project is covered by taking appropriate Insurance policies to cover various risks such as Erection and Construction all risks, Marine risks, Loss of Profit coverage due to delay in Project Start-up etc.

5.8. Risk from dependence on the parent company

As at 31st March, 2017, Polyplex Corporation Ltd. (PCL), through direct and indirect shareholding, controls 51% of the paid up shares in the Company.

In the initial 2-3 years of its incorporation, PTL's core management team consisted of persons who were previously employed by PCL and they played a vital role in successfully establishing PTL's operations ahead of the schedule and at a lower-than-estimated cost, together with ensuring high productivity levels resulting in the Company's ability to produce quality products at a competitive cost. However, after about 4-5 years of running, once operations were fully stabilized, the company successfully implemented a program for reducing the dependence on expatriates by increasing the proportion of local Thai staff in operating/managerial positions and has been managing the production and operations efficiently thereafter.

The Company's present management team is composed of experienced key personnel in production, marketing, distribution and accounting/finance. It has thus been able to run the business on its own without too much reliance on the parent company.

PTL's business operations are independent from PCL with respect to public offering of equity, borrowing of loans, and other investments in the future. The parent company need not request any approval from any government bodies except for reporting of significant events to two stock exchanges where it is listed, namely Mumbai Stock Exchange and National Stock Exchange.

The Company is confident that there will be no conflict of business interest between PCL and PTL on account of the following:

- It is Polyplex's policy in business operation that there is an equitable distribution of business between the various manufacturing units aligned to efficient servicing of customers.
- The investment in PTL and its subsidiaries is higher as compared to PCL's own assets and hence the success of PTL is critical for PCL.

5.9. Risk from sponsor group holding about 51% of total shares

PTL's major shareholder is PCL (As of March 31, 2017 the promoter Mr. Sanjiv Saraf and related parties control 50.03% in PCL), holding 17.19%, and Polyplex (Asia) Pte. Ltd. ("PAPL") which is wholly owned by PCL, holding 33.81%, thus in aggregate holding 51% of PTL paid-up common shares of Bt. 900 million. Thus, in matters that require a three-fourths majority vote of shareholders, the minority shareholders can successfully oppose corporate actions undertaken or supported by the majority shareholders. However, the parent company will continue to play a vital role in determining the Company's policy on business administration and operation. However, PTL has set up a three-member Audit Committee to provide for an audit of the operations and the management.

Besides, PCL is listed on the Stock Exchanges in India and abides by the Corporate Governance regulations prevailing for listed companies in India.

5.10. Foreign exchange risk

Most of PTL's products, i.e. about 75-85%, are for exports, which are mostly denominated in US dollars and Euro. As against this, raw material (PTA & MEG) prices are linked to the US dollar, although their payments are done in Baht and there are Long term loan related interest payments/loan repayments in USD and Euro. On a standalone basis, the company as at March 31st '17 had Euro loans of about 73.1 million and USD loans of about 23.4 million, including Euro 63.4 million borrowed from its subsidiary in Turkey for prepayment of installments of some of the banks' term loans and working capital loans. There are some expenses which are

in Thai Baht, i.e. locally procured raw materials, packing materials, salaries, utilities and other administrative expenses which have to be settled by income from domestic sales and from the surplus income from USD/ Euro exports. Thus, broadly speaking, PTL has a net surplus US dollar and Euro position on the trade front, which can be hedged somewhat against repayment of its long-term loans. To the extent possible, the company has been trying to create a natural hedge to mitigate the risk from currency fluctuations. On an ongoing basis, the company also takes forward covers, to cover the net surplus exposure in USD and Euro.

Similarly, the Company's subsidiary in Turkey has a net surplus in Euro currency whereas they have certain payments in the local currency, which is hedged from time to time by taking appropriate forward covers.

The subsidiary in USA mainly has USD revenues and USD payments, so there is a natural hedge. The project financing was also made in USD currency. Apart from bank loans taken for project financing and working capital financing, the US subsidiary has also taken some inter-co loans from Polyplex Europa (PE) for supporting its financing requirements. These loans are Euro denominated and the O/S amount of the loan at 31st March, 2017 was Euro 32.8 million.

5.11. Interest rate risk

As of March 31, 2017, the Company's outstanding long term loans (consolidated basis, including loans from subsidiaries which get eliminated in consolidation) were Euro 105.9 million, USD 61.7 million whereas outstanding short term loans were USD 18.5 million and Baht 75 million. The USD loans have floating LIBOR based interest rates and the Euro loans have floating EURIBOR based rates. The floating interest rate may put the Company at a risk of rising financial cost if the interest rates move up. The company has been constantly monitoring the interest rates and will take interest rate swaps for converting the liability into fixed rates, if considered beneficial.

5.12. Risk from overlap of products and markets

The product portfolio of PCL, PTL, PE and PUL is quite similar. In order to mitigate the risk from overlapping of products and markets, Polyplex has also evolved an equitable policy for distribution of markets, between its Indian, Thailand, Turkey and USA operations based on the several factors like product range, delivered cost to customer, supply lead times and preferential duty access. Based on the same, PTL would mainly serve South East Asia, Asia Pacific, China, and Australia & New Zealand. PCL would serve South Asia. Turkey will serve, Europe, Africa and CIS/Russian markets. The US manufacturing entity would mainly serve North American market. Certain markets which are basically spot markets such as Middle East, South America etc may be serviced by either of the supply locations depending on the availability of the product and other factors such as capacity availability etc.

The Polyplex group also has a policy on future investments in polyester film / related areas between the Company and its parent company. Investments in India/SAARC region would be decided and made by PCL and its other subsidiaries (excluding the Company) while investments in Thailand / ASEAN region as well as other countries would be in all likelihood be made by PTL or the subsidiaries in which the Company has a major stake. The above is subject to availability of Investible cash / ability to borrow debt by the existing / preferred Company as per the policy.

5.13. Credit risks

Credit risk of customers is another significant risk for any business. The Company manages the risk by adopting appropriate credit control policies and procedures. Most of the sales, which are on credit are secured either through a Letter of credit issued by the customer or by taking appropriate credit insurance coverage. The Company also takes extra caution in selection of any new customers and granting of credit.

Future Projects

- 6.1.** The company currently has 2 relatively small ongoing projects, one in Thailand and another at the subsidiary in USA.

6.1.1. Metallized Film Line – USA

In November 2016, the Board approved an investment in a new replacement metallizer and slitter at Polyplex USA LLC (PUL).

Project Details

- The total estimated Investment in this project is about \$ 3.4 million.
- The capacity of the new Metallizer would be 6,000 TPA.
- Funding of the Project is through internal cash flows of the Company.
- The expected commercial start-up of the project is in March 2018.

Project Rationale

- Will enable PUL to create differentiation through improved product / customer mix and generate better than industry average margins.
- Metallized films have traditionally given better returns than plain commodity films
- With better and contemporary assets, the Company would also be able to maintain its competitiveness in the market.

6.1.2. Blown PP Film Line 2– Thailand

In May 2017, the Board approved an investment in a new Blown PP film line (second line) at Thailand.

Project Details

- The total expected Investment in this project is about \$ 4.4 million.
- The capacity of the Blown PP Film Line would be 4,200 TPA.
- Funding of the Project is through internal cash flows of the Company.
- The expected commercial start-up of the project is in June 2018.

Project Rationale

- Enhance product portfolio and enable risk diversification through higher value added sales mix
- Well established market /customer access based on the experience developed in Blown PP film line 1.
- Entry into new segments/ new applications which the Company is currently unable to fully cater to, due to capacity constraint

6.2. Other Capital Expenditure

As an ongoing effort to improve productivity, reduce losses, conserve energy, develop products and enhance quality control, PTL and its subsidiaries in Turkey/USA undertake several small/medium capital expenditures on the basis of cost benefit analysis. The total outlay over the next 12 months for such projects is estimated at about Bt. 200-300 million which also includes insurance spares and miscellaneous equipments for upkeep of the machinery.

Legal Dispute

NONE

Shareholding Structure

8.1. Shareholding Structure

Securities

PTL's Registered capital at 31st March, 2017 was Baht 900 million and Paid-up capital was Baht 900 million, divided into 900 million ordinary shares each of Bt. 1 par value.

The shareholding structure of PTL as on 31st March 2017 is:

Name	Ordinary shares	%
Polyplex Corp. Ltd. (PCL)	154,710,000	17.19
Polyplex (Asia) Pte. Ltd. (PAPL)	304,290,000	33.81
General public	441,000,000	49.00
Total	900,000,000	100.00

PCL's shareholding structure as of March 31, 2017 is shown as below:

Name	%
Promoter/Sponsor Group	50.03
Institutional investors	8.49
Indian public (Non Institutional Investors)	31.42
Other shareholders	10.06
Grand total	100.00

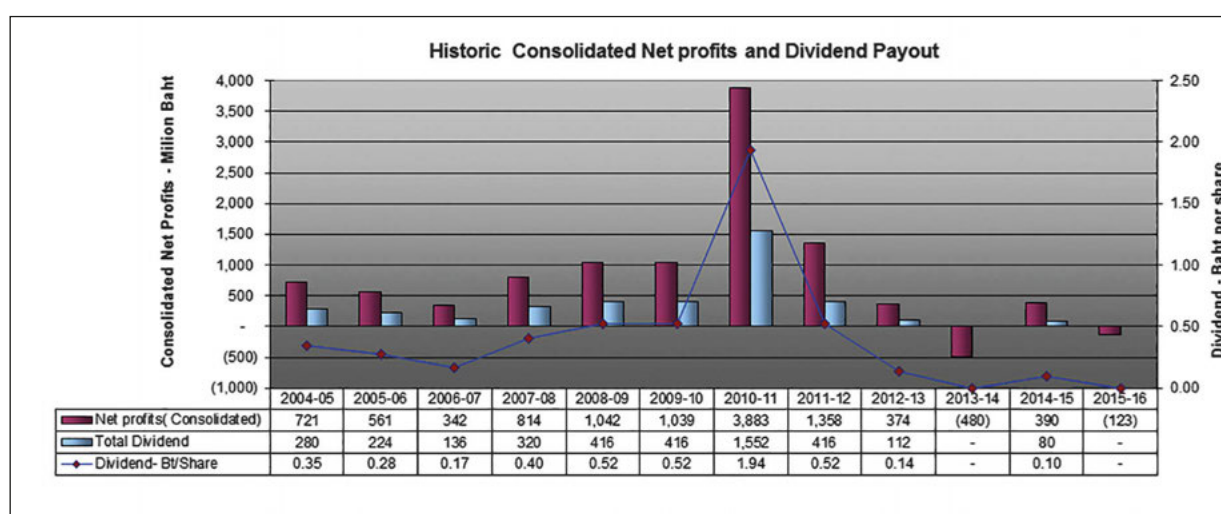
PAPL is 100% held by PCL and together PAPL and PCL hold 51% of PTL.

Dividend payment policy

As per the dividend policy stated in the prospectus, dividend is paid out at rate of about 40% of the annual net profit, taking into account economic conditions, growth plans, future deployment opportunities, the Company's financial position and liquidity and subject to the approval by the shareholders.

For the FY 2016-17, a dividend of Baht 0.36/share has been recommended by the board of directors to the 2017 Annual general meeting of shareholders for approval.

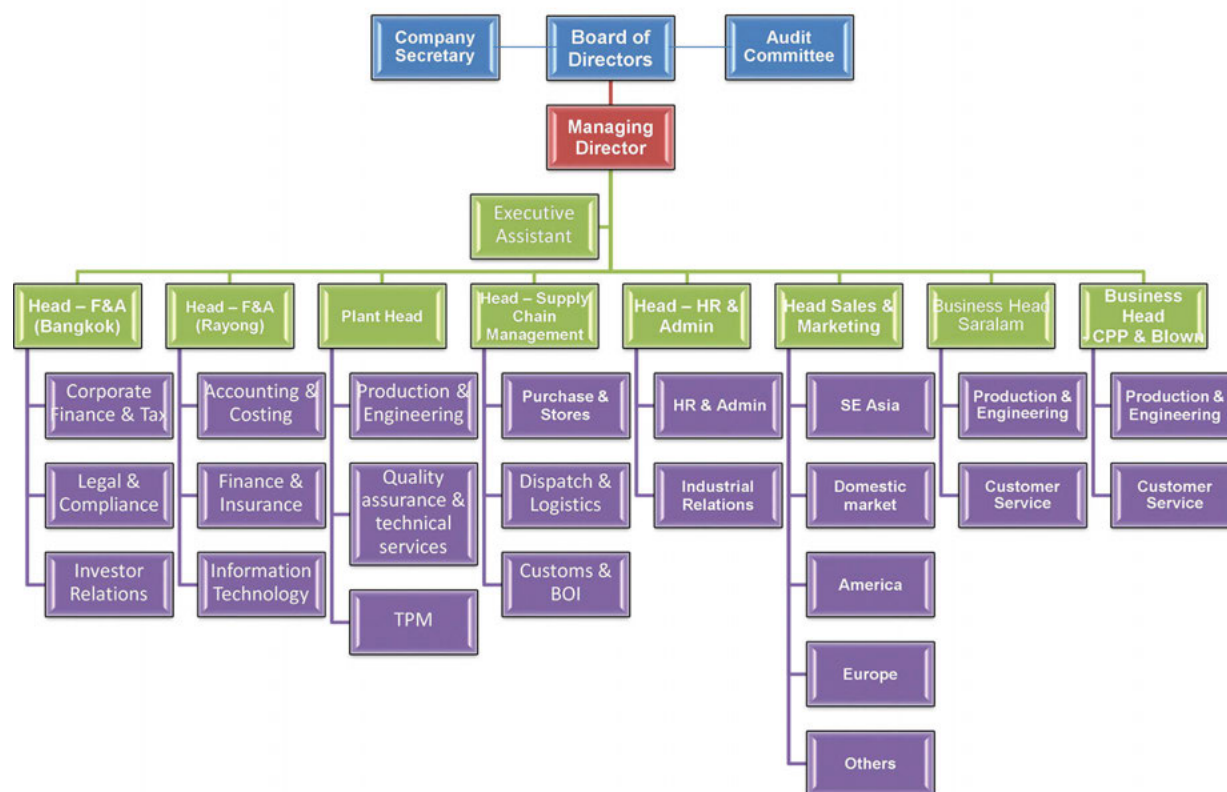
The historic trend of Net Profit and the Dividend declared/paid for past few years, since the company's public listing in December 2004.



* No dividend was paid in FY 2013-14 and FY 2015-16 due to net loss on consolidated basis

Management Structure

The Organization structure as at 31st March, 2017* is as under:



* The Chief Financial officer (CFO) of the Company's Turkey subsidiary has been transferred to Thailand as the new CFO and the Head – F&A (Bangkok) and Head –F&A (Rayong) will both report to the new CFO, once he takes charge of the new role at Thailand.

PTL has a board of directors and an audit committee. There is a provision to appoint other need-based committees as may be appointed by the shareholders or the board of directors from time to time. The board members and executive officers are qualified persons with complete qualifications as per Section 68 of the Public Limited Companies Act B.E. 2535 and as per the Notification of the Securities and Exchange Commission (SEC) No. KorJor. 12/2543 Re: Application for Permission and Permission to Sell Newly Issued Shares dated March 22, 2000.

Details of the board of directors and other committees are as follows:

10.1. Board of Directors

As of March 31, 2017, PTL's Board of Directors is composed of eight members as follows:

- | | |
|-------------------------------|---|
| 1. Mr. Manu Leopaiprote | Board chairman and Audit Committee Chairman |
| 2. Dr. Virabongsa Ramangkura | Director (and Audit Committee member) |
| 3. Mr. Shiraz Erach Poonevala | Director (and Audit Committee member) |
| 4. Mr. Sanjiv Saraf | Vice Chairman |
| 5. Mr. Praphad Phodhivorakhun | Director |
| 6. Mr. Pranay Kothari | Director |
| 7. Mr. Manish Gupta | Director |
| 8. Mr. Amit Prakash | Managing Director |

Mrs. Supritha Pai Kasturi is the secretary to the Board of Directors

Authorized signatories

Any one of the four authorized signatories, namely Mr. Sanjiv Saraf, Mr. Pranay Kothari, Mr. Manish Gupta, and Mr. Amit Prakash are empowered to sign with the Company's seal affixed.

Power and duties of the board of directors (the Board)

The Board of Directors has the powers, duties and responsibilities to faithfully and prudently conduct the operations of the Company in accordance with the Company's objectives and Articles of Association, applicable laws and resolutions of the shareholders' meetings, for the benefit of the Company. A summary of the substantial duties and responsibilities of members of the Board of Directors is set out below:

1. to hold the annual general meeting of shareholders within 4 months from the close of the accounting period;
2. to call the meeting of the Board of Directors at least once every calendar quarter;
3. to arrange for the preparation and submission of the audited Statement of Financial Position and Income and Loss statement at the end of each accounting period to the shareholders' meeting for its consideration and approval;
4. to authorize any one or several directors to perform any action on behalf of the Board of Directors under the supervision of the Board of Directors, or granting the power-of-attorney to such designated director(s) to perform any action within the specified time as the Board of Directors may think fit; provided, however, that the Board of Directors has the sole discretion to revoke or modify such designated director or power-of-attorney as the Board of Directors may think fit.

For this purpose, the Board of Directors may authorize the Executive Committee, if any, to conduct any activities within the specified scope of work, duties and responsibilities of the Executive Committee. No authorization will entitle the Executive Committee to consider and approve the transaction which may cause a conflict of interest between the Executive Committee or any related person or interested person as the one party and the Company or its subsidiary companies as the other party. However, an exception is granted where the transaction conforms to the approved policies and rules of the Board of Directors;

5. to determine the goals, prospects, policies, business plans and budgets of the Company, and to ensure that the management work performed by the Executive Committee, if any complies with the set policies. However, the Board of Directors needs to obtain the resolution of the shareholders' meeting before entering into these legal transactions, for instance, increase or reduction of capital, issue of bonds, sale or transfer of all or any substantial parts of the Company's businesses to any third party, purchase or acceptance of transfer of other businesses, amendment to the Memorandum of Association, and so on. The Board of Directors is also responsible for ensuring the Company's compliance with the securities and exchange law and rules of the SET, for instance, rules concerning the entry into connected transactions and concerning purchase or sale of substantial assets, including any law governing the Company's business;
6. to review the management structure and appoint the Executive Committee, General Manager and any subcommittees, as it deems appropriate;
7. to ensure that the Company's performance follows the business plans and budgets at all times;
8. to refrain from conducting any similar or competitive business, participating as partner in an ordinary partnership or partner with unlimited liability in a limited partnership or director in a private company or in any other firm, company or corporation operating the business similar to or in competition with the

Company, regardless of whether for his/her own benefit or for others' benefit. However, an exception is granted where the director provides notice to the shareholders' meeting in advance of his/her effective appointment as director of the Company; and

9. to notify the Company without delay of the event of likelihood that the director may have direct or indirect interests as a result of (i) the Company's entry into any agreement; and (ii) his/her increased or decreased holding of shares or bonds in the Company or its subsidiary companies.

10.2. Audit Committee

The Company's Audit Committee comprises of:

1. Mr. Manu Leopairote Audit Committee Chairman
 2. Dr. Virabongsa Ramangkura Audit Committee member
 3. Mr. Shiraz Erach Poonevala Audit Committee member
- Mrs. Supritha Pai Kasturi is the secretary to the Audit Committee.

Power and duties of the Audit Committee

1. to review the sufficiency, credibility and objectivity of the financial reporting of the Company by coordinating with the external auditors and management responsible for preparing the quarterly and yearly financial reports. The Audit Committee may suggest issues or matters to be included for review or audited by the external auditors during its audit of the Company;
2. to review the adequacy and effectiveness of internal control systems and internal audit functions by coordinating with the external auditors and internal auditors (if any);
3. to review compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws;
4. to consider and advise on the appointment of the external auditor including the audit fee, taking into account the creditability of the external auditor, the adequacy of its resources, the firm's audit engagements, and the experience of its supervisory and professional staff; as well as to have a meeting with the external auditor, as and when required, without the presence of the Executive directors or any other member of the management team.
5. to review the connected transactions and ensure proper compliance with all the relevant SEC/SET regulations and also to ensure adequate disclosures or conflict-of-interest disclosures;
6. to take care of any other matters assigned to it by the Board of Directors, such as reviewing the Company's financial and risk management policies, reviewing compliance with the Code of Corporate Conduct of the management, and reviewing with the company's management, all important reports which must be disclosed to the public according to the law (e.g. Management Discussion and Analysis (MD&A), etc.);
7. to report the activities of the Audit Committee in the company's annual report, which must be signed by the chairman of the Audit Committee, and to express in such annual report the Audit Committee's opinion on (i) the accuracy and completeness of the procedures for the preparation of the report and information disclosure, (ii) the sufficiency of the internal control system of the Company, (iii) opinion on the suitability of the external auditor and appointment for another term, (iv) the number of Audit committee meetings held in the previous year and the attendance of each member in such meetings, (v) opinion on the connected transactions and any transactions that may lead to conflict of interest (vi)

the compliance by the Company with rules and regulations of SET, SEC and other applicable laws, and report on any information that the shareholders and investors should be aware of under the scope of power of the duty that has been assigned by the Board of Director;

8. to report the performance of the Audit Committee to the Board of Directors at least once every calendar quarter; and
9. to express its opinion on the performance, appointment, removal and determination of remuneration of the internal auditor, if any.

10.3. Management

PTL's senior management during 2016-17* consisted of nine persons as below:

- | | |
|-----------------------------|--------------------------------------|
| 1. Mr. Amit Prakash | Managing Director |
| 2. Mr. Ramesh Gupta | Business Head – SARALAM division |
| 3. Mr. Sanjay Kumar Jha | Plant Head |
| 4. Mr. Ashish Ghosh | Head – Sales & Marketing |
| 5. Mr. Anurag Baheti | Head – F&A, Rayong |
| 6. Mrs. Supriya Pai Kasturi | Head – F&A, Bangkok |
| 7. Mr. Ankur Agarwal | Head – Supply Chain Management |
| 8. Mr. Chakrit Srisamutnak | Head – HR and Admin |
| 9. Mr. Anubhav | Business Head – CPP & Blown PP films |

** The Chief Financial officer (CFO) of the Company's Turkey subsidiary has been transferred to Thailand as the new CFO and the Head – F&A (Bangkok) and Head –F&A (Rayong) will both report to the new CFO, once he takes charge of the new role at Thailand.*

Power and duties of Managing Director

1. to monitor and supervise the day-to-day business operations and management of the Company.
2. to undertake or perform duties in line with the policy, plan and budget approved by the board of directors and Audit Committee of the Company.
3. to perform as the authorized person of the Company in administering the business in line with the objective, regulations, policy, rules, stipulations, orders and resolutions of the meeting of the Board and/or resolutions of the meeting of shareholders.
4. to appoint and manage the performance of the working committees to ensure benefit and efficiency as well as transparency in management, and be authorized to appoint and/or assign any person to specifically perform on his behalf. Such delegation of power and authority shall come under the purview of such certain authorization letter and/or comply with the regulations, stipulations or orders issued by the board of directors and/or the Company.
5. to determine mission, objectives, framework and policy of the Company for optimum benefit of the organization.
6. to follow up and assess the Company's operational results on a regular basis to cope with both internal and external risks.
7. to consider and approve expenditure spending in the normal course of business operations

8. to consider the recruitment and employment of personnel as well as transfer, rotation across functional lines/departments/divisions, or termination of employment of personnel, and determine rate of wages, remuneration, bonus and welfare package relating to personnel.
9. to issue orders, regulations, announcements and memorandum to ensure the operations come out in line with the policy and for the benefit of the Company as well as to maintain discipline in the organization.
10. to perform any other duties as occasionally assigned by the Board of Directors

Power to approve any transactions (i) which may cause a conflict of interest with the Company or its subsidiary; or (ii) in which the interests of the Managing Director or other interested person may be in conflict with the Company or its subsidiary, under the applicable rules and regulations of the SET, do not fall within the scope of the powers and authorities of the Managing Director to act at his/her own discretion or to designate any person to act on his/her behalf. Typically, these transactions need the consideration and approval of the Board of Directors and/or the shareholders' meeting in accordance with the Articles of Association of the Company and subject to applicable laws.

10.4. Role of Company Secretary

The Company has appointed Mrs. Supritha Pai Kasturi as the Company Secretary. She is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and has the requisite knowledge and experience to perform this function. She also performs the role of the Secretary to the Board of Directors and to the Audit Committee.

Responsibilities of Company Secretary:

- Arrange the Board of Directors' Meetings, Audit Committee Meetings and the Shareholders' Meeting in accordance with the relevant laws and regulations.
- Prepare the Agenda/ supporting documents for the above meetings and ensure that the same is circulated to the concerned members, at least a week in advance of the meeting date, to allow sufficient time to review the documents.
- Prepare the Minutes of all the above Meetings and monitor subsequent compliance with the resolutions of those Meetings.
- Ensure that disclosures of information to regulatory agencies (SET/SEC and other relevant regulatory agencies) are made in accordance with the applicable laws and regulations.
- Execute any additional duties assigned by the Board of Directors from time to time

10.5. Selection of members of the board of directors, independent directors and the audit committee

The Company has no Nomination Committee to select and nominate any persons to be appointed as directors of the Company. In this regard, the Board will undertake the selection process, taking into account the experience, expertise and competency of the prospective persons and the qualifications required as per the criteria prescribed in the Public Limited Companies Act B.E. 2535 and as announced by the SEC and relevant agencies, as also the provisions of Articles of Association of the company. Nomination will be made at the shareholders' meeting and election made under the procedures prescribed in the Company's regulations as below:

I) Selection of members of the Board of Directors

- a) The Company is required to have a board of directors consisting of at least 5 persons. The board of directors must elect one of their members to be the Chairman and may elect another member to be a Vice-Chairman and any other positions as they see fit. At least one-half of the directors must reside in Thailand.

A director need not be a shareholder of the company.

- b) A meeting of shareholders must elect the directors in accordance with the following procedures and rules:-
- a. Each shareholder has one vote for each share held;
 - b. Each shareholder may exercise the votes in electing one or more persons to be the directors but the votes are indivisible; and
 - c. The person who obtains the highest votes will be elected as a director in respective order according to the required number of directors, but if two or more persons obtain equal votes, the Chairman must exercise a casting vote.
- c) At every general meeting of shareholders, one-third (1/3) of the directors, or if it is not a multiple of three, then number nearest to one-third (1/3) must retire from office.
- d) There must be a drawing by lots to determine the directors retiring on the first and second years following the registration of the company. In each subsequent year, the directors who occupy the position for the longest period must retire.

A retiring director is eligible for re-election.

II) Selection of members of the Audit Committee/Independent Director

Audit Committee is composed of at least three independent directors with an office term of 2 years. The Company has a policy to select and nominate Audit Committee / Independent director in compliance with the SEC Notification no. KorJor. 12/2543 regarding application for and approval of offering of newly issued shares, with each of whom to have the following qualifications:

- a) Hold shares not exceeding 5% of the total shares with voting rights of the Company, an affiliated company, a subsidiary company, an associated company or a juristic person that may have conflict of interest,
- b) Not be an employee or a staff member or an advisor who receives a regular salary or a person with controlling power of the Company, an affiliated company, a subsidiary company, an associated company or a juristic person that may have conflict of interest,
- c) Not be a person having blood relation or legal relation in the manner of being any family member or spouse thereof of the executives, the major shareholders, the persons with controlling power or any persons to be nominated to the managerial positions or the persons with controlling power of the Company or a subsidiary company.
- d) Have no business relation with the Company, an affiliated company, a subsidiary company, an associated company or any juristic person that may have conflict of interest in the manner that may hinder the use of individual's independent judgment, and have no other nature that will hinder the individual's provision of independent opinions relating to the Company's operations.

In addition, at least one independent director appointed as an Audit Committee member must have sufficient knowledge and experience in finance and accounting areas so that he/she can review the reliability of the financial statements. Other qualifications must also be taken into account, comprising business experience, expertise in the field related to the business and ethical qualifications, to ensure maximum benefits to the Company.

The appointment of Audit Committee members is subject to the same criteria and procedures as those in the appointment of directors of the Board. The vacating Audit Committee member upon completion of his/her office term of 2 years may be re-appointed by the Board of Directors for another term. In the event that there is a vacancy on the grounds other than the completion of office term, the Board shall select and appoint the person who possesses the required qualifications to fill the vacancy to complete the number of the Audit Committee members as prescribed by the Board. The newly appointed Committee member shall be in the office only for the remaining period of the office term of the vacating member.

10.6. Remuneration for management

a. Monetary remuneration

Directors

Before the transformation into a public company, PTL had five directors. These directors did not receive any meeting allowance from the Company. Since transformation into a Public Company in 2004, the Company has 8 Directors on the board.

For the FY 2016-17, The actual remuneration paid to the Independent Directors is Baht 4,200,000 as against the amount approved in the Shareholder meeting of Baht 4,200,000.

Details of the same are given under:

S.No	Name of Director	Amount Approved (Baht p.a)	Actual Paid (Baht p.a)
1	Mr. Manu Leopairote	Baht 1,500,000	Baht 1,500,000
2	Dr. Virabongsa Ramangkura	Baht 900,000	Baht 900,000
3	Mr. Praphad Phodhivorakhun	Baht 900,000	Baht 900,000
4	Mr. Shiraz Erach Poonevala	Baht 900,000	Baht 900,000

In addition to the above remuneration, meeting sitting fees of Baht 10,000 per meeting attended has been paid to the Audit Committee members, which is as per the amount proposed and approved in the Shareholder meeting in July 2016.

For the FY 2017-18, it is proposed to fix a remuneration of Baht 100,000 per month, to all the independent directors as mentioned below:

1. Mr. Manu Leopairote
2. Dr. Virabongsa Ramangkura
3. Mr. Praphad Phodhivorakhun
4. Mr. Shiraz Erach Poonevala

Mr. Manu Leopairote, in his capacity as the Chairman of the Board of Directors and the Chairman of the Audit Committee would be entitled to an additional remuneration of Baht 25,000 per month, for each role.

For the Audit Committee, each member would be entitled to a sitting fee of Baht 10,000 per meeting attended.

The above remuneration package, to the Independent directors and Audit committee members, would be proposed to the Shareholder meeting to be held in July 2017 for their consideration and approval.

The remuneration details of the senior management, including 1 executive director of PTL is as below:

Remuneration (In '000 Baht)	2012/13 (Apr-Mar)	2013-14 (Apr-Mar)	2014-15 (Apr-Mar)	2015-16 (Apr-Mar)	2016-17 (Apr-Mar)
Number of executives	7*	6*	6*	5	9
Salaries (In '000' Baht)	11,113	13,201	11,422	12,034	16,397
Bonus and Others (In '000' Baht)	14,576	18,503	16,612	20,824	19,071
Total	25,689	31,704	28,034	32,859	35,468

* Including some persons for part of the year only

b. Other remuneration

Directors	None
Executives	None

10.7. Personnel

As of March 31, 2017, PTL had a total workforce of 645 persons, 638 of whom are personnel at the plant in Rayong Province and 7 at the head office in Bangkok. The Company also has 36 expatriates, 2 of whom is at the head office in Bangkok and the remaining 34 in Rayong.

Department	Number of employees				
	As of Mar 31, 2013	As of Mar 31, 2014	As of Mar 31, 2015	As of Mar 31, 2016	As of Mar 31, 2017
1. Executives	7	5*	4*	5	9
2. Production	180	206	183	239	250
3. Commercial, IT, Personnel & Admn.	46	49	51	47	41
4. Sales and Marketing	26	33	36	30	18
5. Chips plant	34	38	37	37	39
6. Metallizer	35	39	54	49	47
7. Extrusion Coating	70	76	81	74	61
8. Cast Polypropylene Project	53	55	52	46	54
9. Silicone Coating Project	54	54	43	42	39
10. PET Thick Film Project	70	86	84	70	71
11. Blown PP Film Project	2	9	18	16	16
Total	577	650	643	655	645

*Excluding persons who were for part of the year

Employee (non-executive) remuneration

(Bt. thousand)

Remuneration	2012/13 (Apr-Mar)	2013/14 (Apr-Mar)	2014/15 (Apr-Mar)	2015/16 (Apr-Mar)	2016/17 (Apr-Mar)
No. of employees	572	650	643	650	636
Salaries & Wages	151,656	199,476	227,926	208,124	193,631
Overtime pay	18,120	27,286	30,365	29,452	31,137
Bonus	30,851	33,603	36,503	27,917	44,088
Provident fund*	4,338	4,666	5,370	5,338	5,238
Others	79,809	86,208	108,483	88,894	87,880
Total	284,774	351,239	408,647	359,725	361,974

*The Company started contributing to the provident fund since September 2004.

The contribution of the employee and employer was 4% until FY 2010-11. Since 2011-12, the company revised the PF contribution rates and depending on the length of service, company's contribution is now in the range of 4-7%.

There has been no labor dispute for the past years.

HRD Policy

The company realizes the importance of its staff as they are valuable assets and play a major role in the success and growth of the company. Therefore it has a policy to develop the efficiency, knowledge and skills of its staff at all levels by having well organized training programs on a periodic basis. Training programs are designed to improve various aspects of work life like technical competence, team building, and enhancement of leadership skills, time management skills etc thereby improving the quality of the working life of the employees. Feedback of employees participating in such trainings is taken in order to help improvement of quality of seminars and trainings to be conducted in future.

Good Corporate governance & Internal Control

11.1. Corporate governance

11.1.1. Policy on Corporate governance

Polyplex realizes the significance of good corporate governance and makes every effort to implement the Corporate Governance principles laid down by the Stock Exchange of Thailand. The company has firm belief in transparency, accountability and ethical conduct in carrying out its operations. The Company adopts strict internal controls and audits in recognition of their importance. It also has several risk management policies, keeping in mind a good relationship and business ethic towards business partners, shareholders and all concerned parties.

11.1.2. Rights of shareholders

The Company recognizes the importance of equal rights of all shareholders and considers all the shareholders as owners of the Company irrespective of the percentage of shares owned.

The Company has a policy to report to shareholders regularly on progress of operations, either directly or through the Stock Exchange of Thailand or through information on its website after listing. Shareholders will be given fourteen days advance notice of all shareholder meetings, including the meeting agenda and related information. The shareholders would be encouraged to participate in the general meetings and their views and comments would be noted and followed up.

The shareholders also have the following rights which are exercised in the Annual Shareholding meetings:

- Re-appointment of Directors retiring by rotation and approval of the Director remuneration
- Approval of Auditor appointment and remuneration
- Approval of dividend payment

11.1.3. Rights of stakeholders

Polyplex has always provided equal importance to the requirements of all its stakeholders as under:

- **Personnel:** Company considers all its personnel to be valuable assets, critical to the success and growth of the organization. The Company is committed to providing a quality oriented work environment, with special emphasis on safety, along with fair and equitable remuneration. Apart from basic salary, Performance linked Bonus, Provident Fund contribution and Social Security Contribution, the Company also provides certain other benefits to its employees such as Overtime pay, Housing Allowance, Transport Allowance, Telephone allowance, Medical Insurance, Life Insurance coverage etc.
- **Business partners:** It has always been the policy of Polyplex to develop long standing and growing relationships with all its business partners based on mutual benefit and guided by good business ethics. The company values the long standing relationship with its business partners, whether it is the banks that support the trade finance and project financing requirements of the Company, or the strong Distributors/Agent network across various parts of the globe, which help in market development and ensure smooth continuity of the business operations for the company.

- **Competitors:** Polyplex will always abide by the framework of fair competition and would work towards market development and growth to the mutual benefit of the industry.
- **Creditors:** To abide by the loan covenants and provide all information about the progress of the Company to its creditors as may be required for smooth business dealings.
- **Customers:** Polyplex is committed to creating customer satisfaction by ensuring consistency in the quality of its products and offering value proposition to its global customer base.
- **Shareholders:** Polyplex strives to conduct its business in a transparent and efficient manner with a view to constantly strive to enhance shareholder value. New project investments will be evaluated prudently to ensure good returns and increase value to the shareholders.
- **Community/Society:** Polyplex realizes and cares for the safety of society, environment and quality of life of people. It places priority on activities relating to the community and the society and also by compliance of applicable laws and regulations relating to the same. The company periodically organizes Blood donation camps and encourages employees to donate blood. Apart from this, the Company also contributes donations (cash and kind), from time to time, to organizations engaged in various community services.

11.1.4. Shareholders' meetings

The Company endeavors to organize the shareholders' meeting with equitable treatment for all participants and in strict accordance with legal procedures, from meeting invitations, proxy form for those who are unable to attend the meeting, and distribution of meeting documents to inform all concerned of the meeting agendas. The meeting venue and time will be convenient while the meeting session will allow adequate time for shareholders to ask questions on business operations or voice their opinion.

11.1.5. Leadership and vision

The Board of Directors is the forum for review of plans, vision, strategies and key policies. Elaborate budgets have been formulated for all functional areas in the Company and a system of Key Result Areas (KRAs) has also been implemented for each department and individual as also at the corporate level to align interests and priorities across the organization. The Board of Directors would play a leading role in regular review of the actual operations vis-à-vis budgets.

11.1.6. Conflict of interest

The policy is based on the principle that any decision to be made by personnel at all levels in business operations must be in the best interest of the Company. It is the duty of all personnel to avoid any transactions and/or dealings which could result in financial losses to the Company and result in personal monetary benefit. The Audit Committee is entrusted to watch over and review the internal controls and audit function to ensure their efficiency and also ensure adequate disclosures to be made as per the SEC/SET guidelines.

11.1.7. Business ethics

Polyplex has a code of conduct for all personnel who emphasize observance of ethical practices, honesty and accountability. Responsibility towards all stakeholders and external agencies is encouraged in order to foster a good corporate culture and social responsibility.

11.1.8. Whistle Blower Policy

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company's Board has in February 2015, approved a Whistle Blower Policy which aims at encouraging its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. This policy aims to provide an avenue for employees who observe an unethical practice (whether or not a violation of law), to approach the Whistleblower Committee, which consists of 4 members, who are key functional heads of the organization and who will report to the Audit Committee about any complaints received by them.

11.1.9. Check and balance by non-executive directors

The Company has altogether eight directors as detailed below:

Status	Executive Directors	Non-Executive Directors	Audit Committee
Shareholders' representative Directors	1	3	-
Independent Directors	-	1	3

11.1.10. Integration or delegation of title and authority

The Chairman of the Board of Directors is an independent director and is also the Chairman of the Audit Committee. Independent directors constitute 50% of the Board of Directors and thus composition of the Board would ensure fair and effective management monitoring. The Managing Director is the CEO in charge of day-to-day operations and has specified powers with certain key decisions requiring approval by the Board of Directors.

11.1.11. Remuneration for directors and executives

The remuneration of the Board of Directors and the Audit Committee is proposed to the Shareholder meeting for their consideration and approval. The Managing Director's remuneration is fixed by the Board of Directors in discharge of duties as the CEO of the Company. The remuneration of the management is open for review by the shareholders who may set the appropriate policies and guidelines on this matter.

11.1.12. Board meetings

The meetings of the Board of Directors are usually convened at least once every quarter to review the operations / quarterly financial results and other matters. There were four Board meetings conducted during the FY 2016-2017. Attendance of directors is as follows:

Name	Position	Attendance
Mr. Manu Leopairote	Board Chairman & Audit Committee Chairman	4/4
Dr. Virabongsa Ramangkura	Director & Audit Committee member	4/4
Mr. Shiraz Erach Poonevala	Director & Audit Committee member	4/4
Mr. Sanjiv Saraf	Vice Chairman of the Board	0/4
Mr. Amit Prakash	Managing Director	4/4
Mr. Praphad Phodhivorakhun	Director	4/4
Mr. Pranay Kothari	Director	3/4
Mr. Manish Gupta	Director	3/4

11.1.13. Supporting committees or sub-committees

The Board of Directors has recommended and shareholders have approved an Audit Committee consisting of three independent directors. The Audit Committee members have the requisite qualifications under the relevant SET rules & guidelines. The powers and allocation of work have been clearly defined by the shareholders and include review of internal control systems, review of financial reports, connected transaction or transaction involving conflict of interest. The term of the Audit committee is 2 years and may be renewed by the Board of Directors every 2 years.

11.1.14. Internal control and audit system

The Board of Directors exercises control through setting of annual budgets and operational objectives, periodical review of which is done from time to time. Meanwhile, the Audit Committee oversees the internal controls and audit in the Company and suggests measures for improvement.

11.1.15. Board of Directors' report

The Board of Directors is responsible for the Company's financial statements. As a part of the annual report, the directors have commented on the financial results of the Company.

11.1.16. Relationship with investors

The Company places significance on the timely disclosure of accurate information to its shareholders and investors. It participates in the SET Opportunity day from time to time to disseminate information about the Company and its operations to investors and analysts. The company also organizes factory visit for the shareholders, analysts and potential investors. As regards investor relations, the Company has a well-developed IR section in the company website. The Investors/ Analysts can also register their e-mail ID's and receive an IR alert message, when any information is updated on the Company's website. Further information regarding the Company may be obtained by contacting at tel. +66 26652706- 8.

Measures to prevent use of internal information for executives' personal benefit

The Company is cognizant of the need for supervision of usage of internal company information by its directors and management for their own benefit. The directors and management who come to possess internal company information are not permitted to buy or sell the securities of the Company for a specified period prior to its announcement of operating results.

Corporate Social Responsibility

12.1. Ethical Business practices

Polyplex has a code of conduct for all personnel who emphasize observance of ethical practices, honesty and accountability. Responsibility towards all stakeholders and external agencies is encouraged in order to foster a good corporate culture and social responsibility.

12.2. Anti –Corruption and Bribery

Polyplex has a code of conduct for all personnel who emphasize observance of ethical practices, honesty and accountability. Responsibility towards all stakeholders and external agencies is encouraged in order to foster a good corporate culture and social responsibility. In its meeting held on 10th February, 2015, the Board of Directors have approved an Anti-corruption and Bribery Policy, to ensure that any of its personnel do not engage in unethical business practices of any kind, for deriving personal benefits. This policy has been implemented at Thailand and all the overseas subsidiaries of the Company.

12.3. Fair Labor practices

Company considers all its personnel to be valuable assets, critical to the success and growth of the organization. The Company is committed to providing a quality oriented work environment, with special emphasis on safety, along with fair and equitable remuneration. Apart from basic salary, Performance linked Bonus, Provident Fund contribution and Social Security Contribution, the Company also provides certain other benefits to its employees such as Overtime pay, Housing Allowance, Transport Allowance, Telephone allowance, Medical Insurance, Life Insurance coverage etc.

12.4. Responsibility towards customers

Polyplex is committed to creating customer satisfaction by ensuring consistency in the quality of its products and offering value proposition to its global customer base.

12.5. Caring for the Environment

Polyplex realizes the importance of caring for the environment. As a sustainability initiative, has invested in a project to recycle and provide sustainable solution for film based process waste . The project has started commercial operations in December, 2013 in Thailand, under the Company's subsidiary- EcoBlue Limited. Even in its normal operations, wherever possible, an effort is made to switch to energy efficient alternatives.

12.6. Social and Community Development

- Polyplex realizes and cares for the safety of society, environment and quality of life of people. It places priority on activities relating to the community and the society and also by compliance of applicable laws and regulations relating to the same. The company periodically organizes Blood donation camps and encourages employees to donate blood. Apart from this, the Company also contributes donations (cash and kind), from time to time, to organizations engaged in various community services.

Internal Controls

At the 3/2017 board of directors' meeting of PTL held on May 16, 2017 with the two of the three audit committee members attending, the board assessed PTL's internal control by means of making inquiries with its management. Based on the assessment of PTL's internal control system in five aspects, namely organization and environment, risk management, control of the executives' operation, information technology system & information communication and follow-up system, the board viewed that PTL has adequate internal control with regard to the making of transaction with its major shareholders, directors, executives, or persons connected with the above mentioned persons.

The board considered that the Company's adequate and appropriate internal control and follow-up of the operations would be able to safeguard its assets against any illegitimate use by the executives.

Connected Transactions

14.1. A summary of the connected transactions between PTL and the connected parties during the past three years is as follows –

Party having conflict of interest	Relationship	Description of transaction	Pricing policy	Transaction Amount (Million THB)		
				2014-15	2015-16	2016-17
Polyplex Corporation Ltd. (PCL)	PCL is the Company's major shareholder, owning directly and indirectly the 51% of the Company's share capital and the two parties have common directors.	PCL made advance payments on behalf of the Company and its subsidiaries for administrative expenses, which were mainly traveling expenses of employees, accommodations for employees' family, educational fees for employees' children, insurance claims of employees, insurance premium payments, project related expenses etc. The Company has given the appropriate accounting treatment to these expenses and/or collected these amounts from the employees and paid them back to PCL.	The price of the transaction between PCL and the Company was a normal price in general business practice and was the price as actually paid by PCL in advance for the Company without any extra charge by PCL.	13.1	7.0	2.0
Polyplex Corporation Ltd. (PCL)	PCL is the Company's major shareholder, owning directly and indirectly the 51% of the Company's share capital and the two parties have common directors.	Purchase of Raw material – Polyester Chips and Polyester Film by all the subsidiaries of PTL including PTL	As per Transfer Pricing policy of PCL (Study done by Ernst & Young and TNMM [Transactional Net Margin] Method recommended for Transfer pricing	572.3	485.1	379

Party having conflict of interest	Relationship	Description of transaction	Pricing policy	Transaction Amount (Million THB)			
				2014-15	2015-16	2016-17	
Polyplex Corporation Ltd. (PCL)	PCL is the Company's major shareholder, owning directly and indirectly the 51% of the Company's share capital and the two parties have common directors.	Sale of Raw material – Polyester Chips to PCL – from PTL	For Sale of Chips to PCL, as per Transfer Pricing policy of PCL (Study done by Ersnt & Young and TNMM [Transactional Net Margin] Method recommended for Transfer pricing.	1.5	-	-	
Polyplex (Asia) Pte Ltd (PAPL)	PAPL is the Company's major shareholder, owning directly 34.5% of the Company's share capital and the two parties have a common director.	Payment of interest by Polyplex Resins Sanayi Ve Ticaret A.S, on the loans borrowed from PAPL*	Loans carried a fixed interest rate of 4.5% pa until September 2012, but were made interest free w.e.f 1st October 2012. Subsequently, the loan was made interest bearing w.e.f 1st October 2013 at 6M Euribor + 3.25% margin	8.8	-	-	

*Polyplex Resins Sanayi Ve Ticaret A.S has ceased to be a subsidiary w.e.f 2nd March, 2015 as Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S and Polyplex (Asia) Pte Ltd have divested 100% of their shareholding.

14.2. Necessity and reasonableness of the connected transaction

The connected transaction involved the advance payments made by PCL on behalf of the Company and its subsidiaries for administrative expenses. The Company and its subsidiaries have given the appropriate accounting treatment to these expenses and paid them back to PCL. The reimbursement of advances/ expenses to PCL was at the actual prices incurred without any extra charge by PCL.

The connected transaction also involved the advance payments made by the Company and its subsidiaries on behalf of PCL for administrative expenses, which were later re-imbursed by PCL.

During the year, the connected transaction also involved some purchases of Raw materials i.e Polyester Chips and Polyester Film from PCL. All purchases were made at Arm's Length Pricing as recommended in the Transfer Pricing study carried out by external agencies at various locations.

14.3. Measures or procedures for approval of the connected transaction

The audit committee of PTL has examined the connected transaction described in the table above and viewed that it is in accordance with the normal business practice. For all normal business transactions in the future such as purchase and sale of material, reimbursement of expenses, the Company can undertake the transactions and inform the audit committee and the Board of Directors on a quarterly basis.

For any other future connected transactions, which are not normal business transactions, the Company will assign the concerned units to gather the relevant information and provide it to the audit committee to be used as a basis for its consideration on those transactions as to whether they are consistent with the normal business practice and the market price. The Company would ensure that it follows the applicable regulations of the SEC and SET in this regard. The audit committee has to consider and inform the board of directors for the approval. The directors who have a conflict of interest may not partake in the giving of comments on those connected transactions.

14.4. Policy for potential connected transactions

For any connected transactions that may take place in the future, the Company has a policy to set appropriate conditions on the said transactions based on the reasons and necessity of the Company. The connected transactions performed over the past period were advance payments, made for such expenses as transportation, accommodations for employees' family, educational fees for employees' children, insurance claims of employees etc and also some raw material procurements as explained above. There were no extra charges by the parent company regarding such cost and expenses. In performing any future connected transactions, Company's board of directors will comply with the law governing securities and exchange and the regulations, notifications and orders of the Stock Exchange of Thailand, as well as the regulations regarding disclosure of information about connected transactions and acquisition or disposal of core assets of companies or subsidiary companies according to the accounting standards defined by the Institute of Certified Accountants and Auditors of Thailand.

Where the connected transaction involves any person who may have a conflict of interest, the Company will arrange for the audit committee to give opinion on the necessity and appropriateness of that transaction. In case the audit committee has no expertise in any such transaction, the Company will have an independent expert or its external auditor provide opinion on that transaction to be used as a basis of decision-making by the board of directors or the shareholders, as the case may be. The Company will disclose such connected transactions in the notes to the financial statements duly audited by its external auditor.

Financial Position and Operational performance

Financial statements

Auditor

Year	Name of auditor	CPA no.	Auditing firm
2016/17 (April 1, 2016-Mar 31,2017)	Mr. Chayapon Supasethnon	3972	EY Office Limited
2015/16 (April 1, 2015-Mar 31,2016)	Mr. Chayapon Supasethnon	3972	EY Office Limited
2014/15 (April 1, 2014-Mar 31,2015)	Mr. Termphong Opanaphan	4501	EY Office Limited
2013/14 (April 1, 2013-Mar 31,2014)	Mr. Termphong Opanaphan	4501	EY Office Limited
2012/13 (April 1, 2012-Mar 31,2013)	Mr. Termphong Opanaphan	4501	Ernst & Young Office Limited

Auditor's report

For all the past years, including the year ended on March 31st 2017, the Auditors have given an unqualified opinion that the financial statements were fairly presented and prepared in accordance with generally accepted accounting principles.

The financial statements of last 3 years, for both Consolidated and Standalone, latest being the year ended on 31st March 2017, have been given for the purpose of comparison and for the appreciation of the change in revenues and profitability over the years.

Polyplex (Thailand) Public Company Limited												
Statement of Financial Position												
Unit: Bt. 000's												
	Unconsolidated						Consolidated					
	2014/2015		2015/16		2016/17		2014/2015		2015/16		2016/17	
	April-March		April-March		April-March		April-March		April-March		April-March	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Assets												
Current Assets												
Cash and cash equivalents	40,819	0.48	25,700	0.32	38,581	0.47	964,393	5.97	1,076,441	6.89	730,694	5.07
Current investments	-	-	-	-	-	-	4,750	0.03	2,215	0.01	6,816	0.05
Accounts receivable	1,080,842	12.77	1,065,967	13.24	1,097,131	13.28	1,766,449	10.93	1,921,184	12.29	1,796,282	12.48
Amounts due from related party	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	683,381	8.07	645,776	8.02	653,998	7.92	1,809,409	11.19	1,750,290	11.20	1,725,572	11.98
Other current assets	114,873	1.36	85,894	1.07	128,342	1.55	222,345	1.38	163,196	1.04	212,034	1.47
Total Current Assets	1,919,915	22.68	1,823,337	22.64	1,918,052	23.22	4,767,346	29.49	4,913,326	31.43	4,471,398	31.05
Non-Current Assets												
Restricted bank deposits	-	-	-	-	-	-	18,615	0.12	21,086	0.13	13,417	0.09
Investment in subsidiary	1,368,768	16.17	1,368,597	16.99	1,712,615	20.74	-	-	-	-	-	-
Land, premises and esuipment-net	5,047,536	59.64	4,688,581	58.21	4,463,041	54.04	10,949,907	67.73	10,512,927	67.26	9,714,375	67.47
Intangible assets-net	-	-	-	-	(0)	(0.00)	15,507	0.10	8,600	0.06	6,544	0.05
Deferred Tax asset	109,162	1.29	147,657	1.83	147,657	1.79	362,403	2.24	147,657	0.94	147,657	1.03
Advance payment for purchases of assets	3,134	0.04	17,114	0.21	7,283	0.09	11,936	0.07	18,455	0.12	34,379	0.24
Other non current assets	14,944	0.18	8,733	0.11	10,719	0.13	40,723	0.25	9,068	0.06	11,246	0.08
Total Non-current Assets	6,543,544	77.32	6,230,682	77.36	6,341,316	76.78	11,399,091	70.51	10,717,793	68.57	9,927,618	68.95
Total Assets	8,463,459	100.00	8,054,019	100.00	8,259,368	100.00	16,166,437	100.00	15,631,119	100.00	14,399,016	100.00
Liabilities & Shareholders' Esuity												
Current Liabilities												
Trade and other Payables	602,755	7.12	580,908	7.21	634,817	7.69	1,229,660	7.61	1,024,875	6.56	1,165,325	8.09
Long-term loans-due within one year	259,741	3.07	154,106	1.91	495,911	6.00	262,867	1.63	162,709	1.04	500,411	3.48
Current portion of Lease agreements	-	-	-	-	-	-	1,368	0.01	1,541	0.01	1,568	0.01
Short-term loans from financial institutions	1,678,000	19.83	1,634,000	20.29	75,000	0.91	2,546,205	15.75	2,462,120	15.75	714,048	4.96
Short-term loans from related parties	646,415	7.64	1,338,665	16.62	2,381,614	28.84	-	-	-	-	-	-
Income tax payable	-	-	11,697	0.15	-	-	1,683	0.01	16,335	0.10	5,233	0.04
Other current liabilities	135,243	1.60	123,296	1.53	90,482	1.10	321,013	1.99	420,191	2.69	313,789	2.18
Total current liabilities	3,322,154	39.25	3,842,672	47.71	3,677,824	44.53	4,362,796	26.99	4,087,772	26.15	2,700,374	18.75
Non-current Liabilities												
Long-term loans from related party	-	-	-	-	-	-	-	-	-	-	-	-
Long-term loans-net of amount due within one year	1,956,892	23.12	1,440,873	17.89	671,233	8.13	4,145,485	25.64	3,311,130	21.18	2,002,231	13.91
Liabilities under Lease agreements	-	-	-	-	-	-	4,445	0.03	3,271	0.02	1,630	0.01
Provision for long-term employee benefits	9,700	0.11	7,713	0.10	10,584	0.13	21,840	0.14	25,808	0.17	28,382	0.20
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	5,288,745	62.49	5,291,257	65.70	4,359,641	52.78	8,534,566	52.79	7,427,981	47.52	4,732,616	32.87
Shareholders Equity												
Issued & Paid-up Share Capital												
Ordinary shares	800,000	9.45	800,000	9.93	900,000	10.90	800,000	4.95	800,000	5.12	900,000	6.25
Premium on ordinary shares	1,370,460	16.19	1,370,460	17.02	1,908,450	23.11	1,370,460	8.48	1,370,460	8.77	1,908,450	13.25
Other components of shareholders' equity	-	-	-	-	-	-	(1,100,806)	(6.81)	(331,358)	(2.12)	(884,354)	(6.14)
Legal Reserve	96,000	1.13	96,000	1.19	96,000	1.16	96,000	0.59	96,000	0.61	96,000	0.67
Retained earnings (deficits)	908,254	10.73	496,302	6.16	995,277	12.05	6,459,208	39.95	6,255,504	40.02	7,622,058	52.93
Total Shareholders' Equity	3,174,714	37.51	2,762,762	34.30	3,899,727	47.22	7,624,861	47.16	8,190,607	52.40	9,642,154	66.96
Minority Interest	-	-	-	-	-	-	7,009	0.04	12,531	0.08	24,246	0.17
Total Liabilities and Shareholders' Equity	8,463,459	100.00	8,054,019	100.00	8,259,368	100.00	16,166,437	100.00	15,631,119	100.00	14,399,016	100.00

Polyplex (Thailand) Public Company Limited													
Statement of Income													
	Unconsolidated						Consolidated						Unit: Bt. 000's
	2014/2015		2015/16		2016/17		2014/2015		2015/16		2016/17		
	April-March	%	April-March	%	April-March	%	April-March	%	April-March	%	April-March	%	
	Amount		Amount		Amount		Amount		Amount		Amount		
Revenues													
Net sales	5,191,916	94.63	5,449,936	99.47	5,270,385	95.20	11,912,727	95.43	12,278,323	99.71	11,538,844	96.73	
Exchange gains	230,444	4.20	-	-	233,157	4.21	480,175	3.85	-	-	326,010	2.73	
Other revenues	64,004	1.17	28,947	0.53	32,445	0.59	90,700	0.73	35,857	0.29	64,239	0.54	
Total Revenues	5,486,365	100.00	5,478,883	100.00	5,535,987	100.00	12,483,602	100.00	12,314,180	100.00	11,929,093	100.00	
Costs and Expenses													
Cost of sales	4,986,039	90.88	4,782,229	87.28	4,605,654	83.19	10,393,830	83.26	9,952,245	80.82	9,331,477	78.22	
Selling expenses	332,298	6.06	346,784	6.33	267,168	4.83	765,463	6.13	865,045	7.02	684,796	5.74	
Administrative expenses	112,463	2.05	83,944	1.53	67,573	1.22	522,809	4.19	463,058	3.76	367,826	3.08	
Exchange losses	-	-	249,176	4.55	-	-	-	-	313,241	2.54	-	-	
Loss on sale of investment in subsidiary	-	-	-	-	-	-	177,013	1.42	-	-	-	-	
Impairment loss on investment in a subsidiary	-	-	246,285	4.50	-	-	-	-	-	-	-	-	
Impairment loss on property, plant and equipment	-	-	-	-	-	-	-	-	351,196	2.85	-	-	
Total Expenses	5,430,800	98.99	5,708,417	104.19	4,940,395	89.24	11,859,115	95.00	11,944,785	97.00	10,384,098	87.05	
Profit (loss) before interest expenses	55,565	1.01	(229,534)	(4.19)	595,593	10.76	624,487	5.00	369,394	3.00	1,544,995	12.95	
Finance costs	(126,367)	(2.30)	(129,216)	(2.36)	(96,618)	(1.75)	(222,784)	(1.78)	(226,401)	(1.84)	(147,474)	(1.24)	
Income Tax	(32,432)	-	26,799	-	-	-	(6,606)	-	(262,809)	-	(23,558)	-	
Net profit (loss) after income tax	(103,234)	(1.29)	(331,952)	(6.55)	498,975	9.01	395,097	3.22	(119,816)	1.16	1,373,963	11.72	
Net loss (Profit) of minority interest	-	-	-	-	-	-	(5,072)	-	(3,419)	-	(7,602)	-	
Net profit (loss)	(103,234)	(1.29)	(331,952)	(6.55)	498,975	9.01	390,025	3.22	(123,235)	1.16	1,366,361	11.72	
Earnings (losses) per share (Bt.)	(0.13)	-	(0.41)	-	0.57	-	0.49	-	(0.15)	-	1.55	-	

Unit: Bt. 000's

Polyplex (Thailand) Public Company Limited						
Cash Flow Statement						
	Unconsolidated			Consolidated		
	2014/2015	2015/16	2016/17	2014/2015	2015/16	2016/17
	April-March	April-March	April-March	April-March	April-March	April-March
Unit : Bt. 000's						
Cash flow from operating activities						
Profit before tax	(70,802)	(358,750)	498,975	401,703	142,994	1,397,521
Adjustments to reconcile profit of net cash provided by operating activities						
Depreciation and amortization	388,497	395,050	392,568	735,035	769,146	754,440
Doubtful debts (doubtful debts recovery)	(1,162)	262	2,465	(2,135)	4,080	(1,281)
Decrease of inventories to net realisable value (reversal)	(10,210)	1,827	(11,824)	(7,263)	25,305	(30,185)
Dividend income	-	-	-	-	-	-
Interest Expense	126,367	127,737	94,993	210,734	268,522	140,969
Unrealized losses (gains) on foreign exchange	(152,572)	269,654	(200,806)	(346,289)	368,546	(274,630)
Loss on sales of investment in subsidiary	-	244	(1,195)	177,013	-	-
Long-term employee benefit expense	2,375	2,851	3,132	8,761	7,576	5,075
Gains on sales of current investments	-	-	-	-	-	-
Losses (gains) on sale and write off of property, plant and equipment	176	4,698	1,251	(6,650)	7,183	2,275
Impairment loss on investment in subsidiary	-	246,285	-	-	-	-
Impairment loss on goodwill	-	-	-	-	3,874	-
Impairment loss on property, plant and equipment	-	-	-	-	351,196	-
Profit (Loss) from operation before changes in operating assets and liabilities	280,669	689,858	779,560	1,170,908	1,948,423	1,994,184
Accounts receivable	(218,427)	22,146	(56,004)	(145,625)	(156,387)	91,889
Inventories	(1,520)	35,778	3,602	(7,515)	31,041	56,779
Other current assets	(31,895)	15,501	(22,144)	(68,822)	57,713	(28,035)
Other non-current assets	(682)	6,211	(1,986)	(28,180)	31,656	(2,178)
Increase (Decrease) in operating liabilities	-	-	-	-	-	-
Accounts payable	(22,916)	(14,985)	51,091	438,958	(219,341)	140,666
Other current liabilities	18,334	(14,385)	(31,578)	50,922	74,653	(103,598)
Payment of long-term employee benefits	(2,608)	(4,838)	(261)	(6,123)	(5,942)	(798)
Income tax paid	(2)	(1)	(11,697)	(11,600)	(33,294)	(34,709)
Cash flow provided from (used in) operating activities	20,953	735,284	710,584	1,392,922	1,728,521	2,114,201
Cash flow from Investing activities						
Decrease (increase) in restricted bank deposits	-	-	-	1,463	(2,471)	7,669
Decrease (increase) in current investments	-	-	-	1,250	2,535	(4,601)
Decrease (increase) in investments in subsidiaries	-	(247,940)	(346,300)	-	-	-
Proceeds from sales of investment in subsidiary	-	1,582	3,477	601,359	-	-
Dividend from subsidiary	-	-	-	-	-	-
Increase in advance payment for purchases of assets	22,229	(13,979)	9,831	60,866	(6,519)	(15,924)
Increase (decrease) in accounts payable for purchases of fixed assets	(1,476)	(7,806)	3,779	(115,908)	(7,645)	3,731
Purchases of property, plant and equipment	(228,807)	(53,895)	(168,873)	(881,926)	(116,823)	(200,873)
Proceeds from sales of property, plant and equipment	89	13,102	593	7,857	13,318	1,415
Increase in intangible assets	-	-	-	(5,035)	(210)	(147)
Net cash used in investing activities	(207,965)	(308,937)	(497,494)	(330,074)	(117,814)	(208,730)
Cash flow from financing activities						
Interest Paid	(131,550)	(129,440)	(96,164)	(311,432)	(270,100)	(142,844)
Increase (Decrease) in short term loans from financial institutions	693,076	(44,000)	(1,559,000)	896,196	(84,085)	(1,748,072)
Increase in short-term loans from related party	663,121	571,980	1,196,262	-	-	-
Increase (Decrease) in long-term loans from related party	-	-	-	111,022	-	-
Increase (decrease) in long-term loans from financial institutions	115,591	(760,005)	(379,297)	379,946	(1,248,666)	(890,947)
Repayment of long-term loans	(1,134,721)	-	-	(1,814,109)	-	-
Dividend payment	-	(80,000)	-	-	(80,000)	-
Dividend paid to non-controlling interests of subsidiary	-	-	-	-	-	-
Cash (paid)/received from non-controlling interests of subsidiaries	-	-	-	(26,018)	-	-
Cash received for capital from right offering	-	-	637,990	-	-	637,990
Cash provided from financing activities	205,517	(441,465)	(200,209)	(764,395)	(1,682,851)	(2,143,873)
Currency Translation changes	-	-	-	(313,465)	184,192	(107,345)
Increase in cash and cash equivalents	18,506	(15,119)	12,881	(15,012)	112,048	(345,747)
Cash and cash equivalents at the beginning of period (April 1)	22,314	40,819	25,700	979,405	964,393	1,076,441
Cash and Cash equivalents at the end of period (March 31)	40,819	25,700	38,581	964,393	1,076,441	730,694

Polyplex (Thailand) Public Company Limited							
Financial Ratios							
		Unconsolidated			Consolidated		
		2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
		April-March	April-March	April-March	April-March	April-March	April-March
Liquidity Ratios							
Current ratio	(time)	0.58	0.47	0.52	1.09	1.20	1.66
Quick ratio	(time)	0.34	0.28	0.31	0.63	0.73	0.94
Cash flow current ratio	(time)	0.01	0.21	0.19	0.32	0.41	0.62
Receivable current ratio	(time)	5.33	5.08	4.87	6.91	6.66	6.21
Avg. debt collection period	(day)	67.56	70.90	73.88	52.08	54.06	57.99
Inventory turnover period	(time)	71.32	65.25	66.00	18.05	20.61	18.68
Avg. selling period	(day)	5.05	5.52	5.45	19.94	17.47	19.28
Payable current ratio	(time)	8.09	8.08	7.58	8.14	8.83	8.52
Loan repayment period	(day)	44.49	44.55	47.51	44.21	40.78	42.25
Cash cycle	(day)	28.12	31.87	31.82	27.82	30.75	35.02
Profitability Ratios							
Gross profit margin	(%)	3.97%	12.25%	12.61%	12.75%	18.94%	19.13%
Operating profit margin	(%)	-4.60%	4.35%	6.26%	1.94%	8.13%	10.01%
Other profit margin	(%)	4.20%	0.00%	4.21%	3.85%	0.00%	2.73%
Cash to profit margin	(%)	37.71%	276.50%	119.31%	173.79%	167.20%	136.84%
Net profit margin	(%)	-1.88%	-6.06%	9.01%	3.12%	-1.00%	11.45%
Return on equity	(%)	-3.20%	-11.18%	14.98%	4.83%	-1.56%	15.32%
Efficiency Ratios							
Return on assets	(%)	-1.22%	-4.02%	6.12%	2.18%	-0.78%	9.10%
Return on fixed assets	(%)	5.52%	1.30%	19.48%	8.98%	6.02%	20.97%
Asset turnover	(time)	0.65	0.66	0.68	0.70	0.77	0.79
Financial Policy Ratios							
Debt to equity ratio	(time)	1.67	1.92	1.12	1.12	0.91	0.49
Interest coverage ratio	(time)	2.22	5.76	7.60	6.66	6.56	15.24
Commitment coverage ratio	(time)	0.03	0.82	1.30	2.77	1.20	1.94
Pay out ratio	(%)	0%	21%	0%	0%	21%	0%

Management Discussion and Analysis of operational performance and financial status

16.1 Operational performance

PTL, a subsidiary of PCL, was incorporated on March 26, 2002 to engage in the production and distribution of PET film (Polyethylene Terephthalate Film or Polyester Film) mainly for export markets focusing on packaging, industrial and electrical segments. The Company commenced operations from its first production line in April, 2003. Since then, the Company has expanded its operations significantly, both within and outside Thailand. In Thailand, the Company has invested in Extrusion Coating lines, Cast Polypropylene line, Silicone Coating line, Thick PET film line, Blown PP line and few Metallizers. Apart from this the Company has also set up manufacturing subsidiaries in Turkey (2005) and in USA (2012), trading companies in Netherlands, Turkey and China besides, Liaison offices in Malaysia and Korea.

All our operational product lines in Thailand have the following certifications:

- ISO 14001:2004 certification on Environment Management system
- ISO 9001:2008 certification on Quality Management system
- OHSAS 18001:2007 certification on Occupational Health and Safety Management system
- ISO 22000:2005 certification on Food Safety standards
- TPM Excellence Award (Category A)

All our product lines in Turkey have the following certifications:

- ISO 14001:2004 certification on Environment Management system
- ISO 9001:2008 certification on Quality Management system
- OHSAS 18001:2007 certification on Occupational Health and Safety Management system
- BRC/IoP – certification on Global Standard For Packaging and Packaging Materials (For Plain and Metallized Film lines)
- ISO 50001:2011 certification on Energy Management system

Polyplex group aims to become one of the world market leaders in plastic film industry by continuously expanding its market share through regular expansions in capacity and diversification in its product portfolio. The Thin PET film line in US and the Thick PET Film line in Thailand, which started in 2013 have added 31,000 MT and 28,800 MT per annum in the Company's combined PET film capacity. By venturing into the manufacture of related products such as BOPP film (In India) and CPP films (In Thailand), which are other Packaging substrates, used by Converters, in addition to PET film, Polyplex aims to become a preferred packaging substrate provider as against just a PET thin film supplier. Apart from this, in order to further diversify its product range, the group has regularly been expanding into other products such as Silicone coated film (In India – 2007, Thailand- 2012), Extrusion coated films (In Thailand – first line in 2008 and second line in 2013), Blown PP film (in Thailand in 2013) and Metallized films. Projects are underway for a new replacement Metallizer in USA and a second Blown PP film line in Thailand. The recycling project in Thailand has been set up to find sustainable solution for film based process waste.

Polyplex group has set out clear business strategies:

- 1) Focus on product development and technical services to penetrate high growth and high margin markets,
- 2) Focus on improvement in cost efficiency
- 3) Boosting delivery efficiency through focus on distributed manufacturing and logistics
- 4) Diversifying the product portfolio to minimize the risk of cyclical impact of the PET film industry, to increase stability of Earnings
- 5) Continuous effort to improve the share of value added and specialty products in the product portfolio.
- 6) Endeavor to attain Customer satisfaction through supply of consistent quality products
- 7) Judicious mix of On-shore, Off-shore and Near-shore strategy.

In the current year, due to growth in demand and slowdown in capacity additions, there has been an improvement in market sentiment and hence, an improvement in the overall operational performance at Thailand, Turkey and in USA.

For the year ended 31 March 2017, the company has reported a net profit of Baht 1,366.36 million on consolidated basis, as compared to a net loss of Baht 123.23 million in the previous financial year. The previous year included the exceptional loss of Baht 351.2 million on Impairment of assets as well as reversal of deferred tax asset of Baht 245 million at the US subsidiary. The previous year also had exchange losses amounting to Baht 313.24 million (of which Baht 368.55 million was unrealized FX loss partly offset by realized FX gains). Barring these exceptional items, the net profit for the previous year was Baht 787.2 million, which has increased to Baht 1,366.36 million in current year. Excluding the exchange gains in current year amounting to Baht 326.01 million (of which Baht 274.63 million is unrealized FX gain), the increase is from Baht 787.2 million in previous year to Baht 1,040.35 million in current year.

On a Standalone basis, the Company has reported a net profit of Baht 498.97 million as compared to a net loss of Baht 331.95 million in the previous year. The previous year included the exceptional loss of Baht 246.28 million on the Impairment of the investment in the US subsidiary and also included exchange losses amounting to Baht 249.18 million (of which Baht 269.65 was unrealized loss partly offset by realized gains). Barring these exceptional items, the net profit for the previous year was Baht 163.51 million, which has increased to Baht 498.74 million in current year. Excluding the exchange gains in current year amounting to Baht 233.16 million (of which Baht 200.81 million is unrealized FX gain), the increase is from Baht 163.51 million in previous year to Baht 265.82 million in current year.

The key highlights of the year's performance are as follows:

TOTAL REVENUES

Consolidated:

Sales Revenue:

Consolidated Sales revenue of the company has decreased from Baht 12,278.32 million to 11,538.84 million, a decrease of Baht 739.48 million or 6.02% mainly due to lower net sales realization (in line with drop in key raw material prices) in most of the businesses, partly offset by higher volumes at Thailand (mainly in Silicone Coated film and Blown PP film business) and higher volumes at the US subsidiary.

Table illustrating consolidated sales revenue from Exports and Domestic sales is as below:

	2014-15		2015-16		2016-17	
Market	Bt. million	%	Bt. Million	%	Bt. Million	%
Exports	7,690.47	64.56	7,996.33	65.13	7,714.32	66.86
Domestic sales	4,222.26	35.44	4,281.99	34.87	3,824.52	33.14
Total	11,912.73	100.00	12,278.32	100.00	11,538.84	100.00

Note: Sales made by the distribution company in the Netherlands/ China has been considered as Exports.

Other Income:

The other income has increased from Baht 35.86 million in the previous year to Baht 64.24 million mainly due to insurance claim income at the Turkey subsidiary (against chips plant break down in Q3) and increase in other income at Thailand, as explained below

There is an exchange gain in current year of Baht 326.01 million, as compared to an exchange loss of Baht 313.24 million in previous year mainly due to forex gains at Thailand on the restatement of the USD and Euro denominated loans due to THB strengthening against the USD and Euro and also due to forex gains at the subsidiary in US on the restatement of their Euro denominated inter-company loans, due to the sharp strengthening of USD against the Euro.

The net impact of the above factors have contributed to an overall decrease in total consolidated revenue by Baht 385.09 million or 3.13% to Baht 11,929.09 million.

Standalone:

Sales Revenue:

The Company's total sales revenue is mainly driven by Exports, with 80-85% of its total sales revenue coming from exports.

Table illustrating the Company's sales revenue from export and domestic sales is below:

	2014-15		2015-16		2016-17	
Market	Bt. million	%	Bt. million	%	Bt. Million	%
Exports	4,248.43	81.83	4,498.67	82.55	4,410.71	83.69
Domestic sales	943.49	18.17	951.27	17.45	859.68	16.31
Total	5,191.92	100.00	5,449.94	100.00	5,270.38	100.00

On a standalone basis, the Company recorded sales of Baht 5,270.38 million, a decrease of Baht 179.55 million or 3.29%, due to lower net sales realization (in line with drop in the key raw material prices) as well as lower volumes in some of the businesses, partly offset by higher volumes and net sales realization in the Silicone Coated business and Blown PP business.

Other Income:

The other income has increased from Baht 28.95 million to Baht 32.45 million due to receipt of insurance claim and profit from sale of investment in subsidiary, partly offset by lower export incentive income.

There is an exchange gain in current year of Baht 233.16 million, as compared to an exchange loss of Baht 249.18 million in previous year mainly due to forex gains at Thailand on the restatement of the USD and Euro denominated loans due to THB strengthening against the USD and Euro.

The net impact of the above factors has contributed to an increase in total revenues by Baht 57.10 million or 1.04%.

TOTAL EXPENSES**Consolidated**

The key elements of the Company's cost structure are raw materials, packing, electricity & fuel, depreciation, staff cost, selling & administrative expenses and finance costs.

The company recorded total consolidated expenses of Baht 10,384.10 million being a decrease over previous year by Baht 1,560.69 million or 13.07%. The previous year included the exceptional losses of Baht 351.19 million on Impairment of the US subsidiary assets and exchange losses amounting to Baht 313.24 million. The cost of sales has reduced by Baht 620.77 million or 6.24% mainly due to lower average raw material costs this year and also due to net gains on profit elimination relating to inter-company stocks, due to reduction in stocks at the US subsidiary held for trading out of inter-company purchases.

A broad break up of COS is given below:

Description	2014-15	2015-16	2016-17
Raw materials and consumables used (incl.change in inventory)	74.6%	74.4%	73.7%
Depreciation (in COS)	6.9%	7.6%	7.9%
Salaries, wages and other employee benefits (in COS)	7.9%	8.4%	9.3%
Utilities (Power/Natural Gas/ Chilled water etc)	8.1%	7.8%	7.6%
Others	2.5%	1.7%	1.4%
	<u>100.0%</u>	<u>100.00%</u>	<u>100.00%</u>

The selling expenses have decreased by Baht 180.25 million or 20.84% lower freight charges (due to lower freight rates), lower commission (due to lower sales realization) and due to lower quality claims (previous year included some major quality claim provisions for specialty film sales at the Turkey subsidiary, some of which were reversed in current year upon amicable settlement of the claims), and also due to other cost saving initiatives such as reduction in foreign travel by Sales personnel and also the in-house management of warehousing operations at Thailand, as explained below under Standalone.

The administrative expenses have decreased by Baht 95.23 million or 20.57% mainly due to savings arising out of certain cost saving initiatives undertaken by the Company last year at Thailand (explained under standalone) and also at the subsidiaries. The savings arising out of these initiatives have started reflecting fully in current year. Also, the previous year included penal interest on the corporate tax payable for FY 2011-12 (Baht 7.9 million) which was refunded by the Revenue department in current year, in line with a Notification of Ministry of Finance that no penal interest is chargeable in this case. Apart from this, there was a consequential product liability claim provision at Thailand for one of its key buyers of Silicone coated film which was finally settled at a lower amount than anticipated and excess provision reversed in this year.

As a % to total revenue, total expenses have decreased from 97% to 87% mainly due to the exceptional losses of Impairment of the US subsidiary assets and exchange losses in previous year. Apart from this, the reduction in % of expenses is also due to decrease in cost of sales, administrative and selling expenses and also due to exchange gains this year as compared to the exchange losses last year.

The consolidated finance costs during the year were Baht 147.47 million, a decrease of Baht 78.93 million or 34.86% over previous year. The key reason for reduction is mainly due to repayment of most of the working capital borrowings at Thailand by utilizing the funds of Baht 640 million raised from the Rights Offering shares in the month of May 2016 and also by repaying further the working capital loans at Thailand in the month of August'16, by borrowing inter-company loan from Polyplex Europa of Euro 20 million. The rationale of the working capital prepayment was to usefully deploy the surplus funds lying with Polyplex Europa and also minimize the risks arising due to the uncertain environment. The term debt interest is also lower this year due to repayment of loans at Thailand and USA over the past one year, including some prepayments of USD 14 million done at the US subsidiary in the month of Sept'16 and USD 6.4 million at Thailand in the month of Dec'16, in order to utilize and profitably deploy the surplus funds lying at the Turkey subsidiary.

The Consolidated Corporate Income tax expense in this year is Baht 23.55 million as compared to the expense of Baht 262.81 million in the previous year, which was on account of the reversal of the deferred tax asset (Baht 246 million) at the US subsidiary.

Standalone

The total expenses for the company standalone are Baht 4,940.39 million being a decrease over previous year by Baht 768.02 million. The previous year included the exceptional loss of Baht 246.29 million, on the Impairment of the investment in US subsidiary and exchange losses of Baht 249.18 million.

The Cost of sales is Baht 4,605.65 million, which is a decrease over previous year by Baht 176.57 million or 3.69%. This is mainly due to lower input raw material prices in current year as compared to previous year, partly offset by higher volumes in some of the businesses.

A broad breakup of the COS is given below:

Description	2014-15	2015-16	2016-17
Raw materials and consumables (incl.change in all inventory)	71.8%	72.0%	71.8%
Depreciation (in COS)	7.4%	7.9%	8.2%
Salaries, wages and other employee benefits (in COS)	8.7%	8.3%	8.7%
Utilities (Power/Natural Gas/ Chilled water etc)	10.0%	9.6%	9.0%
Others	2.1%	2.3%	2.3%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The selling expenses have been lower by Baht 79.62 million or 22.96% mainly due to savings from in-house management of the warehousing operations, as against outsourced contract in the previous year, lower sea freight charges, lower commission on sales (due to lower sales realization) and lower foreign travel expenses.

Administrative expenses have been lower than previous year by Baht 16.37 million or 19.50% mainly due to lower professional fees (termination of certain technical and market consultation contracts) and some other cost reduction initiatives undertaken by the Company such as downsizing of rented office space at Bangkok by relocating most of the personnel to factory premises to optimize on cost as well as improve efficiency and team work by having all key team members at a single location. Also, as explained above, the previous year included a consequential product liability claim provision for one of its key buyers of Silicone coated film and also included the penal interest on the corporate tax due in respect of FY 2011-12, both of which have been reversed this year and have contributed to reducing the administrative expenses.

As a % to total revenue, total expenses have decreased from 104% to 89% mainly due to the exceptional loss on Impairment of the US subsidiary assets in the previous year of last year, which in turn led to an impairment loss provision at Thailand, on its investment in the US Subsidiary. Apart from this, the reduction in % of expenses is also due to decrease in cost of sales, administrative and selling expenses and also due to exchange gains this year as compared to the exchange losses last year

The finance costs on a standalone basis during the year were Baht 96.62 million, a decrease of Baht 32.6 million or 25.23% over previous year. The key reason for reduction is mainly due to repayment of most of the working capital borrowings by utilizing the funds of Baht 640 million raised from the Rights Offering shares in the month of May 2016 and also by repaying further the working capital loans in the month of August'16, by borrowing inter-company loan from Polyplex Europa of Euro 20 million. The rationale of the working capital prepayment was to usefully deploy the surplus funds lying with Polyplex Europa and also minimize the risks arising due to the uncertain environment. The term debt interest is also lower this year due to repayment/including some prepayment of loans at Thailand over the past one year.

On a Standalone basis also, there is no corporate tax income this quarter as compared to the tax income of Baht 26.8 million in the previous year which was due to Deferred Tax creation.

Profit margins – Gross Profit, Operating Profit and Net profit ratios

The gross margin, operating margin and net margins have improved compared to previous year due to the overall improvement in operational performance, including the operations of the newer projects in Thailand and USA due to ramp up of capacity utilization. The forex gains this year as compared to forex losses last year has also contributed to the improvement in the Net margin this year.

16.2 Financial status

There has been an appreciation of THB against the Euro (approx. THB 3.11/Euro) as well as USD (approx. THB 0.79/USD) in this year compared to March 2016, so the balance sheet translation of the Company's subsidiaries whose reporting currency is Euro and USD, has been at a lower exchange rate, thereby resulting in translation losses of Baht 551.89 million.

TOTAL ASSETS

As on 31st March 2017, The Company's consolidated total assets were Baht 14,399 million, lower by 8.56% as compared to Baht 15,631 million in the previous year.

On a Standalone basis, the total assets as on 31st March 2017 were Baht 8,259 million, higher by about 2.55% as compared to Baht 8,054 million of previous year.

The main components of Total Assets are Current assets, Fixed assets, Investments and other non-current assets. A brief summary of the movement in the various components of total assets is given below:

Current assets

- Trade and other receivables on a consolidated basis have decreased, due to lower sales realization and also lower volumes. The reduction is also partly due to the exchange rate factor for Euro/THB and USD/THB as explained above.
- Inventories on a consolidated basis have decreased mainly due to lower exchange rate. There is an increase in raw materials and finished goods inventory at the Turkey subsidiary, partly offset by lower inventory levels at the US subsidiary and the lower exchange rate.
- There is a decrease in reported consolidated cash and cash equivalents by approximately Baht 346 million, due to deployment of cash surplus at the subsidiary in Turkey- Polyplex Europa to repay

most of the working capital loans and also to prepay some of the term loans at Thailand and USA, by borrowing inter-company loan.

- Increase in current investments is due to additional investments made by Ecoblue Limited out of operational profits generated during the year.
- There is an Increase in Input tax refundable at Thailand, but a reduction in input tax refundable at the subsidiaries.
- Other current assets – There is an increase in other current assets, mainly at Thailand due to higher MTM gain on forward contracts as at March' 2017 end as against the MTM gain as at the end of March' 2016. There is also an increase in other current assets, mainly in prepaid expenses, at the Turkey subsidiary, which is partly offset by lower exchange rate.

Non-current assets:

- The restricted bank deposit represents bank deposits pledged with the bank, as per terms of the term loan facility of the US subsidiary. The decrease is due to prepayment in September 2016, of all instalments falling due for repayment in FY 2017-18.
- There is a net Increase in investment in subsidiaries by Baht 344 million due to investment of USD 10 million by Polyplex (Thailand) Plc in Equity of Polyplex USA LLC in September'16, to support the term loan prepayments.
- Property Plant & Equipment (net block) have decreased by Baht 798.55 million on consolidated basis and Baht 225.54 million on standalone basis, mainly due to depreciation charged during the year and the lower exchange rate, partly offset by the increase on account of normal capex at Thailand and the subsidiaries.
- There is an increase in Advances for purchase of fixed assets on consolidated basis due to advances given by the US subsidiary for the metallizer project. This is partly offset by a reduction in advances at Thailand due to asset delivery against advances given to vendor.

Return on assets

On a consolidated basis, the return on assets is 9.10% as compared to a negative return of 0.73% % during previous year. On a standalone basis, it is 6.12% as compared to a negative return of 4.02% during previous year.

16.3 Liquidity

Cash flow

Consolidated

- For the year 2016-17, the Company and its subsidiaries generated cash of Baht 2,114.20 million in operating activities as per details below:
 - Cash generated from operating activities (before changes in operating assets and liabilities) was Baht 1,994.18 million.
 - The impact of changes in working capital (Inflow of Baht120.0 million) is as under:
 - Decrease in Accounts Receivable by Baht 91.89 million due to lower sales revenues resulting from lower average selling prices and also lower volumes in some businesses.
 - Increase in Accounts Payable by Baht 140.67 million mainly due to higher raw material prices in February/March 2017.
 - Payment of long term employee benefits – Baht 0.8 million
 - Cash paid for income tax – Baht 34.7 million
 - Decrease in Inventories by Baht 56.78 million.
 - Increase in other current/ non-current assets by Baht 30.21 million (Mainly due to increase in VAT refund receivable / discount receivable on raw materials and higher MTM gain on forward contracts at Thailand)
 - Decrease in other current liabilities by Baht 103.6 million due to reduction in expenses payable and also due to reversal of some earlier excess provisions at Thailand and the subsidiaries

- Net cash used in investing activities is Baht 208.7 million as per details below:
 - Net additions to fixed assets – Baht 199.5 million.
 - Baht 4.6 million increase in the restricted bank deposit.(Amount set aside for servicing the loan repayment and interest payment, as part of the Loan covenants of the US subsidiary's term loan for the PET film line project)
 - Increase in Intangible assets – Bt 0.1 million
 - Net increase in Advance and Accounts payable for fixed assets by Baht 12.2 million
 - Increase in current investments –Bt 4.6 million
- The net cash outflow from financing activities of Baht 2,143.9 million:
 - Repayment of Short term loan for WC financing – Baht 1,748.1 million
 - Repayment of Long term loans from banks- Baht 890.9 million
 - Cash paid for interest on term loans and short term loans – Baht 142.8 million
 - Cash received for increase in Capital through Rights Offering – Baht 638 million

The deficit thereof, offset with translation adjustment loss of Baht 107.3 million, and opening balance of Baht 1,076.4 million has resulted in a net closing balance of Baht 730.7 million.

Standalone

- During the year 2016-17, the Company, on a standalone basis, generated net cash from operating activities of Baht 710.6 million as per details below:
 - Cash generated from operating activities (before changes in operating assets and liabilities) was Baht 780.6 million.
 - The impact of changes in working capital (Outflow of Baht 69 million) is as under:
 - Increase in Accounts Receivable by Baht 56 million due to lower selling prices.
 - Decrease in Inventories by Baht 3.6 million
 - Increase in other current/ non-current assets by Baht 24.1 million (Mainly due to increase in VAT refund receivable /discount receivable on raw materials and higher MTM gain on forward contracts at Thailand).
 - Payment of long term employee benefits – Baht 0.3 million
 - Increase in Accounts Payable by Baht 51.1 million due to higher raw material prices in February/ March 2017.
 - Decrease in other current liabilities by Baht 31.6 million
 - Cash paid for income tax – Baht 11.7 million due to payment of the tax relating to FY 2011-12
- Net cash used in investing activities is Baht 497.5 million as per details below:
 - Equity Investment in Polyplex America Holdings Inc– Baht 346.3 million (Equivalent to USD 10 million), to support their term loan prepayment of instalments falling due in FY 2017-18
 - Net additions to fixed assets– Baht 168.3 million (Normal maintenance CAPEX).
 - Net decrease in Advance and Accounts payable for fixed assets by Baht 13.6 million
 - Proceeds from sale of investment in subsidiary – Ecoblue Limited – Bt 3.5 million
- The net cash outflow from financing activities of Baht 200.2 million is on account of below activities:
 - Repayment of Short term loan for WC financing – Baht 1,559 million, out of proceeds from Share capital increase through Right Offering and inflow from inter-company Loan
 - Repayment (including some prepayment) of Long term loans to banks – Baht 379.3 million
 - Cash paid for interest on term loans and short term loans – Baht 96.2 million
 - Drawdown of Loan from subsidiary (Polyplex Europa, Turkey) – Baht 1,196.3 million to repay working capital loans/ prepay bank term loans.
 - Cash received for increase in Capital through Rights Offering – Baht 638 million

The surplus thereof, together with the opening balance of Baht 25.7 million resulted in a net closing balance of Baht 38.6 million.

Liquidity ratio

In 2016-17, consolidated current ratio was 1.66 and quick ratio was 0.94. The Company's (standalone) current ratio was 0.52 and quick ratio was 0.31. Consolidated average debt collection period during 2016-17 was 58 days along with Account payables period of 42 days and average selling period of 19 days, resulting in a cash cycle of 35 days as against a cash cycle of 31 days of previous year. The average debt collection period of the Company (standalone) during 2016-17 was 74 days along with Accounts payable period of 48 days and average selling period of 5 days resulting in cash cycle of 32 days same as in previous year.

16.4 Sources of funds

Sources of funds consist of long term and short term loans from financial institutions and shareholders' equity.

TOTAL LIABILITIES

As on 31st March, 2017, consolidated Total liabilities stood at Baht 4,732 million, a decrease of Baht 2,695 million as compared to previous year. The major movements in Liabilities are as under:

Current Liabilities:

- Decrease in short term borrowings by Baht 1,748.07 million on consolidated basis is mainly on account of reduced working capital borrowing at Thailand due to repayment of loans with funds of Baht 640 million raised from Rights Offering shares in May'16 and funds from inter-company borrowings of Euro 20 million made in the month of August'16, from Polyplex Europa to profitably deploy the surplus funds lying with Polyplex Europa.
- The decrease in Long term loans (including current portion), on a Consolidated basis, is due to repayment of loans at Thailand and prepayment by Polyplex USA LLC in September 2016, of term loan instalments falling due for repayment in FY 2017-18 (USD 14 million). This prepayment was financed partly by the Equity investment made from Thailand and balance out of cash generated from operations and borrowings from working capital line in USA. In December 2016, term loans of USD 6.4 million at Thailand were prepaid by partly borrowing inter-company loan from the Turkey subsidiary and balance out of internal cash accruals.
- Increase in trade and other payables is mainly due to higher raw material payables at Thailand and the subsidiaries, due to increase in the key input raw material prices in Feb'17/ March'17. This is partly offset by the lower exchange rate.
- Decrease in Income tax payable is mainly at Thailand due to payment of the tax relating to FY 2011-12, which was provided in the books in March 2016.
- Decrease in other current liabilities is mainly due to reduction in expenses payable and also due to reversal of some earlier excess provisions at Thailand and the subsidiaries and also due to the lower exchange rate.

Major changes in Shareholder Equity:

- The retained earnings on consolidated basis have increased by Baht 1,366.55 million and on Standalone basis have increased by Baht 498.97 million due to the net profits generated during the current year.
- The decrease of Baht 553 million in other components of equity is mainly due to exchange translation losses arising on account of translation of the balance sheet of the subsidiaries due to the appreciation of Baht against Euro and USD as explained above.
- The increase in Non-controlling interests of subsidiaries is due to minority's share of profits generated during the year and also due to increase in minority stake in Ecoblue Limited from 26% to 33.5%, owing to sale of 7.5% stake by the Company to the minority shareholder in the month of July 2016.

Return on equity

The Return on Equity on Consolidated basis is 15.32% and 14.98% on Standalone basis as compared to negative 1.56% on consolidated basis and negative 11.18% on Standalone basis, due to net losses reported in previous year.

The Company has a policy to pay dividend at 40% of consolidated net profits, taking into account economic conditions, growth plans, future deployment opportunities, the Company's financial position and liquidity and subject to the approval by the shareholders.

For the year 2016-17, keeping in mind the overall cash flow situation of the Company, the significant term loan repayment obligations at Thailand and USA and the necessity to conserve cash for deployment in on-going projects as well as any growth opportunities in future, the Board has recommended a payout of THB 0.36/share or total payout of THB 324 million for approval of shareholders in the Annual General meeting in July 2017.

Leveraging & interest coverage ratio

The net debt equity ratio (debt only- short term and long term, including current portion, after netting off cash & cash equivalents and current investments) is 0.26 on a consolidated basis (as compared to 0.59 in previous year end) and 0.92 (as compared to 1.64 in previous year end) on a standalone basis. The decrease is due to is mainly due to repayment of most of the working capital borrowings at Thailand by utilizing the funds of Baht 640 million raised from the Rights Offering shares in the month of May 2016 and also by repaying further the working capital loans at Thailand in the month of August'16, by borrowing inter-company loan from Polyplex Europa of Euro 20 million. The rationale of the working capital prepayment was to usefully deploy the surplus funds lying with Polyplex Europa and also minimize the risks arising due to the uncertain environment. Apart from this, there were term loan prepayments of USD 14 million done at the US subsidiary in the month of Sept'16 and USD 6.4 million at Thailand in the month of Dec'16, in order to utilize and profitably deploy the surplus funds lying at the Turkey subsidiary. This has helped in the reduction of net debt equity ratio on Consolidated as well as Standalone basis.

Debt equity ratio (for total debt, including current + non-current liabilities), is 0.49 on a consolidated basis and 1.12 on a standalone basis.

The consolidated and standalone Interest coverage ratio are 15.24 and 7.60 as against 6.56 and 5.76 in the previous year, due to the improvement in operating profits during the year.

Commitments

As at 31 March 2017, company had the following commitments and contingent liabilities:

(a) The Company's foreign exchange contracts outstanding at 31 March 2017 are summarized below.

Foreign currency	Bought amount (Million)	Sold amount (Million)	2017	
			Contractual exchange rate	
			Bought	Sold
			(Baht per 1 foreign currency unit)	
US dollar	3.18	31.30	34.4552- 35.4615	34.4400- 35.7600
Euro	1.02	1.25	37.6760	36.9500- 37.9000
Japanese yen	-	51.35	-	0.3082- 0.3114
Foreign currency	Bought amount (Million)	Sold amount (Million)	2016	
			Contractual exchange rate	
			Bought	Sold
			(Baht per 1 foreign currency unit)	
US dollar	1.37	31.39	35.2300- 36.4989	35.2000- 36.3900
Euro	0.36	1.26	39.3700- 41.3900	38.1500- 40.1600
Japanese yen	-	19.42	-	0.3143- 0.3145

As at 31 March 2017 and 2016, a subsidiary had forward foreign exchange contracts as follows:

2017		
Bought amount	Sold amount	Contractual exchange rate
YTL 3.8 million	-	YTL 3.9360- 4.2196 per EUR 1
USD 6.6 million	-	USD 1.0570- 1.0912 per EUR 1
EUR 0.4 million	-	EUR 1.0796 per USD 1

2016		
Bought amount	Sold amount	Contractual exchange rate
YTL 3.0 million	-	YTL 3.2936- 3.3850 per EUR 1
USD 3.0 million	-	USD 1.0905- 1.1187 per EUR 1

- (b) As at 31 March 2017, the Company had capital commitments of approximately Baht 16.3 million, relating to the acquisitions of machinery and equipment.
- (c) As at 31 March 2017, the Company had commitments totaling Baht 8.8 million under various service agreements (2016: Baht 15.1 million). These agreements expire between April 2017 and February 2019.
- (d) The Company has entered into several lease agreements in respect of office building space and equipment. The term of the agreements are generally between 1 and 4 years.

Future minimum rentals payable under these leases are as follows:

	(Unit: Million Baht)	
	As at 31 March	
	2017	2016
Payable:		
In up to 1 year	0.3	2.0
In over 1 and up to 5 years	-	0.3

- (e) As at 31 March 2017, the Company has provided short-term guarantee worth USD 30.0 million (2016: USD 30.0 million) for working capital facilities obtained by a subsidiary, Polyplex USA LLC.
- (f) As at 31 March 2017, the Company has provided guarantee of USD 84.0 million (2016: USD 84.0 million) for the long-term loans obtained by its subsidiary (Polyplex USA LLC). As at 31 March 2017, the outstanding balance of this subsidiary's loan was USD 38.3 million (2016: USD 52.2 million).
- (g) As at 31 March 2017, Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi has provide guarantee of EUR 5.7 million for credit facilities obtained by Polyplex Paketleme Cozumleri Sanayi Ve Ticaret Anonim Sirketi (2016: EUR 5.7 million).
- (h) As at 31 March 2017, the Company has provided corporate guarantee of USD 2.0 million for the raw material suppliers of Polyplex USA LLC (2016: USD 1.8 million).

(i) As at 31 March 2017 and 2016, there were outstanding bank guarantees as follows:

(Unit: Million)

Letters of guarantee for	Currency	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Electricity usage	Baht	0.6	0.6	0.6	0.6
VAT refund	Baht	-	106.9	-	106.9
Others	Baht	4.1	0.1	4.1	0.1
Total	Baht	4.7	107.6	4.7	107.6
Others	Euro	2.8	7.2		
Total	Euro	2.8	7.2		
Purchase payment	USD	1.2	1.8		
Total	USD	1.2	1.8		

16.5 Main factors which may affect the future operational performance and financial position

The last few years have been very challenging year for the Polyester Film industry due to the excessive oversupply caused by the significant supply additions that happened, following the up cycle in 2010/ 2011. For Polyplex, the additional challenge has been the ramp up and stabilization of the new projects which started in 2013 in Thailand and USA.

The key challenges for the company in the coming year would be the following:

- Raw material price volatility and any significant upward movement in prices, which the company may not be able to fully pass on to the end customers in the current weak market scenario. Volatility in raw material prices is not good, as it dampens the overall business sentiment.
- Although the utilization rates of the Thin PET film line in USA and Thick PET Film line in Thailand have shown a significant improvement over previous year, near to optimum levels, the challenge remains to maintain stability and consistency in the performance.
- Volatility of THB against USD and Euro as well as the movement of Euro against the USD impacts the profits of the company. The company is exposed to 2 types of exchange fluctuation risks, one on the operational profits, including the restatement of the foreign currency denominated assets/ liabilities of the company on a standalone basis and secondly, on the conversion of the subsidiaries' financial statements, which are denominated in USD, Euro and RMB, into THB currency for the purpose of consolidation. While the Company hedges most of its operational foreign currency exposures, the fluctuations on account of restatement of long term loans cannot be completely hedged. As on 31st March, 2017, the total foreign currency denominated loans at Thailand are Euro 73.1 million (including related party loans) and USD 23.4 million and at USA is Euro 32.8 million (related party loan).

In the long run, the Company still remains confident of retaining its competitive edge due to various reasons as mentioned below:

1. Benefit from its various projects and expansions in the recent past:
 - a. PTL and its manufacturing subsidiaries have derived significant benefits from the captive PET resin production to serve its raw material demand on costs, quality and security of availability. The main advantages of a captive resin plant are lower cost of production because of efficiencies in raw material sourcing as also a lower conversion cost besides ensuring timely availability of raw material for the film plants. Easy availability of PTA and MEG would reduce the supply risk although cost of the same still remains a matter of concern for any PET film manufacturer as it has a direct impact on the margins of every manufacturer. Captive production of resin also allows the company to develop new specialty film products

- b. Metallizer plants in Thailand, Turkey and USA have helped improve the product mix by increasing the share of specialty film in the overall sales portfolio. In Thailand PET as well CPP and Blown PP films are being Metallized whereas in Turkey and in US, the Metallizers are used to metalize PET films. A new replacement metallizer is being added in USA to enhance their capacity and share of value added films.
 - c. The 2 Extrusion coating lines in Thailand have further helped the company to reduce their exposure to commodity grades of film and increase the proportion of value added films and other specialty grades of film.
 - d. The CPP line which started in Thailand in 2010 has helped the company broad base its product offerings to the converters and move towards becoming a complete packaging solution provider for its customers, rather than just a PET film supplier.
 - e. The Silicone Coating project which started in 2012 and the Blown PP line which started in 2013 in Thailand, has further diversified the product portfolio of the company and add a highly value added product in its portfolio. A project is underway for a second Blown PP film line in Thailand.
 - f. The Thick PET film line, implemented in Thailand in 2013 has also helped further diversify the product portfolio and mitigate the risk associated with the cyclical nature of the Thin PET film industry, as Thick PET film is a relatively more stable industry.
2. Polyplex has been deriving benefits from the larger size and distributed manufacturing operations across 4 geographies whereby it has qualified as a preferred global supplier with many multinational and large customers with global operations.
 3. Polyplex has been able to establish itself as a reliable supplier of consistent quality products
 4. Polyplex had also invested significantly in distribution, through the acquisition of a company in USA (Polyplex (Americas) Inc. (PA), [which has now been merged with Polyplex USA LLC (PUL), the manufacturing entity in USA], the investment in Polyplex (Trading) Shenzhen Co Ltd, China, setting up of the trading company in Netherlands in 2013 and by establishing warehouses across Europe for better distribution. It has also set up Liaison offices in Malaysia and in Korea.

16.6 Remuneration for auditor/s

1. Audit fee

The Company paid audit fee as below:

- A total of Baht ____ - ____ paid to the auditor/s for the past fiscal year; and
- A total of Baht 2,330,000.00 paid to the accounting firm the auditor/s work for, or the person or business related to the auditor/s and the accounting firm for the past fiscal year.

2. Non-audit fee

The Company made payment for other services, i.e. examination of compliance with conditions of promotion certificates, and legal and tax advisory services, including BOI and tax audit services, as follows:

- A total of Baht ____ - ____ paid to the auditor/s for the past fiscal year and Baht ____ - ____ payable in the future for the service not yet fully done for the past fiscal year; and
- A total of Baht 160,000 paid to the accounting firm the auditor/s work for, or the person or business related to the auditor/s and the accounting firm for the past fiscal year, and Baht 570,000 payable in the future for the service not yet fully done for the past fiscal year.

Information of Director and Management of the Company as

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Name-Surname	Position	Age (Years)	Education/ Training	Relation among family within Company	% of Shareholding	Working Experiences in the 5 preceding years		
						Period	Position	Company / Type of Business
1 Mr.Manu Leopaiprote	Board Chairman & Audit Committee Chairman	74	<ul style="list-style-type: none"> Bachelor's degree Economics (Hons.), Thammasat University Master's degree M.Sc. (Econ.), University of Kentucky, USA Ph.D in Business Administration (Honorary), Thammasat University Certificate, Industrial Development, Nagoya, Japan The National Defense College, Class 34 Certificate, Thai Institute of Directors (IOD) The Role of Chairman Program (RCM), Class 3/2001 Directors Certification Program (DCP), Class 30/2003 	-	-	2004-Present	Board Chairman & Chairman of the Audit Committee	Polyplex (Thailand) Plc.
						2003-Present	Counselor of State	The Council of State(Trade and Industry)
						2010- Present	Chairman	ARIP Public Company Limited
						2004- Present	Chairman	Khon Kaen Sugar Industry Public Company Limited
						2006- Present	Chairman of Audit Committee	Siam Steel International Public Company Limited
						2004-Present	Independent Director/Audit Committee Member	Thai Beverage Public Co. Ltd (Singapore Stock market)
						2011-Present	Chairman	T.M.C Industrial Public Co.Ltd
						2010 – Present	Chairman	Jubilee Enterprise Pcl.
						2010 – Present	Chairman	SVOA Pcl.
						2004- Present	Chairman	Bangkok Union Insurance Plc.

Name-Surname	Position	Age (Years)	Education/ Training	Relation among family within Company	% of Shareholding	Working Experiences in the 5 preceding years		
						Period	Position	Company / Type of Business
2 Mr.Sanjiv Saraf	Director & Vice Chairman	59	• Bachelor's degree Agricultural Engineering, Indian Institute of Technology, Kharagpur	-	-	May 2011- March 2015	General Manager & CEO	Polyplex (Asia) Pte. Ltd.
						July 2004-June, 2016	Director & Chairman	Polyplex Europa Polyester Film Sanayi Ve Ticaret
						2002- July 2010	Managing Director	Anonim Sirketi, Turkey
						July 2010 - Present	Vice- Chairman	Polyplex (Thailand) Plc.
						May 2002 - Present	Chairman	Polyplex (Thailand) Plc.
						2011-March 2016	Director	Polyplex Corporation Ltd.
								Polyplex America Holding Inc.
3 Mr.Pranay Kothari	Director	58	• Fellow Chartered Accountant- Institute of Chartered Accountants of India	-	-	2004-June 2016	Director	Polyplex Europa Polyester Film Sanayi Ve Ticaret
			• Qualified Company Secretary- The Institute of Company Secretaries of India			2002-Present	Director	Anonim Sirketi, Turkey
						1996- Present	Executive Director	Polyplex (Thailand) Plc. Polyplex Corporation Ltd.
4 Mr. Manish Gupta	Director	48	• Master's degree MBA, India of Institute of Management, Bangalore	-	-	March 2008- Present	Group CFO -Polyplex group	Polyplex Corporation Ltd.
						November 2012 - Present	Director	Polyplex (Thailand) Plc.

Name-Surname	Position	Age (Years)	Education/ Training	Relation among family within Company	% of Shareholding	Working Experiences in the 5 preceding years		
						Period	Position	Company / Type of Business
5 Dr.Virabongsa Ramangkura	Director & Audit Committee member	74	<ul style="list-style-type: none"> • Bachelor's degree First Class Honors, B.A. in Political Science, Chulalongkorn University • Master's Degree Economics ,University of Pennsylvania,U.S.A. • Ph.D.(Economics), University of Pennsylvania, U.S.A. • Doctor of Law (Honorary), Webster University, USA • Decoration - Knight Grand Cordon (Special Class) of the most Exalted Order of the White Elephant - Knight Grand Cordon (Special Class) of the most Noble Order of the Crown of Thailand 	-	-	2004-Present	Director & Audit Committee member	Polyplex (Thailand) Plc.
						Jan 2016-Present	Chairman	Bangkok Expressway & Metro Public Co., Ltd.
						1995-Present	Chairman	Double A (1991) Public Co., Ltd.
						2005-Present	Chairman	Finansa Co., Ltd.
						2006-Present	Chairman	South East Asia Energy Co., Ltd.
						2005- Present	Chairman	Bang-Mod Hospital Co., Ltd.
						2000- Present	Chairman	Nam Ngum 2 Power Company Limited
						Present	Chairman	Thailand Development Research Institute Foundation
						2008-Present	Chairman of the Advisory Board	King Power International Co., Ltd.
						2004-Present	Advisory Chairman	Areeya Property Public Co., Ltd.
6 Mr.Praphad Phodhivorakhun	Director	71	<ul style="list-style-type: none"> • Business Management from Sheffield College of Technology, Sheffield, England. • Master Degree Business Administration (MBA), Public Administration (MPA) Ramkhamhaeng University • Honorary Doctorate Degree in Business Administration Rajabhat University of Lampang 	-	-	2004-Present	Director	Polyplex (Thailand) Plc.
						October 1999-Present	Chairman of Board of Directors	Kang Yong Electric Public Company Limited
						November 1995 -Present	Chairman of Board of Directors	Mitsubishi Electric Kang Yong Wattana Co., Ltd.
						July 1996- Present	Chairman of Board of directors	Yokohama Rubbers (Thailand) Co., Ltd.
						July 1994- Present	Director	Kulthorn Kirby Public Company Limited
						Aug2008-Present	Member of Nomination and remuneration committee	Kang Young Electric Public Company Limited

Name-Surname	Position	Age (Years)	Education/ Training	Relation among family within Company	% of Shareholding	Working Experiences in the 5 preceding years		
						Period	Position	Company / Type of Business
7 Mr. Shiraz Erach Poonevala	Director & Audit Committee Member	53	<ul style="list-style-type: none"> Bachelor of Commerce Sydenham College of Commerce, India Master of Commerce Sydenham College of Commerce, India Associate Chartered Accountant Institute of Chartered Accountants of India 	-	-	2004-Present	Director & Audit Committee member	Polyplex (Thailand) Pcl.
						March 2008- Present	Director- Investment	G.P. Group of Companies Limited
						February 2013 – Present	Director	Mega Lifesciences Public Company Limited
						May 2016 – Present	Director & Audit Committee member	Boutique Corporation Plc
8 Mr. Amit Prakash	Managing Director	46	<ul style="list-style-type: none"> Bachelor of Technology in Electronics, Harcourt Butler Technical Institute, KANPUR- INDIA Master's degree In Marketing, Warwick Business School – U.K 	-	-	February 2015- Present	Managing Director	Polyplex (Thailand) Plc.
						December 2012 -Present	Director	Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi
						April 2016- Present	Director	Polyplex USA LLC & Polyplex (America) Holdings Inc.
						April 2016- Present	Director	Polyplex (Thailand) Plc.
						January 2002 – July 2004	Head- Engineering	Polyplex Corporation Ltd
						July 1998 – December 2011	Head – Production & Instrumentation	Polyplex (Asia) Pte. Limited.
						August 2011- Present	Director	Polyplex (Singapore) Pte Ltd
						February 2015 – Present	Director	Polyplex Paketleme Çözümleri Sanayi ve Ticaret A.Ş.
						September 2013– Present	Director	EcoBlue Limited
						March 2015 – Present	Director	Polyplex Trading
						May 2015- Present	Director	(Shenzhen) Co. Ltd

Name-Surname	Position	Age (Years)	Education/ Training	Relation among family within Company	% of Shareholding	Working Experiences in the 5 preceding years		
						Period	Position	Company / Type of Business
9 Mr. Ramesh Gupta	Business Head – SARALAM	50	<ul style="list-style-type: none"> B Tech, REC Allahabad, University of Allahabad –INDIA PGDBM – Marketing, Management development Institute, Gurgaon- INDIA 	-	-	January 2013 – Present	Business Head – SARALAM	Polyplex (Thailand) Plc
						July 2010 -December 2012	General Manager – Project Management	Bhilwara Energy Limited
10 Mr. Ashish Ghosh	Head – Sales & Marketing	51	<ul style="list-style-type: none"> Bachelor's / Master's Degree in Science – Jiawaji University, Gwalior – INDIA Master's degree in Business Administration - BIT Ranchi, INDIA 	-	-	November 2009 -Present	Head – Sales & Marketing	Polyplex (Thailand) Plc
						July 2015 – Present	Director	Polyplex Trading (Shenzhen) Co. Ltd
						April 2016- Present	Director	Polyplex (Singapore) Pte Ltd
						April 2016- Present	Director	Polyplex (Asia) Pte Ltd
						April 2016-Present	Director	Ecoblue Limited
11 Mr. S K Jha	Plant Head	49	<ul style="list-style-type: none"> Bachelor's degree of Engineering, Mechanical- Nagpur University, INDIA PGDBM – Institute of Management Sciences – Delhi, INDIA 	-	-	2012 – Present	Plant Head	Polyplex (Thailand) Plc
						May 2016 – Present	Director	Polyplex Trading (Shenzhen) Co. Ltd
12 Mr. Ankur Agarwal	Head – Supply Chain Management	40	<ul style="list-style-type: none"> B. Tech (College of Technology, Pantnagar)/ M.B.A (IIM, Lucknow) 	-	-	April 2015 –Present	Head – Supply Chain Management	Polyplex (Thailand) Plc
						September 2012 - March 2015	Head – Purchase	Polyplex Corporation Ltd.

Name-Surname	Position	Age (Years)	Education/ Training	Relation among family within Company	% of Shareholding	Working Experiences in the 5 preceding years		
						Period	Position	Company / Type of Business
13 Mr. Anubhav	Business Head – Blown & CPP films	38	<ul style="list-style-type: none"> Post Graduate Diploma in Marketing and Finance – IIPM Delhi, Bachelor of Engineering in Mechanical from Karnataka University Dharwad, Karnataka India 	-	-	Nov 2013- Present	Business Head – CPP and Blown films, Sales and Marketing head SEA	Polyplex (Thailand) Plc
14 Mr. Chakrit Srisamutnarak	Head – HR & Admin	57	<ul style="list-style-type: none"> Master Degree /HROD : National Institute of Development & Administration 	-	-	October 2007-Present	Business Analyst Country Head – Malaysia & Singapore – Head – HR, Safety & Admin	Polyplex (Thailand) Plc
15 Mr. Anurag Baheti	Head – F&A – Rayong	43	<ul style="list-style-type: none"> Semi- Qualified Chartered Accountant Institute of Chartered Accountants of India B-Com, Commerce College, Rajasthan University 	-	-	February 2006 - Present	Sr. Manager – Finance & Accounts	Polyplex (Thailand) Plc
16 Mrs. Supriya Pai Kasturi	Company Secretary & Head – F&A- Bangkok	36	<ul style="list-style-type: none"> Associate Chartered Accountant- Institute of Chartered Accountants of India 	-	-	February 2007 - Present	Sr. Manager – Finance & Accounts	Polyplex (Thailand) Plc

Polyplex (Thailand) Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 March 2017

Independent Auditor's Report

To the Shareholders of Polyplex (Thailand) Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Polyplex (Thailand) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2017, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Polyplex (Thailand) Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Polyplex (Thailand) Public Company Limited and its subsidiaries and of Polyplex (Thailand) Public Company Limited as at 31 March 2017, their 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 Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King 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.

Revenue recognition

The revenue from sales is the significant amount in the statement of comprehensive income and is also the key indicator of business performance on which the users of financial statements focus, and the Company also has a large customer base. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Company by

- Assessing and testing the Company's IT system and its 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 controls.
- On a sampling basis, examining supporting documents for sales transactions occurring during the year and near the end of the accounting period to verify the occurrence and accuracy of revenue, whether revenue recording was consistent with conditions, and whether it was in compliance with the Company's policy.
- Reviewing credit notes that the Company issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Value of investments in subsidiaries

I have focused my audit on the consideration of the value of investments in subsidiaries as discussed in Note 11 to the financial statements, because the impairment assessment on investments in subsidiaries is a significant accounting estimate requiring the management to exercise a high degree of judgement in identifying and estimating the recoverable amounts that are expected to be generated from subsidiaries. Moreover, the amount of the allowance for impairment of investments in subsidiaries is a significant amount presented in the statement of financial position. There is thus a risk with respect to the valuation of investments in subsidiaries.

I assessed the identification of the financial models selected by management by gaining an understanding of management's decision-making process. In addition, I gained an understanding of and assessed the following:

- The assumptions applied in preparing long-term plans and cash flow projections for subsidiaries with indicators of impairment exist based on the understanding I gained of the process by which the figures were arrived comparison of the assumptions with external and internal sources of information and comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgement in estimating cash flow projections, and comparison of the long-term growth rate of subsidiaries with industry forecasts.
- The discount rate, based on comparison of the average cost of capital and other data with those used by comparable organisations.

I assessed the identification of management's assumptions and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rate.

Deferred tax

The Company has disclosed its accounting policy and details relating to deferred tax in Note 4 and Note 21 to the financial statements. A deferred tax asset is recognised when it is highly probable that the Company's taxable profit

will be sufficient to allow utilisation of the deferred tax assets in the future. Determining whether there will be sufficient future taxable profit to utilise temporary differences or taxable losses requires significant management judgement with respect to preparation of business plans and projections of future taxable profit based on approved business plans. Therefore, there is a risk with respect to the amount of deferred tax assets.

I assessed the estimates of future taxable profit by checking the required information and key assumptions used in the projections against information from both internal and external sources, with consideration of information and assumptions that directly affect revenue growth and gross profit margin, such as inflation rate and demand forecast for the products. Furthermore, I compared the past projections with actual taxable profits to assess the exercise of management judgement in estimating taxable profits. I also tested the calculation based on the above information and assumptions.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group 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 Group, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chayapol Suppasertanon.

Chayapol Suppasertanon

Certified Public Accountant (Thailand) No. 3972

EY Office Limited

Bangkok: 12 May 2017

Polyplex (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	7	730,693,666	1,076,440,927	38,581,007	25,700,174
Current investments		6,815,941	2,214,923	-	-
Trade and other receivables	8	1,796,281,800	1,921,184,162	1,097,130,956	1,065,966,776
Inventories	9	1,725,572,370	1,750,289,539	653,998,122	645,776,245
Advance payments for purchases of goods		40,039,901	18,387,571	17,015,070	4,968,570
Input tax refundable		70,799,205	53,025,994	64,185,494	38,386,296
Other current assets		101,195,181	91,782,601	47,141,478	42,538,686
Total current assets		4,471,398,064	4,913,325,717	1,918,052,127	1,823,336,747
Non-current assets					
Restricted bank deposits	10	13,416,680	21,085,869	-	-
Investments in subsidiaries	11	-	-	1,712,615,461	1,368,597,490
Property, plant and equipment	12	9,714,374,803	10,512,927,141	4,463,040,848	4,688,580,815
Deferred tax assets	21	147,657,449	147,657,449	147,657,449	147,657,449
Goodwill		3,164,328	3,164,328	-	-
Other intangible assets	13	3,380,161	5,435,741	-	-
Advance payments for purchases of assets		34,378,825	18,455,068	7,282,870	17,113,566
Other non-current assets		11,245,544	9,067,627	10,719,319	8,733,119
Total non-current assets		9,927,617,790	10,717,793,223	6,341,315,947	6,230,682,439
Total assets		14,399,015,854	15,631,118,940	8,259,368,074	8,054,019,186

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

Polyplex (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from banks	14	714,048,428	2,462,120,025	75,000,000	1,634,000,000
Trade and other payables	15	1,165,324,983	1,024,875,022	634,816,685	580,908,094
Short-term loans from related parties	6	-	-	2,381,614,289	1,338,664,733
Current portion of long-term loans from banks	16	500,410,756	162,709,224	495,910,884	154,106,262
Current portion of liabilities under					
finance lease agreements	17	1,567,755	1,540,890	-	-
Income tax payable		5,233,170	16,335,452	-	11,696,580
Other current liabilities		313,788,559	420,191,428	90,482,428	123,296,039
Total current liabilities		2,700,373,651	4,087,772,041	3,677,824,286	3,842,671,708
Non-current liabilities					
Long-term loans from banks, net					
of current portion	16	2,002,230,800	3,311,130,205	671,233,314	1,440,872,530
Liabilities under finance lease agreements, net					
of current portion	17	1,629,877	3,270,911	-	-
Provision for long-term employee benefits	18	28,381,593	25,808,305	10,583,685	7,712,502
Total non-current liabilities		2,032,242,270	3,340,209,421	681,816,999	1,448,585,032
Total liabilities		4,732,615,921	7,427,981,462	4,359,641,285	5,291,256,740

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

Polyplex (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Shareholders' equity					
Share capital					
Registered					
900,000,000 ordinary shares of Baht 1 each					
(2016: 960,000,000 ordinary shares					
of Baht 1 each)		900,000,000	960,000,000	900,000,000	960,000,000
Issued and fully paid					
900,000,000 ordinary shares of Baht 1 each					
(2016: 800,000,000 ordinary shares					
of Baht 1 each)	23	900,000,000	800,000,000	900,000,000	800,000,000
Share premium		1,908,449,678	1,370,460,000	1,908,449,678	1,370,460,000
Retained earnings					
Appropriated - statutory reserve	19	96,000,000	96,000,000	96,000,000	96,000,000
Unappropriated		7,622,057,882	6,255,504,462	995,277,111	496,302,446
Other components of shareholders' equity		(884,353,703)	(331,357,743)	-	-
Equity attributable to owners of the Company		9,642,153,857	8,190,606,719	3,899,726,789	2,762,762,446
Non-controlling interests of the subsidiaries		24,246,076	12,530,759	-	-
Total shareholders' equity		9,666,399,933	8,203,137,478	3,899,726,789	2,762,762,446
Total liabilities and shareholders' equity		14,399,015,854	15,631,118,940	8,259,368,074	8,054,019,186

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

Polyplex (Thailand) Public Company Limited and its subsidiaries

Income statement

For the year ended 31 March 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Revenues					
Sales	22	11,538,843,997	12,278,322,654	5,270,384,825	5,449,935,949
Exchange gains		326,010,027	-	233,157,353	-
Other income		64,239,436	35,856,923	32,445,312	28,946,927
Total revenues		11,929,093,460	12,314,179,577	5,535,987,490	5,478,882,876
Expenses					
Cost of sales		9,331,476,614	9,952,244,814	4,605,654,192	4,782,228,533
Selling expenses		684,796,193	865,044,774	267,167,793	346,783,532
Administrative expenses		367,825,596	463,058,316	67,572,805	83,944,281
Exchange losses		-	313,241,229	-	249,176,004
Impairment loss on investment in a subsidiary	11	-	-	-	246,284,716
Impairment loss on property, plant and equipment	12	-	351,195,996	-	-
Total expenses		10,384,098,403	11,944,785,129	4,940,394,790	5,708,417,066
Profit (loss) before finance cost					
and income tax expense		1,544,995,057	369,394,448	595,592,700	(229,534,190)
Finance cost		(147,473,629)	(226,400,936)	(96,618,035)	(129,216,034)
Profit (loss) before income tax expense		1,397,521,428	142,993,512	498,974,665	(358,750,224)
Tax income (expense)	21	(23,558,488)	(262,809,420)	-	26,798,698
Profit (loss) for the year		1,373,962,940	(119,815,908)	498,974,665	(331,951,526)
Profit (loss) attributable to:					
Equity holders of the Company		1,366,361,313	(123,234,966)	498,974,665	(331,951,526)
Non-controlling interests of the subsidiaries		7,601,627	3,419,058		
		1,373,962,940	(119,815,908)		
Earnings per share					
24					
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		1.55	(0.15)	0.57	(0.41)
Weighted average number of ordinary shares (share)		881,643,836	800,000,000	881,643,836	800,000,000

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

Polyplex (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 March 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit (loss) for the year	<u>1,373,962,940</u>	<u>(119,815,908)</u>	<u>498,974,665</u>	<u>(331,951,526)</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified</i>				
<i>to profit or loss in subsequent periods:</i>				
Exchange differences on translation of				
financial statements in foreign currency	<u>(551,894,582)</u>	<u>769,969,919</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified				
to profit or loss in subsequent periods	<u>(551,894,582)</u>	<u>769,969,919</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified</i>				
<i>to profit or loss in subsequent periods</i>				
Actuarial gain (loss) - net of income tax	<u>192,107</u>	<u>(468,086)</u>	<u>-</u>	<u>-</u>
Other comprehensive income not to be reclassified				
to profit or loss in subsequent periods - net of income tax	<u>192,107</u>	<u>(468,086)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year	<u>(551,702,475)</u>	<u>769,501,833</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u><u>822,260,465</u></u>	<u><u>649,685,925</u></u>	<u><u>498,974,665</u></u>	<u><u>(331,951,526)</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>814,658,838</u>	<u>646,266,867</u>	<u>498,974,665</u>	<u>(331,951,526)</u>
Non-controlling interests of the subsidiaries	<u>7,601,627</u>	<u>3,419,058</u>		
	<u><u>822,260,465</u></u>	<u><u>649,685,925</u></u>		

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

Polyplex (Thailand) Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 March 2017

	Consolidated financial statements										(Unit: Baht)			
	Equity attributable to the owners of the Company													
	Other components of shareholders' equity													
	Other													
	Issued and fully paid share capital	Share premium	Appropriated - statutory reserve	Retained earnings	comprehensive income	Excess of cost	Discount	from change in shareholding	in subsidiary	of investment in subsidiary over the carrying amount of the interest acquired	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
					Exchange differences on translation of financial statements in foreign currency									
Balance as at 1 April 2015	800,000,000	1,370,460,000	96,000,000	6,459,207,514	(1,105,257,132)	-	4,450,692	(1,100,806,440)	7,624,861,074	7,009,000	7,631,870,074			
Loss for the year	-	-	-	(123,234,966)	-	-	-	-	(123,234,966)	3,419,058	(119,815,908)			
Other comprehensive income for the year	-	-	-	(468,086)	769,969,919	-	-	769,969,919	769,501,833	-	769,501,833			
Total comprehensive income for the year	-	-	-	(123,703,052)	769,969,919	-	-	769,969,919	646,266,867	3,419,058	649,685,925			
Dividends paid (Note 25)	-	-	-	(80,000,000)	-	-	-	-	(80,000,000)	-	(80,000,000)			
Price difference on sale of part of investment in a subsidiary	-	-	-	-	-	(521,222)	-	(521,222)	(521,222)	-	(521,222)			
Increase from the dilution in investment proportion in subsidiary	-	-	-	-	-	-	-	-	-	2,102,701	2,102,701			
Balance as at 31 March 2016	800,000,000	1,370,460,000	96,000,000	6,255,504,462	(335,287,213)	(521,222)	4,450,692	(331,357,743)	8,190,606,719	12,530,759	8,203,137,478			
Balance as at 1 April 2016	800,000,000	1,370,460,000	96,000,000	6,255,504,462	(335,287,213)	(521,222)	4,450,692	(331,357,743)	8,190,606,719	12,530,759	8,203,137,478			
Profit for the year	-	-	-	1,366,361,313	-	-	-	-	1,366,361,313	7,601,627	1,373,962,940			
Other comprehensive income for the year	-	-	-	192,107	(551,894,582)	-	-	(551,894,582)	(551,702,475)	-	(551,702,475)			
Total comprehensive income for the year	-	-	-	1,366,553,420	(551,894,582)	-	-	(551,894,582)	814,658,838	7,601,627	822,260,465			
Increase in capital from right offering (Note 23)	100,000,000	537,989,678	-	-	-	-	-	-	637,989,678	-	637,989,678			
Price difference on sale of part of investment in a subsidiary	-	-	-	-	-	(1,101,378)	-	(1,101,378)	(1,101,378)	-	(1,101,378)			
Increase from the dilution in investment proportion in subsidiary	-	-	-	-	-	-	-	-	-	4,113,690	4,113,690			
Balance as at 31 March 2017	900,000,000	1,908,449,678	96,000,000	7,622,057,882	(887,181,795)	(1,622,600)	4,450,692	(884,353,703)	9,642,153,857	24,246,076	9,666,399,933			

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

Polyplex (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 March 2017

(Unit: Baht)

	Separate financial statements				
	Issued and		Retained earnings		
	fully paid		Appropriated -		
	share capital	Share premium	statutory reserve	Unappropriated	Total
Balance as at 1 April 2015	800,000,000	1,370,460,000	96,000,000	908,253,972	3,174,713,972
Loss for the year	-	-	-	(331,951,526)	(331,951,526)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(331,951,526)	(331,951,526)
Dividends paid (Note 25)	-	-	-	(80,000,000)	(80,000,000)
Balance as at 31 March 2016	800,000,000	1,370,460,000	96,000,000	496,302,446	2,762,762,446
Balance as at 1 April 2016	800,000,000	1,370,460,000	96,000,000	496,302,446	2,762,762,446
Profit for the year	-	-	-	498,974,665	498,974,665
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	498,974,665	498,974,665
Increase in capital from right offering (Note 23)	100,000,000	537,989,678	-	-	637,989,678
Balance as at 31 March 2017	900,000,000	1,908,449,678	96,000,000	995,277,111	3,899,726,789

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

Polyplex (Thailand) Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 March 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities				
Profit (loss) before tax	1,397,521,428	142,993,512	498,974,665	(358,750,224)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	754,439,801	769,146,064	392,568,129	395,050,207
Impairment loss on property, plant and equipment	-	351,195,742	-	-
Doubtful debts (reversal)	(1,281,259)	4,080,024	2,465,019	261,511
Decrease of inventories to net realisable value (reversal)	(30,185,267)	25,305,038	(11,824,001)	1,826,712
Impairment loss on investments in a subsidiary	-	-	-	246,284,716
Impairment loss on goodwill	-	3,874,351	-	-
Loss (gain) on sales of investments in a subsidiary	-	-	(1,194,827)	244,098
Losses on disposals and write off of equipment	2,275,442	7,183,251	1,251,495	4,698,481
Long-term employee benefits expenses	5,075,199	7,575,949	3,132,027	2,851,342
Unrealised losses (gains) on exchange	(274,630,365)	368,546,446	(200,806,053)	269,654,292
Interest expenses	140,969,294	268,522,371	94,993,290	127,737,204
Profit from operating activities before changes in operating assets and liabilities	1,994,184,273	1,948,422,748	779,559,744	689,858,339
Operating assets (increase) decrease				
Trade and other receivables	91,888,663	(156,387,053)	(56,003,569)	22,145,964
Inventories	56,778,609	31,040,993	3,602,125	35,778,025
Other current assets	(28,034,603)	57,713,468	(22,144,207)	15,501,042
Other non-current assets	(2,177,917)	31,655,860	(1,986,201)	6,210,561
Operating liabilities increase (decrease)				
Trade and other payables	140,665,979	(219,341,431)	51,090,963	(14,985,191)
Other current liabilities	(103,597,699)	74,653,184	(31,577,713)	(14,385,263)
Payments of long-term employee benefits	(797,701)	(5,942,439)	(260,844)	(4,838,410)
Cash from operating activities	2,148,909,604	1,761,815,330	722,280,298	735,285,067
Cash paid for corporate income tax	(34,708,797)	(33,294,346)	(11,696,580)	(1,468)
Net cash from operating activities	2,114,200,807	1,728,520,984	710,583,718	735,283,599

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

Polyplex (Thailand) Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 March 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from investing activities				
Decrease (increase) in restricted bank deposits	7,669,189	(2,471,079)	-	-
Decrease (increase) in current investments	(4,601,018)	2,535,077	-	-
Cash paid for additional investment in a subsidiary	-	-	(346,300,000)	(247,940,000)
Proceeds from sales of investment in a subsidiary	-	-	3,476,856	1,581,525
Decrease (increase) in advance payments for purchases of assets	(15,923,757)	(6,518,573)	9,830,695	(13,979,478)
Increase (decrease) in accounts payable for purchases of equipment	3,731,279	(7,645,089)	3,778,598	(7,806,088)
Proceeds from sales of equipment	1,414,616	13,317,825	593,487	13,101,741
Purchases of equipment	(200,872,552)	(116,822,537)	(168,873,145)	(53,895,137)
Purchases of other intangible assets	(147,475)	(209,801)	-	-
Net cash used in investing activities	(208,729,718)	(117,814,177)	(497,493,509)	(308,937,437)
Cash flows from financing activities				
Decrease in short-term loans from banks	(1,748,071,597)	(84,085,462)	(1,559,000,000)	(44,000,000)
Increase in short-term loans from related parties	-	-	1,196,262,262	571,979,896
Decrease in long-term loans from banks	(890,947,385)	(1,248,665,572)	(379,297,344)	(760,004,733)
Cash paid for interest expenses	(142,843,905)	(270,099,913)	(96,163,972)	(129,440,344)
Dividends payment	-	(80,000,000)	-	(80,000,000)
Cash received for capital from right offering	637,989,678	-	637,989,678	-
Net cash use in financing activities	(2,143,873,209)	(1,682,850,947)	(200,209,376)	(441,465,181)
Increase (decrease) in translation adjustments	(107,345,141)	184,191,967	-	-
Net increase (decrease) in cash and cash equivalents	(345,747,261)	112,047,827	12,880,833	(15,119,019)
Cash and cash equivalents at beginning of year	1,076,440,927	964,393,100	25,700,174	40,819,193
Cash and cash equivalents at end of year	730,693,666	1,076,440,927	38,581,007	25,700,174

Supplemental cash flows information:

Non-cash transaction

Payable for purchase of equipments	14,122,601	10,676,454	12,056,788	8,563,322
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The accompanying notes are an integral part of the financial statements.

Polyplex (Thailand) Public Company Limited and its subsidiaries
 Notes to consolidated financial statements
 For the year ended 31 March 2017

1. General information

Polyplex (Thailand) Public Company Limited (“The Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Polyplex Corporation Limited, which was incorporated in Republic of India. The Company is principally engaged in the manufacture and distribution of polyester films, metallised films, extrusion coated films, cast polypropylene films, silicone coated films and PET resins. The registered addresses of the Company’s head office and factories are as follows:

Head office: 75/26 Ocean Tower II, 18th Floor, Soi Sukhumvit 19, Sukhumvit Road,
 Kwaeng North Klongtoey, Khet Wattana, Bangkok.

Factory 1: Siam Eastern Industrial Park, 60/24 Moo 3, Tambol Mabyangporn,
 Amphur Pluakdaeng, Rayong.

Factory 2: Siam Eastern Industrial Park, 60/91 Moo 3, Tambol Mabyangporn,
 Amphur Pluakdaeng, Rayong.

Factory 3: Siam Eastern Industrial Park, 60/109 Moo 3, Tambol Mabyangporn,
 Amphur Pluakdaeng, Rayong.

2. Basis of preparation

- 2.1 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 28 September 2011, 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.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Polyplex (Thailand Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Subsidiaries’ name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017 (%)	2016 (%)
EcoBlue Ltd.	Manufacture and distribution of recycled plastic products	Thailand	66.50	74.00
Polyplex (Singapore) Pte. Ltd.	Investment holding company	Republic of Singapore	100.00	100.00
Polyplex America Holdings Inc.	Investment holding company	United States of America	100.00	100.00
Polyplex Europe B.V.	Distribution of plastic film	Netherlands	100.00	100.00
Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi (100% owned by Polyplex (Singapore) Pte. Ltd.)	Manufacture and distribution of polyester film and chips	Republic of Turkey	100.00	100.00
Polyplex Trading (Shenzhen) Co., Ltd. (100% owned by Polyplex (Singapore) Pte. Ltd.)	Distribution of plastic film	The People’s Republic of China	100.00	100.00
Polyplex USA LLC (100% owned by Polyplex America Holdings Inc.)	Manufacture and distribution of polyester film and chips	United States of America	100.00	100.00
Polyplex Paketleme Cozumleri Sanayi Ve Ticaret Anonim Sirketi (99.99% owned by Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi)	Distribution of plastic film	Republic of Turkey	99.99	99.99

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statement of changes in shareholders’ equity.

- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. 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 and its subsidiaries' financial statements

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is 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 management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

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

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Interest income

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

Dividends

Dividends are recognised when the right to receive the dividends is established.

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 receivables

Trade receivables 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 experiences and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (under the average method) and net realisable value. Cost includes all production costs and attributable factory overheads.

Raw materials, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method net of allowance for impairment of investments (if any).

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The differences between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Property, plant and equipment/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 buildings and building improvements, machinery and equipment is calculated by reference to their costs on the straight-line basis. Depreciation of other equipment is calculated on the sum of the year digits basis. The estimated useful lives of plant and equipment are as follows:

Buildings and building improvements	-	20 and 50 years
Machinery and equipment	-	4- 20 years
Furniture, fixtures and office equipment	-	3- 10 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

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

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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	3- 5 years

4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

4.10 Related party transactions

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

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

4.11 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 are depreciated over the useful life of the assets.

Leases of property and equipment 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.

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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.

4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform 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. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

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

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat 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 obligation under the defined benefit plan and other long-term employee benefit plans is 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 benefits are recognised immediately in profit and loss.

4.15 Provisions

Provisions are recognised when the Company and its subsidiaries have 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.

4.16 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 and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

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

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 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 and its subsidiaries 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 and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

Level	1	- Use of quoted market prices in an observable active market for such assets or liabilities
Level	2	- Use of other observable inputs for such assets or liabilities, whether directly or indirectly
Level	3	- Use of unobservable inputs such as estimates of future cash flows

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

5. Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful accounts

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

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Impairment of investments

The Company treats investments in subsidiaries as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Property, plant and equipment/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.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

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

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

The obligation under the defined benefit plan and other long-term employee benefit plans is 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 and its subsidiaries 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)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2017	2016	2017	2016	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	1,253	1,277	Cost plus margin
Purchases of raw materials	-	-	60	16	Cost plus margin
Other income	-	-	-	2	Cost plus margin
Rental and service income	-	-	10	8	As stipulated in agreements
Interest expenses	-	-	37	23	6-month Euribor + 2.00% per annum and 2.80% per annum (2016: 6-month Euribor + 2.25% per annum and 3.25% to 3.40% per annum)
Other expenses	-	-	-	1	Cost plus margin
<u>Transactions with related companies</u>					
Purchases of raw materials	379	485	6	40	Cost plus margin
Other expenses	6	7	2	4	Cost plus margin

As at 31 March 2017 and 2016, the balances of the accounts between the Company, subsidiaries and those related parties are as follows:

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Trade and other receivables - related parties (Note 8)					
Subsidiaries		-	-	393,286	383,409
Total trade and other receivables- related parties		-	-	393,286	383,409
Trade payables - related parties (Note 15)					
Parent company		88,949	80,169	2,365	10,104
Subsidiaries		-	-	19,269	1,428
Total trade payables- related parties		88,949	80,169	21,634	11,532

Short-term loans from related parties

As at 31 March 2017 and 2016, the balances of loans between the Company and those related parties and the movements are as follows:

		(Unit: Thousand Baht)				
		Separate financial statements				
Short-term loans from related parties	Related by	Balance as at 31 March 2016	Increase during the year	Decrease during the year	Unrealised gain on exchange	Balance as at 31 March 2017
EcoBlue Limited	Subsidiary	34,000	-	(8,500)	-	25,500
Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S.	Subsidiary	1,304,665	1,204,762	-	(153,313)	2,356,114
Total		1,338,665	1,204,762	(8,500)	(153,313)	2,381,614

Short-term loans from EcoBlue Limited carried interest at 2.80% per annum (2016: 3.25% to 3.40% per annum) and are repayable in 6 months from the date of first drawdown. If on the maturity date, the Company is unable to repay the loans in full, the loans shall be rolled over based on mutual agreement.

Short-term loans from Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S. carried interest at 6-month Euribor + 2.00% per annum (2016: 6-month Euribor + 2.25% per annum). The loans are repayable within 31 March 2017. On the maturity date, the loans were rolled over based on mutual agreement for one year.

Directors and management's remuneration

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	89	103	40	37
	89	103	40	37

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 28.4 to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	1,485	2,481	982	1,564
Bank deposits	729,209	1,073,960	37,599	24,136
Total cash and cash equivalents	730,694	1,076,441	38,581	25,700

As at 31 March 2017, bank deposits in saving accounts and fixed deposits carried interests between 0.1 and 0.8 percent per annum (2016: between 0.1 and 1.0 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,685,980	1,758,304	658,606	580,046
Past due				
Up to 3 months	96,793	145,738	35,807	87,426
3- 6 months	9,973	6,501	5,901	5,570
6- 12 months	4,353	11,408	3,889	5,898
Over 12 months	4,560	6,106	2,536	4,047
Total trade receivables- unrelated parties	1,801,659	1,928,057	706,739	682,987
Less: Allowance for doubtful debts	(5,377)	(6,873)	(2,894)	(429)
Total trade receivables- unrelated parties, net	1,796,282	1,921,184	703,845	682,558
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	392,401	374,419
Past due				
Up to 3 months	-	-	-	8,239
Over 6 months	-	-	-	157
Total trade receivables- related parties	-	-	392,401	382,815
Total trade receivables- net	1,796,282	1,921,184	1,096,246	1,065,373
<u>Other receivables</u>				
Other receivables- related party	-	-	885	594
Total other receivables	-	-	885	594
Total trade and other receivables- net	1,796,282	1,921,184	1,097,131	1,065,967

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories- net	
	2017	2016	2017	2016	2017	2016
Finished goods	492,485	594,875	(32,712)	(55,327)	459,773	539,548
Work in process	307,662	290,181	(6,087)	(14,808)	301,575	275,373
Raw materials	473,134	416,417	(343)	(1,068)	472,791	415,349
Spare parts and factory supplies	341,654	334,348	-	-	341,654	334,348
Goods in transit	149,779	185,671	-	-	149,779	185,671
Total	<u>1,764,714</u>	<u>1,821,492</u>	<u>(39,142)</u>	<u>(71,203)</u>	<u>1,725,572</u>	<u>1,750,289</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories- net	
	2017	2016	2017	2016	2017	2016
Finished goods	65,823	80,668	(2,677)	(5,055)	63,146	75,613
Work in process	157,225	143,098	(6,088)	(14,809)	151,137	128,289
Raw materials	263,744	245,777	(343)	(1,068)	263,401	244,709
Spare parts and factory supplies	154,638	174,329	-	-	154,638	174,329
Goods in transit	21,676	22,836	-	-	21,676	22,836
Total	<u>663,106</u>	<u>666,708</u>	<u>(9,108)</u>	<u>(20,932)</u>	<u>653,998</u>	<u>645,776</u>

Movements in the allowance for reducing cost of inventories to net realisable value for the year 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 March 2016	71,203	20,932
Add: Allowance made during the year	1,400	1,400
Less: Allowance reversed during the year	(31,585)	(13,224)
Less: Translation adjustment	(1,876)	-
Balance as at 31 March 2017	<u>39,142</u>	<u>9,108</u>

10. Restricted bank deposits

As at 31 March 2017, restricted bank deposits represent fixed deposits amounting to USD 0.4 million (2016: USD 0.6 million) carried interest at 0.45 percent per annum (2016: 0.05 percent per annum), pledged with the bank as per terms and conditions of the long-term loan facility of a subsidiary (Polyplex USA LLC).

11. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Subsidiary's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investments		(Unit: Thousand Baht)	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
			Percent						Carrying amount	
Ordinary shares										
Polyplex (Singapore) Pte. Ltd.	EUR 0.8 million	EUR 0.8 million	100.00	100.00	41,440	41,440	-	-	41,440	41,440
Polyplex Europe B.V.	EUR 0.2 million	EUR 0.2 million	100.00	100.00	8,157	8,157	-	-	8,157	8,157
Polyplex America Holdings Inc.	USD 46.6 million	USD 36.6 million	100.00	100.00	1,474,489	1,128,189	(246,285)	(246,285)	1,228,204	881,904
EcoBlue Limited	Baht 26.5 million	Baht 26.5 million	66.50	74.00	20,233	22,515	-	-	20,233	22,515
					1,544,319	1,200,301	(246,285)	(246,285)	1,298,034	954,016
Preference shares										
Polyplex (Singapore) Pte. Ltd.	EUR 8.4 million	EUR 8.4 million	100.00	100.00	414,581	414,581	-	-	414,581	414,581
					414,581	414,581	-	-	414,581	414,581
Total					1,958,900	1,614,882	(246,285)	(246,285)	1,712,615	1,368,597

(Unit: Thousand Baht)

No dividend has been declared by subsidiaries during the year.

During the year, the Company sold 79,875 ordinary shares of EcoBlue Limited, to a minority shareholder who is director of such company, so the shareholding percentage of the Company has decreased to 66.5% interest in that company.

On 8 August 2016, a meeting of Board of Directors of the Company passed resolution approving additional investment in Polyplex America Holdings Inc. for a maximum amount of up to USD 10 million. On 28 September 2016, the Company paid for additional investment in Polyplex America Holdings Inc. totaling 2,000 ordinary shares (or 100% of the shares of the subsidiary in issue) at cost of USD 10 million (equivalent to Baht 364.3 million). The par value of the subsidiary's share is USD 0.01 per share.

During the year 2015, the subsidiary, Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi (Polyplex Europa) entered into a share purchase agreement with an overseas company to dispose the investment in subsidiary to that company. According to the agreement, there was deferred sale consideration payable in future of EUR 6 million, subject to fulfillment of certain conditions stipulated in the share purchase agreement which will be valid until 31 December 2019.

12. Property, plant and equipment

	Consolidated financial statements						(Unit: Thousand Baht)
	Land	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction	Total
Cost							
1 April 2015	349,841	2,948,654	11,026,296	152,232	59,344	38,306	14,574,673
Purchases	-	10,378	93,930	12,740	1,401	873	119,322
Disposals	-	-	(23,795)	(1,353)	(6,702)	(2,603)	(34,453)
Transfer in/(Transfer out)	-	1,299	27,460	4,060	-	(32,819)	-
Translation adjustment	14,939	162,421	583,920	7,678	2,826	562	772,346
31 March 2016	364,780	3,122,752	11,707,811	175,357	56,869	4,319	15,431,888
Purchases	-	7,811	107,933	11,505	-	88,038	215,287
Disposals/ Write off	-	-	(4,188)	(240)	(2,327)	(15,488)	(22,243)
Transfer in/(Transfer out)	-	-	22,984	162	-	(23,146)	-
Translation adjustment	(6,641)	(72,647)	(306,290)	(4,571)	(1,438)	(194)	(391,781)
31 March 2017	358,139	3,057,916	11,528,250	182,213	53,104	53,529	15,233,151

(Unit: Thousand Baht)

	Consolidated financial statements (continued)					
	Land	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction
Accumulated depreciation						
1 April 2015	-	385,292	3,091,278	107,881	40,315	-
Depreciation for the year	-	114,184	617,849	23,461	9,474	-
Disposals	-	-	(4,695)	(18)	(6,740)	-
Translation adjustment	-	15,538	164,004	5,699	1,847	-
31 March 2016	-	515,014	3,868,436	137,023	44,896	-
Depreciation for the year	-	115,817	614,460	15,422	6,874	-
Disposals/ Write off	-	-	(2,065)	(32)	(2,041)	-
Translation adjustment	-	(11,443)	(124,092)	(3,826)	(1,255)	-
31 March 2017	-	619,388	4,356,739	148,587	48,474	-
Allowance for impairment of assets						
31 March 2015	-	-	-	-	-	-
Increase during the year	-	104,570	246,626	-	-	-
Translation adjustment	-	706	1,690	-	-	-
31 March 2016	-	105,276	248,316	-	-	-
Translation adjustment	-	(2,357)	(5,647)	-	-	-
31 March 2017	-	102,919	242,669	-	-	-
Net book value						
31 March 2016	364,780	2,502,462	7,591,059	38,334	11,973	4,319
31 March 2017	358,139	2,335,609	6,928,842	33,626	4,630	53,529
Depreciation for the year						
2016 (Baht 695.7 million included in manufacturing cost, and the balance in selling and administrative expenses)						764,968
2017 (Baht 727.4 million included in manufacturing cost, and the balance in selling and administrative expenses)						752,573

(Unit: Thousand Baht)

	Separate financial statements						Total
	Land	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction	
Cost							
1 April 2015	196,627	1,287,333	5,547,041	83,467	32,225	51,255	7,197,948
Purchases	-	7,775	32,007	10,752	1,820	1,541	53,895
Disposals	-	-	(17,810)	(1,353)	(6,178)	-	(25,341)
Transfer in/(Transfer out)	-	1,299	45,579	4,046	-	(50,924)	-
31 March 2016	196,627	1,296,407	5,606,817	96,912	27,867	1,872	7,226,502
Purchases	-	6,089	80,971	8,652	-	73,161	168,873
Disposals/ Write off	-	-	(2,692)	(240)	-	(817)	(3,749)
Transfer in/(Transfer out)	-	-	22,984	162	-	(23,146)	-
31 March 2017	196,627	1,302,496	5,708,080	105,486	27,867	51,070	7,391,626
Accumulated depreciation							
1 April 2015	-	252,641	1,814,891	59,250	23,630	-	2,150,412
Depreciation for the year	-	64,625	313,190	12,369	4,866	-	395,050
Disposals	-	-	(1,543)	(17)	(5,981)	-	(7,541)
31 March 2016	-	317,266	2,126,538	71,602	22,515	-	2,537,921
Depreciation for the year	-	64,993	314,140	10,474	2,961	-	392,568
Disposals/ Write off	-	-	(1,872)	(32)	-	-	(1,904)
31 March 2017	-	382,259	2,438,806	82,044	25,476	-	2,928,585
Net book value							
31 March 2016	196,627	979,141	3,480,279	25,310	5,352	1,872	4,688,581
31 March 2017	196,627	920,237	3,269,274	23,442	2,391	51,070	4,463,041
Depreciation for the year							
2016 (Baht 377.8 million included in manufacturing cost, and the balance in selling and administrative expenses)							395,050
2017 (Baht 379.1 million included in manufacturing cost, and the balance in selling and administrative expenses)							392,568

As at 31 March 2017, the subsidiary had equipment with net book value of Baht 9 million (2016: Baht 9 million) which were acquired under finance lease agreements.

As at 31 March 2017, certain items of equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 76 million (2016: Baht 69 million) (The Company only: Baht 38 million (2016: Baht 36 million)).

The Company and its subsidiaries have pledged their property, plant and equipment amounting approximately to Baht 7,355 million (2016: Baht 7,879 million) as collateral to secure credit facilities received from financial institutions (The Company only: Baht 3,996 million, 2016: Baht 4,281 million).

13. Other intangible assets

The net book value of other intangible assets as at 31 March 2017 and 2016 is presented below.

	(Unit: Thousand Baht)
	Consolidated financial statements
	Computer software
As at 31 March 2017	
Cost	20,986
Less: Accumulated amortisation	(17,269)
Add: Translation adjustment	(337)
Net book value	3,380
As at 31 March 2016	
Cost	18,704
Less: Accumulated amortisation	(14,204)
Add: Translation adjustment	936
Net book value	5,436

A reconciliation of the net book value of other intangible assets for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2017	2016
Net book value at beginning of year	5,436	8,468
Acquisition of computer software	147	210
Amortisation	(1,866)	(4,178)
Translation adjustment	(337)	936
Net book value at end of year	3,380	5,436

14. Short-term loans from banks

				(Unit: Thousand Baht)	
Interest rates		Consolidated		Separate	
2017	2016	financial statements	financial statements	financial statements	financial statements
(% per annum)	(% per annum)	2017	2016	2017	2016
Short-term loans					
from banks	LIBOR + 2.00%	639,048	828,120	-	-
Promissory notes	2.60% 2.42%- 3.79%	75,000	1,634,000	75,000	1,634,000
Total short-term loans from banks		<u>714,048</u>	<u>2,462,120</u>	<u>75,000</u>	<u>1,634,000</u>

As at 31 March 2017, short-term loans from banks represented loans of USD 18.5 million (2016: USD 23.5 million). These loans were guaranteed by the Company and its subsidiaries as described in note 28.4 to the financial statements.

15. Trade and other payables

				(Unit: Thousand Baht)	
		Consolidated		Separate	
		financial statements	financial statements	financial statements	financial statements
		2017	2016	2017	2016
Trade payables- related parties					
		88,949	80,169	21,634	11,532
Trade payables- unrelated parties					
		1,060,351	928,222	601,126	559,293
Other payables- unrelated parties					
		1,902	5,808	-	1,520
Other payables for purchases of assets					
		<u>14,123</u>	<u>10,676</u>	<u>12,057</u>	<u>8,563</u>
Total trade and other payables		<u>1,165,325</u>	<u>1,024,875</u>	<u>634,817</u>	<u>580,908</u>

16. Long-term loans from banks

				(Unit: Thousand Baht)	
Interest rates		Consolidated		Separate	
(per annum)	Repayment schedule	financial statements	financial statements	financial statements	financial statements
		31 March	31 March	31 March	31 March
		2017	2016	2017	2016
4.61%- 5.54%	October 2010 to July 2016	-	10,197	-	10,197
Euribor + 2.50%	October 2013 to August 2019	357,903	412,140	357,903	412,140
Libor +	October 2009 to				
(1.75%- 3.375%)	September 2020	<u>2,144,739</u>	<u>3,051,502</u>	<u>809,241</u>	<u>1,172,642</u>
Total		<u>2,502,642</u>	<u>3,473,839</u>	<u>1,167,144</u>	<u>1,594,979</u>
Less: Current portion		<u>(500,411)</u>	<u>(162,709)</u>	<u>(495,911)</u>	<u>(154,106)</u>
Long-term loans- net of current portion		<u>2,002,231</u>	<u>3,311,130</u>	<u>671,233</u>	<u>1,440,873</u>

The Company's loan facilities are secured by the mortgage of land, premises and machinery of the Company. The subsidiary's loan facilities are secured by the mortgage of its land and premises and the pledge of its machinery and bank deposits, and are guaranteed by the Company as described in Note 28.4 to the financial statements.

The loan agreements contain several covenants which, among other things, require the Company and its subsidiaries to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

As at 31 March 2016, the Company had two interest rate swap agreements with a bank, under which the Company agreed to swap a floating interest rate of Libor for a fixed interest rate of 2.61 percent per

annum and 3.54 percent per annum on outstanding principal of USD 0.08 million and USD 0.2 million, respectively. The Company made all repayment of loan related to these swap agreements during this year.

17. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2017	2016
Liabilities under finance lease agreements	3,334	5,115
Less: Deferred interest expenses	(136)	(303)
Total	3,198	4,812
Less: Portion due within one year	(1,568)	(1,541)
Liabilities under finance lease agreements - net of current portion	1,630	3,271

A subsidiary has entered into finance lease agreements for rental of equipment for use in its operations. The average term of the agreements is 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Thousand Baht)		
	As at 31 March 2017		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	1,667	1,667	3,334
Deferred interest expenses	(99)	(37)	(136)
Present value of future minimum lease payments	1,568	1,630	3,198

	(Unit: Thousand Baht)		
	As at 31 March 2016		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	1,705	3,410	5,115
Deferred interest expenses	(164)	(139)	(303)
Present value of future minimum lease payments	1,541	3,271	4,812

18. 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, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Employee retirement pension		Other employee benefits		Total	
	2017	2016	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of the year	21,527	18,280	4,281	3,560	25,808	21,840
Included in profit or loss:						
Current service costs	2,932	5,765	898	831	3,830	6,596
Interest cost	1,092	851	154	129	1,246	980
Included in other comprehensive income:						
Actuarial losses (gains) arising from						
Experience adjustments	(240)	585	-	-	(240)	585
Benefits paid during the year	(537)	(5,704)	(261)	(239)	(798)	(5,943)
Translation adjustment	(1,464)	1,750	-	-	(1,464)	1,750
Provision for long-term employee benefits	<u>23,310</u>	<u>21,527</u>	<u>5,072</u>	<u>4,281</u>	<u>28,382</u>	<u>25,808</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Employee retirement pension		Other employee benefits		Total	
	2017	2016	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of the year	3,431	6,140	4,281	3,560	7,712	9,700
Included in profit or loss:						
Current service costs	1,649	1,538	898	831	2,547	2,369
Interest cost	432	353	154	129	586	482
Benefits paid during the year	-	(4,599)	(261)	(239)	(261)	(4,838)
Provision for long-term employee benefits	<u>5,512</u>	<u>3,432</u>	<u>5,072</u>	<u>4,281</u>	<u>10,584</u>	<u>7,713</u>

Long-term employee benefits expenses included in the profit or loss consist of as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	financial statements	
	2017	2016	2017	2016
Current service cost	3,830	6,596	2,547	2,369
Interest cost	1,246	980	586	482
Total expenses recognised in profit or loss	5,076	7,576	3,133	2,851

Line items in profit or loss under which such expenses are included:

Cost of sales	4,500	6,082	3,133	2,851
Selling and administrative expenses	575	1,494	-	-

The Company and its subsidiary expect to pay Baht 21.7 million of long-term employee benefits during next year (the Company only: Baht 1.9 million) (2016: Baht 18.9 million (the Company only: Baht 1.4 million)).

As at 31 March 2017, the weighted average duration of the liabilities for long-term employee benefits is 17-20 years (the Company only: 17 years) (2016: 17-24 years (the Company only: 17 years)).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rates	1.1%- 4.2% per annum	1.1%- 4.2% per annum	4.2% per annum	4.2% per annum
Salary increase rates	1.1%- 8.0% per annum	1.1%- 8.0% per annum	3.0%- 8.0% per annum	3.0%- 8.0% per annum
Turnover rates	3.77%- 20% per annum	3.74%- 20% per annum	10%- 20% per annum	10%- 20% per annum
Gold price	Baht 20,300 per Baht weight	Baht 20,300 per Baht weight	Baht 20,300 per Baht weight	Baht 20,300 per Baht weight

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefits obligation as at 31 March 2017 and 2016 are summarised below:

(Unit: Thousand Baht)

		Consolidated financial statements							
		Employee retirement provision				Other employee benefit			
		Increase 1%		Decrease 1%		Increase 1%		Decrease 1%	
		2017	2016	2017	2016	2017	2016	2017	2016
Discount rate		2,494	1,956	(1,729)	(2,471)	(226)	(205)	251	228
Salary rate		(1,260)	(2,109)	2,086	1,713	-	-	-	-
		Increase 1%-20%		Decrease 1%-20%		Increase 1%-20%		Decrease 1%-20%	
Turnover rate		(1,509)	(1,420)	2,097	1,807	(895)	(721)	1,159	932
Gold price rate		-	-	-	-	942	808	(942)	(808)

(Unit: Thousand Baht)

		Separate financial statements							
		Employee retirement provision				Other employee benefit			
		Increase 1%		Decrease 1%		Increase 1%		Decrease 1%	
		2017	2016	2017	2016	2017	2016	2017	2016
Discount rate		(1,012)	(908)	1,191	1,069	(226)	(205)	251	228
Salary rate		1,540	1,276	(1,315)	(1,096)	-	-	-	-
		Increase 20%		Decrease 20%		Increase 20%		Decrease 20%	
		2017	2016	2017	2016	2017	2016	2017	2016
Turnover rate		(1,478)	(1,188)	2,065	1,653	(895)	(721)	1,159	932
Gold price rate		-	-	-	-	942	808	(942)	(808)

19. 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.

20. Expenses by nature

Significant expenses classified by nature are as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Salaries, wages and other employee benefits	1,104,969	1,099,596	401,762	396,740
Depreciation and amortisation	754,440	769,146	392,568	395,050
Loss on diminutions in value of inventories (reversal)	(32,061)	25,305	(11,824)	1,827
Raw materials and consumables used	8,203,905	8,510,963	3,307,571	3,385,191
Changes in inventories of finished goods and work in process	84,909	(77,208)	718	55,991
Loss on impairment of property, plant and equipment	-	351,196	-	-
Loss (gain) on exchange	(326,010)	313,241	(233,157)	249,176
Rental expenses from operating lease agreement	5,546	8,114	2,414	4,877

21. Income tax

Tax income (expense) for the years ended 31 March 2017 and 2016 are made up as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Current income tax:</u>				
Current income tax charge	23,464	19,107	-	-
Adjustment in respect of current income tax of previous year	94	11,897	-	11,697
<u>Deferred tax:</u>				
Relating to origination and reversal of temporary differences	-	231,805	-	(38,496)
<u>Tax (income) expense reported in the statement of income</u>	<u>23,558</u>	<u>262,809</u>	<u>-</u>	<u>(26,799)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 March 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax relating to gain (loss) on actuarial calculation	48	(117)	-	-
	<u>48</u>	<u>(117)</u>	<u>-</u>	<u>-</u>

The Board of Investment (BOI) has granted the Company investment promotion privileges under several promotion certificates, including exemption from corporate income tax for periods of 8 years from the date the promoted operations began generating revenue. In addition, subsidiary companies in Republic of Turkey are also exempted from income tax on earnings from the sale of manufactured goods until this country becomes a full member of the European Union.

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accounting profit (loss) before tax	<u>1,397,521</u>	<u>142,994</u>	<u>498,975</u>	<u>(358,750)</u>
Applicable tax rates	17% to 38%	17% to 38%	20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rates	286,989	11,504	99,795	(71,750)
Adjustment in respect of current income tax of previous year	94	11,555	-	11,697
Effects of:				
Promotional privileges	(175,199)	(93,950)	(42,254)	-
Tax exemption income/non-deductible expenses/right to deduct more expenses/others	(39,808)	117,940	(9,023)	(36,828)
Tax losses brought forward	(48,518)	215,760	(48,518)	70,082
Total	<u>(263,525)</u>	<u>239,750</u>	<u>(99,795)</u>	<u>33,254</u>
Tax (income) expense reported in the statement of income	<u>23,558</u>	<u>262,809</u>	<u>-</u>	<u>(26,799)</u>

The components of deferred tax assets are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Reserve for other expenses	4,602	4,602	4,602	4,602
Provision for long-term employee benefits	1,542	1,542	1,542	1,542
Export incentive receivables	(745)	(745)	(745)	(745)
Unused tax losses	142,258	142,258	142,258	142,258
Total	<u>147,657</u>	<u>147,657</u>	<u>147,657</u>	<u>147,657</u>

As at 31 March 2017, the Company and subsidiaries have deductible temporary differences and unused tax losses totaling Baht 2,474 million (2016: Baht 2,159 million) (The Company only: Baht 1,499 million, 2016: Baht 1,741 million), on which deferred tax assets have not been recognised as the Company and its subsidiaries believe future taxable profit may not be sufficient to allow utilisation of the temporary difference and unused tax losses.

22. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of polyester films, metallised films, extrusion coated films, cast polypropylene films, silicone coated films and PET resins. Subject to certain imposed conditions, the privileges include a 100% exemption from corporate income tax for a period of first 8 years, and a 50% reduction of corporate income tax for a period of 5 years thereafter.

The Company's sales for the years ended 31 March 2017 and 2016 divided according to fully tax exempt and non-tax exempt operations are set out below.

	(Unit: Million Baht) Separate financial statements					
	Tax exempt operations		Non-tax exempt operations		Total	
	2017	2016	2017	2016	2017	2016
Sales						
Domestic sales	482	595	378	356	860	951
Export sales	2,533	2,993	1,877	1,506	4,410	4,499
Total sales	<u>3,015</u>	<u>3,588</u>	<u>2,255</u>	<u>1,862</u>	<u>5,270</u>	<u>5,450</u>

23. Share capital

On 29 April 2016, the Extraordinary General Meeting of the Company's shareholders passed the following resolutions:

- 1) To decrease the registered capital of the Company from Baht 960 million to Baht 800 million by cancelling the registered but unissued ordinary shares totaling 160 million shares. The Company registered the decrease in its registered capital with the Ministry of Commerce on 16 May 2016.
- 2) To increase the registered capital of the Company from Baht 800 million to Baht 900 million by issuing 100 million ordinary shares with the par value of Baht 1 each, in order to reserve for the right offering to be made to the Company's shareholders at a rate of 1 new share for every 8 existing shares and at a price of Baht 6.40 per share.

On 7 June 2016, the Company registered with the Ministry of Commerce an increase in its issued and paid-up capital to Baht 900 million.

The Company received the additional shares of Baht 640 million with a share premium of Baht 540 million and share issued costs of Baht 2 million were offset against this share premium.

24. Earnings per share

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Profit (loss) for the year (Baht)	1,366,361,313	(123,234,966)	498,974,665	(331,951,526)
Weighted average number of ordinary shares (Shares)	881,643,836	800,000,000	881,643,836	800,000,000
Earnings (loss) per share (Baht/Share)	1.55	(0.15)	0.57	(0.41)

25. Dividends paid

Dividends	Approved by	Total dividends	(Unit: Baht) Dividend per share
Final dividends for 2015	Annual General Meeting of the shareholders on 25 July 2015	80,000,000	0.10
Total dividends for fiscal year 2016		80,000,000	0.10

26. 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 decision about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as managing director. The basis that used to measure operating profit or loss of segment is same as the basis that used to measure operating profit or loss in the financial statements.

For management purposes, the Company and its subsidiaries have a single industry segment, the manufacture and distribution of polyester films, metallised films, extrusion coated films, cast polypropylene films, silicone coated films and PET resins, and are carried on in two geographic areas in Thailand and overseas countries, as operated by subsidiaries.

The revenue and profit information by geographical segment in the consolidated financial statements for the years ended 31 March 2017 and 2016 are as follows:

(Unit: Million Baht)

	Thailand		Overseas countries		Elimination of inter-segment revenues		Consolidation	
	2017	2016	2017	2016	2017	2016	2017	2016
Sales to external customers	4,128	4,327	7,411	7,951	-	-	11,539	12,278
Inter-segment sales	1,286	1,253	563	453	(1,849)	(1,706)	-	-
Total sales	<u>5,414</u>	<u>5,580</u>	<u>7,974</u>	<u>8,404</u>	<u>(1,849)</u>	<u>(1,706)</u>	<u>11,539</u>	<u>12,278</u>
Impairment loss on property, plant and equipment	-	-	-	(351)	-	-	-	(351)
Segment operating profit (loss)	627	(212)	950	437	(32)	144	1,545	369
Unallocated expenses:								
Finance cost							(147)	(226)
Income tax expense							(24)	(263)
Profit (loss) for the year							<u>1,374</u>	<u>(120)</u>
Segment total assets								
Property, plant and equipment	4,499	4,727	5,228	5,799	(13)	(13)	9,714	10,513
Other intangible assets	-	-	3	5	-	-	3	5
Unallocated assets							4,682	5,113
Total assets							<u>14,399</u>	<u>15,631</u>

Transfer prices between segments are as set out in Note 6 to the financial statements.

Major customers

For the year 2017, the Company and its subsidiaries have revenue from one major customer in amount of Baht 1,642 million, arising from overseas countries segments (2016: Baht 1,905 million derived from one major customer, arising from overseas countries segments).

27. Provident fund

The Company, the subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiary and their employees contributed to the fund monthly at the rates of 4%- 7% (2016: 4%- 7%) of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 6.1 million (2016: Baht 6.1 million) were recognised as expenses.

28. Commitments and contingent liabilities

28.1 Capital commitments

As at 31 March 2017, the Company had capital commitments of approximately Baht 16.3 million, relating to the acquisitions of machinery and equipment.

28.2 Operating lease commitments

The Company has entered into several lease agreements in respect of office building space and equipment. The term of the agreements are generally between 1 and 4 years.

Future minimum rentals payable under these leases are as follows:

	(Unit: Million Baht)	
	As at 31 March	
	2017	2016
Payable:		
In up to 1 year	0.3	2.0
In over 1 and up to 5 years	-	0.3

28.3 Service agreements

As at 31 March 2017, the Company had commitments totaling Baht 8.8 million under various service agreements (2016: Baht 15.1 million). These agreements expire between April 2017 and February 2019.

28.4 Guarantees

- As at 31 March 2017, the Company has provided short-term guarantee worth USD 30.0 million (2016: USD 30.0 million) for working capital facilities obtained by a subsidiary, Polyplex USA LLC.
- As at 31 March 2017, the Company has provided guarantee of USD 84.0 million (2016: USD 84.0 million) for the long-term loans obtained by its subsidiary (Polyplex USA LLC). As at 31 March 2017, the outstanding balance of this subsidiary's loan was USD 38.3 million (2016: USD 52.2 million).
- As at 31 March 2017, Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi has provide guarantee of EUR 5.7 million for credit facilities obtained by Polyplex Paketleme Cozumleri Sanayi Ve Ticaret Anonim Sirketi (2016: EUR 5.7 million).
- As at 31 March 2017, the Company has provided corporate guarantee of USD 2.0 million for the raw material suppliers of Polyplex USA LLC (2016: USD 1.8 million).

- As at 31 March 2017 and 2016, there were outstanding bank guarantees as follows:

		(Unit: Million)			
Letters of guarantee for	Currency	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Electricity usage	Baht	0.6	0.6	0.6	0.6
VAT refund	Baht	-	106.9	-	106.9
Others	Baht	4.1	0.1	4.1	0.1
Total	Baht	4.7	107.6	4.7	107.6
Others	Euro	2.8	7.2		
Total	Euro	2.8	7.2		
Purchase payment	USD	1.2	1.8		
Total	USD	1.2	1.8		

29. Fair value hierarchy

As at 31 March 2017 and 2016, the Company and its subsidiaries had the assets and liability that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 March 2017			
	Level 1	Level 2	Level 3	Total
Financial asset measured at fair value				
Derivative				
Foreign currency forward contracts	-	20	-	20

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 March 2016			
	Level 1	Level 2	Level 3	Total
Financial liability measured at fair value				
Derivative				
Foreign currency forward contracts	-	16	-	16

(Unit: Million Baht)

	Separate financial statements			
	As at 31 March 2017			
	Level 1	Level 2	Level 3	Total
Financial asset measured at fair value				
Derivative				
Foreign currency forward contracts	-	20	-	20

(Unit: Million Baht)

	Separate financial statements			
	As at 31 March 2016			
	Level 1	Level 2	Level 3	Total
Financial liability measured at fair value				
Derivative				
Foreign currency forward contracts	-	13	-	13

30. Financial instruments

30.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, current investments, trade and other payables, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and considering credit insurance contracts from time to time, and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and other receivables as stated in the statements of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, short-term and long-term borrowings. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. In addition, the Company considers interest rate swap agreements from time to time so as to reduce exposure to the interest rate risk.

As at 31 March 2017 and 2016, significant financial assets and liabilities classified by type of interest rates 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.

Consolidated financial statements

	As at 31 March 2017					As at 31 March 2016				
	Fixed interest rates		Floating interest rate		Non-interest bearing	Fixed interest rates		Floating interest rate		Non-interest bearing
	Within 1 year	1-5 years	Over 5 years	Total		Within 1 year	1-5 years	Over 5 years	Total	
	Interest rate	Interest rate	Interest rate	Interest rate	(% p.a.)	Interest rate	Interest rate	Interest rate	Interest rate	(% p.a.)
	(Million Baht)					(Million Baht)				
Financial assets										
Cash and cash equivalents	-	-	-	730.7	See note 7	-	-	-	1,044.6	31.8
Current investments	-	-	6.8	6.8	-	-	-	-	-	2.2
Trade and other receivables	-	-	1,796.3	1,796.3	-	-	-	-	-	1,921.2
Restricted bank deposits	-	-	13.4	13.4	See note 10	-	-	-	21.1	-
										21.1
Financial liabilities										
Short-term loans from banks	75.0	-	639.0	714.0	See note 14	1,634.0	-	-	828.1	-
Trade and other payables	-	-	1,165.3	1,165.3	-	-	-	-	-	1,024.9
Long-term loans from banks	-	-	2,502.6	2,502.6	See note 16	10.2	-	-	3,463.6	-
Liabilities under finance lease agreements	1.6	1.6	-	3.2	4.0	1.5	3.3	-	-	-
										4.8

Separate financial statements

	As at 31 March 2017						As at 31 March 2016					
	Fixed interest rates			Non-bearing interest			Fixed interest rates			Non-bearing interest		
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-bearing interest	Total	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-bearing interest	Total
	(Million Baht)	(Million Baht)	(Million Baht)	(% p.a.)	(% p.a.)	(% p.a.)	(Million Baht)	(Million Baht)	(Million Baht)	(% p.a.)	(% p.a.)	(% p.a.)
Financial assets												
Cash and cash equivalents	-	-	-	37.6	1.0	38.6	-	-	-	21.5	4.2	25.7
Trade and other receivables	-	-	-	-	1,097.1	1,097.1	-	-	-	-	1,066.0	1,066.0
Financial liabilities												
Short-term loans from banks	75.0	-	-	-	-	75.0	1,634.0	-	-	-	-	1,634.0
Trade and other payables	-	-	-	-	634.8	634.8	-	-	-	-	580.9	580.9
Short-term loans from related parties	25.5	-	-	2,356.1	-	2,381.6	34.0	-	-	1,304.7	-	1,338.7
Long-term loans from banks	-	-	-	1,167.1	-	1,167.1	10.2	-	-	1,584.8	-	1,595.0

As at 31 March 2016, the Company had interest rate swap agreements with a bank to swap floating interest rate to fixed interest rate, as described in Note 16 to the financial statements.

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company and its subsidiaries seek 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 March 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	
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	24.08	22.98	25.06	36.11	34.4097	35.2392
Euro	1.56	1.89	73.80	42.90	36.7398	39.8996
Japanese yen	54.26	25.36	0.67	4.82	0.3073	0.3134
Pound Sterling	0.10	0.08	-	-	42.9528	50.5790
Ringgit	0.06	0.09	-	-	7.7690	8.9978
Rupee	-	-	0.10	0.10	0.5201	0.5305
South Korean Won	24.55	27.90	-	-	0.0308	0.0309

As at 31 March 2017 and 2016, the Company's foreign exchange contracts outstanding are summarised below.

Foreign currency	2017			
	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	3.18	31.30	34.4552- 35.4615	34.4400- 35.7600
Euro	1.02	1.25	37.6760	36.9500- 37.9000
Japanese yen	-	51.35	-	0.3082- 0.3114

Foreign currency	2016			
	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.37	31.39	35.2300- 36.4989	35.2000- 36.3900
Euro	0.36	1.26	39.3700- 41.3900	38.1500- 40.1600
Japanese yen	-	19.42	-	0.3143- 0.3145

As at 31 March 2017 and 2016, a subsidiary had forward foreign exchange contracts as follows:

2017		
Bought amount	Sold amount	Contractual exchange rate
YTL 3.8 million	-	YTL 3.9360- 4.2196 per EUR 1
USD 6.6 million	-	USD 1.0570- 1.0912 per EUR 1
EUR 0.4 million	-	EUR 1.0796 per USD 1
2016		
Bought amount	Sold amount	Contractual exchange rate
YTL 3.0 million	-	YTL 3.2936- 3.3850 per EUR 1
USD 3.0 million	-	USD 1.0905- 1.1187 per EUR 1

30.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

31. 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 March 2017, the Group's debt-to-equity ratio was 0.49:1 (2016: 0.91:1) and the Company's debt-to-equity ratio was 1.12:1 (2016: 1.92:1).

32. Reclassifications

The Company and its subsidiaries reclassified certain accounts in the income statement for the year ended 31 March 2016 to conform to the current year's classification with no effect to previously reported loss or shareholders' equity. The reclassifications are as follows:

(Unite: Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Income statement				
Sales	12,278,322,654	12,233,254,551	5,449,935,949	5,404,867,846
Other income	35,856,923	80,925,026	28,946,927	74,015,030

33. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 12 May 2017.



POLYPLEX



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