

Union Plastic Public Company Limited
Notes to interim financial statements
For the three-month period ended 31 March 2021

1. General information

1.1 General information of the Company

Union Plastic Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Saha-Union Public Company Limited, a company listed on the Stock Exchange of Thailand. The Company is principally engaged in the manufacture and distribution of thermoplastics. The Company is also engaged in the contract manufacture and repair of molds. The registered office of the Company is at 11/1 Soi Serithai 62, Minburi Sub-district, Minburi District, Bangkok.

1.2 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 New financial reporting standards

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

During the period, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

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

The Federation of Accounting Professions issued amendments to Thai Financial Reporting Standard 16 Leases that provide temporary exemptions from the impact of interest rate benchmark reform for a lessee, provided that all specified conditions are to be met.

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

1.4 Significant accounting policies

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2020.

2. Related party transactions

During the periods, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	For the three-month		Pricing policy
	periods ended 31 March		
	2021	2020	
(Unit: Million Baht)			
<u>Transactions with related companies</u>			
Sales of goods and services	17	24	Cost plus margin
Rental income	4	1	Contract price
Other income	-	1	Cost plus margin
Dividend income	24	36	As declared
Purchases of goods and raw material	2	4	Cost plus a margin of related companies

(Unaudited but reviewed)

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

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied/ Separate financial statements	
	31 March 2021	31 December 2020
		(Audited)
Trade and other receivables - related parties (Note 3)		
Related companies (related by common shareholders)	36,577	9,125
Total trade and others receivables - related parties	<u>36,577</u>	<u>9,125</u>
Trade and other payables - related parties (Note 10)		
Related companies (related by common shareholders)	1,859	2,044
Total trade and other payables - related parties	<u>1,859</u>	<u>2,044</u>

Directors and management's benefits

During the three-month periods ended 31 March 2021 and 2020, the Company had employee benefit expenses to its directors and management as below.

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied/ Separate financial statements	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	2,433	3,652
Post-employee benefits	7	477
Total	<u>2,440</u>	<u>4,129</u>

(Unaudited but reviewed)

3. Trade and other receivables

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied/ Separate financial statements	
	31 March 2021	31 December 2020
		(Audited)
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	12,160	9,025
Total trade receivables - related parties	12,160	9,025
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	70,102	59,585
Total trade receivables - unrelated parties	70,102	59,585
Total trade receivables	82,262	68,610
<u>Other receivables</u>		
Amounts due from related parties	219	100
Dividend receivable	24,197	-
Others	233	175
Total other receivables	24,649	275
Total trade and other receivables	106,911	68,885

4. Reduction of cost of inventories to net realisable value

Movements in the allowance to reduce cost of inventories to net realisable value account during the three-month period ended 31 March 2021 are summarised below.

	(Unit: Thousand Baht)
	Financial statements in which the equity method is applied/ Separate financial statements
Balance as at 1 January 2021	3,457
Add: Reduction cost of inventories to net realisable value	172
Balance as at 31 March 2021	3,629

5. Restricted financial assets

This represents investments in government bonds, which are pledged as collateral to secure electricity use.

6. Other non-current financial assets

As at 31 March 2021, other non-current financial assets are summarised below.

(Unit: Thousand Baht)

Company's name	Shareholding percentage (%)	Cost	Financial statements in which the equity method is applied/Separate financial statements		
			Carrying amount as at 1 January 2021	Gains on measurement of investments in equity instruments	Carrying amount as at 31 March 2021
Union Nifco Co., Ltd.	19.99	20,002	72,064	28,616	100,680
Total		20,002	72,064	28,616	100,680

During the current period, the Company received dividend from this company amounting to Baht 24 million (2020: Baht 36 million).

7. Investment in associate

7.1 Details of associate

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Financial statements in which the equity method is applied		Separate financial statements	
			31 March 2021	31 December 2020	Carrying amounts based on equity method		Carrying amounts based on cost method	
			(%)	(%)	31 March 2021	31 December 2020	31 March 2021	31 December 2020
P.S.V. Mould Co., Ltd.	Manufacture and sales of molds	Thailand	25	25	9,981	10,699	2,500	2,500
Total				(Audited)	9,981	10,699	2,500	2,500

7.2 Share of comprehensive income

During the three-month periods ended 31 March 2021 and 2020, the Company has recognised its share of comprehensive income from an associate company in the financial statements in which the equity method is applied as follows:

Company's name	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied	
	Share of profit (loss) from associate for the three-month periods ended 31 March	
	<u>2021</u>	<u>2020</u>
P.S.V. Mould Co., Ltd.	(718)	12
Total	(718)	12

The share of loss of an associate for the three-month period ended 31 March 2021, has been accounted for based on the financial statements prepared by the management of that company, and not reviewed by its auditor. However, the Company's management believes that there would be no material discrepancies if those financial statements had been reviewed by the associate's auditor.

8. Investment properties

Movements of the investment properties account during the three-month period ended 31 March 2021 are as follows:

	(Unit: Thousand Baht)
	Financial statements in which the equity method is applied/ Separate financial statements
Net book value as at 1 January 2021	7,735
Transfer from property, plant and equipment	1,114
Depreciation for the period	(25)
Net book value as at 31 March 2021	8,824

(Unaudited but reviewed)

9. Property, plant and equipment

	(Unit: Thousand Baht)
	Financial statements in which the equity method is applied/ Separate financial statements
Net book value as at 1 January 2021	166,517
Acquisitions during the period - at cost	8,700
Disposals during the period	(4)
Transfer to investment properties	(1,114)
Depreciation for the period	(10,528)
Net book value as at 31 March 2021	163,571

10. Trade and other payables

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied/ Separate financial statements	
	31 March 2021	31 December 2020 (Audited)
Trade payables - related parties	1,148	1,358
Trade payables - unrelated parties	88,658	78,551
Other payables - related parties	711	686
Other payables - unrelated parties	9,202	2,425
Accrued expenses	12,436	17,851
Others	2,384	1,984
Total trade and other payables	114,539	102,855

11. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied/ Separate financial statements	
	31 March 2021	31 December 2020 (Audited)
Present value of defined benefit obligation	48,678	48,855
Fair value of plan assets	(18,353)	(18,345)
Net defined benefit liability	30,325	30,510

(Unaudited but reviewed)

Changes in present value of defined benefit obligation and fair value of plan assets for the three-month period ended 31 March 2021 were as follows:

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied/ Separate financial statements	
	<u>2021</u>	<u>2020</u>
Defined benefit obligation at beginning of period	48,855	
Included in profit or loss:		
Current service cost	556	
Interest cost	137	
Benefits paid during the period	(870)	
Defined benefit obligation at end of period	<u>48,678</u>	
Fair value of plan assets at beginning of period	18,345	
Change in fair value	149	
Contribution by the Company	302	
Paid and settlement during the period	(443)	
Fair value of plan assets at end of period	<u>18,353</u>	

Plan assets comprise bank deposits, government bonds, and equity and debt instruments in active market.

12. Income tax

The Company is not liable to corporate income tax for the three-month periods ended 31 March 2021 and 2020 due to tax loss brought forward.

The amounts of deferred tax relating to items recognised in other comprehensive income for the three-month periods ended 31 March 2021 and 2020 are as follows:

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied/ Separate financial statements	
	<u>2021</u>	<u>2020</u>
Losses (gains) on investments in equity designated at fair value through other comprehensive income	<u>(5,723)</u>	<u>6,150</u>

13. Basic earnings per share

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

14. Segment information

The Company is principally engaged in the manufacture and distribution of thermoplastics. It also engages in the contract manufacture and repair of molds. The Company operates only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profit (loss) and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

The following tables present revenue and profit (loss) information regarding the Company's operating segments for the three-month periods ended 31 March 2021 and 2020, respectively.

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied							
	For the three-month periods ended 31 March							
	Manufacture and distribution of thermoplastics		Contract manufacture and repair of molds		Adjustments and eliminations		Financial statements in which the equity method is applied	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenue from external customers	149,126	142,142	944	1,525	-	-	150,070	143,667
Inter-segment revenue	-	-	-	-	-	-	-	-
Total revenues	<u>149,126</u>	<u>142,142</u>	<u>944</u>	<u>1,525</u>	<u>-</u>	<u>-</u>	<u>150,070</u>	<u>143,667</u>
Segment operating profit (loss)	8,056	(3,591)	(1,015)	(2,139)	-	-	7,041	(5,730)
Unallocated income and expenses:								
Dividend income							24,197	36,296
Other income							6,357	3,767
Selling and distribution expenses							(5,982)	(7,174)
Administrative expenses							(10,711)	(10,907)
Share of profit (loss) of an associate							(718)	12
Finance income							242	534
Finance cost							(33)	-
Profit for the period							<u>20,393</u>	<u>16,798</u>

15. Commitments

15.1 Capital commitments

As at 31 March 2021, the Company had capital commitments of approximately Baht 8 million (31 December 2020: Baht 2 million, relating to the renovation of building.), relating to the acquisition of machinery, equipment and office equipment.

15.2 Service commitments

The Company has entered into equipment maintenance services and other service agreements. As at 31 March 2021, future minimum lease payments required under those service agreements were amounting to Baht 1.2 million (31 December 2020: Baht 0.9 million).

16. Financial Instrument

16.1 Fair value of financial instrument

Most of the Company's financial instruments are classified as short-term or have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments is estimated to approximate their fair value.

16.2 Fair value hierarchy

As at 31 March 2021, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Financial statements in which the equity method is applied/ Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVOCI				
Non-listed equity investments	-	-	101	101

During the current period, the Company has not changed the method and assumptions, used in estimating the fair value of financial instrument. There was no transfers within the fair value hierarchy.

(Unaudited but reviewed)

16.3 Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied/ Separate financial statements Non-listed equity investments
Balance as of 1 January 2021	72,064
Net gain recognised into other comprehensive income	28,616
Balance as of 31 March 2021	100,680

Key assumptions used in the valuation are summarised below.

Financial instruments	Valuation technique	Significant unobservable inputs	Rates	Sensitivity of the input to fair value
Non-listed equity investments	Dividend Discount Model using the constant growth rate of the company's future dividend reference to gross domestic product	The constant growth rate of the company's future dividend	3%	1% increase (decrease) in the constant growth rate of the company's future dividend would result in Baht 4 million decrease (increase) in fair value

17. Approval of interim financial statements

These interim financial statements were authorised for issue by the Board of Directors on 7 May 2021.