

## **Union Plastic Public Company Limited**

### **Notes to interim financial statements**

#### **For the three-month and six-month periods ended 30 June 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 a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

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

**1.4 Significant accounting policies**

The interim financial statements are prepared 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 periods ended 30 June		Pricing policy
	<u>2021</u>	<u>2020</u>	
(Unit: Million Baht)			
<u>Transactions with related companies</u>			
Sales of goods and services	14	10	Cost plus margin
Rental income	4	2	Contract price
Other income	1	1	Cost plus margin
Dividend income	-	1	As declared
Purchases goods and raw materials	4	1	Cost plus a margin of related companies
Paid benefits of transferred employees	-	3	As declared

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month		Pricing policy
	periods ended 30 June		
	<u>2021</u>	<u>2020</u>	
<u>Transactions with related companies</u>			
Sales of goods and services	31	34	Cost plus margin
Rental income	8	3	Contract price
Other income	1	1	Cost plus margin
Dividend income	24	37	As declared
Purchases of goods and raw materials	6	5	Cost plus a margin of related companies
Paid benefits of transferred employees	-	3	As declared

The balances of the accounts as at 30 June 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	
	30 June	31 December
	<u>2021</u>	<u>2020</u>
		(Audited)
<b>Trade and other receivables - related parties (Note 3)</b>		
Related companies (related by common shareholders)	<u>12,130</u>	<u>9,125</u>
Total trade and others receivables - related parties	<u>12,130</u>	<u>9,125</u>
<b>Trade and other payables - related parties (Note 10)</b>		
Related companies (related by common shareholders)	<u>1,427</u>	<u>2,044</u>
Total trade and other payables - related parties	<u>1,427</u>	<u>2,044</u>

Directors and management's benefits

During the three-month and six-month periods ended 30 June 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			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	2,438	2,264	4,871	5,916
Post-employee benefits	50	204	57	681
Total	<u>2,488</u>	<u>2,468</u>	<u>4,928</u>	<u>6,597</u>

**3. Trade and other receivables**

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied/ Separate financial statements	
	30 June 2021	31 December 2020
		(Audited)
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	11,840	9,025
Total trade receivables - related parties	<u>11,840</u>	<u>9,025</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	65,106	59,585
Total trade receivables - unrelated parties	<u>65,106</u>	<u>59,585</u>
Total trade receivables	<u>76,946</u>	<u>68,610</u>
<u>Other receivables</u>		
Amounts due from related parties	290	100
Others	161	175
Total other receivables	<u>451</u>	<u>275</u>
Total trade and other receivables	<u>77,397</u>	<u>68,885</u>



## 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			
					Carrying amounts based on equity method		Separate financial statements	
					Carrying amounts based on equity method		Carrying amounts based on cost method	
					30 June 2021	31 December 2020	30 June 2021	31 December 2020
			(%)	(%)		(Audited)		(Audited)
				(Audited)				
P.S.V. Mould Co., Ltd.	Manufacture and sales of molds	Thailand	25	25	9,570	10,699	2,500	2,500
Total					9,570	10,699	2,500	2,500

### 7.2 Share of comprehensive income

During the three-month and six-month periods ended 30 June 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:

(Unit: Thousand Baht)

Company's name	Financial statements in which the equity method is applied			
	Share of loss from an associate			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2021	2020	2021	2020
P.S.V. Mould Co., Ltd.	(286)	(153)	(1,004)	(141)
Total	(286)	(153)	(1,004)	(141)

The share of loss of an associate for the six-month period ended 30 June 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.

During the current period, the Company received dividend from its associate amounting to Baht 0.1 million (2020: Baht 0.2 million).



(Unaudited but reviewed)

## 10. Trade and other payables

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied/ Separate financial statements	
	30 June 2021	31 December 2020
		(Audited)
Trade payables - related parties	772	1,358
Trade payables - unrelated parties	81,900	78,551
Other payables - related parties	655	686
Other payables - unrelated parties	11,865	2,425
Accrued expenses	15,053	17,851
Others	1,304	1,984
Total trade and other payables	<u>111,549</u>	<u>102,855</u>

## 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	
	30 June 2021	31 December 2020
		(Audited)
Present value of defined benefit obligation	49,581	48,855
Fair value of plan assets	(18,874)	(18,345)
Net defined benefit liability	<u>30,707</u>	<u>30,510</u>



(Unaudited but reviewed)

Changes in present value of defined benefit obligation and fair value of plan assets for the six-month period ended 30 June 2021 were as follows:

	(Unit: Thousand Baht)
	Financial statements in which the equity method is applied/ Separate financial statements
<b>Defined benefit obligation at beginning of period</b>	48,855
Included in profit or loss:	
Current service cost	1,103
Interest cost	275
Transferred employees from related company	273
Benefits paid during the period	(925)
<b>Defined benefit obligation at end of period</b>	<u>49,581</u>
<b>Fair value of plan assets at beginning of period</b>	18,345
Change in fair value	147
Transferred employees from related company	219
Contribution by the Company	604
Paid and settlement during the period	(443)
<b>Fair value of plan assets at end of period</b>	<u>18,874</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 and six-month periods ended 30 June 2021 due to tax loss brought forward.

The amounts of deferred tax relating to items recognised in other comprehensive income for the three-month and six-month periods ended 30 June 2021 and 2020 are as follows:

	(Unit: Thousand Baht)			
	Financial statements in which the equity method is applied/Separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Loss (gain) on investments in equity instruments designated at fair value through other comprehensive income	1,052	1,386	(4,671)	7,536

**13. Basic earnings per share**

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

**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.

(Unaudited but reviewed)

The following tables present revenue and profit (loss) information regarding the Company's operating segments for the three-month and six-month periods ended 30 June 2021 and 2020.

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied							
	For the three-month periods ended 30 June							
	Manufacture and distribution of thermoplastics		Contract manufacture and repair of molds		Adjustments and eliminations		Financial statements in which the equity method is applied	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue from external customers	136,287	64,943	1,265	2,099	-	-	137,552	67,042
Inter-segment revenue	-	-	-	-	-	-	-	-
Total revenues	<u>136,287</u>	<u>64,943</u>	<u>1,265</u>	<u>2,099</u>	<u>-</u>	<u>-</u>	<u>137,552</u>	<u>67,042</u>
Segment operating profit (loss)	9,347	(33,395)	(858)	(1,696)	-	-	8,489	(35,091)
Unallocated income and expenses:								
Other income							7,125	4,932
Selling and distribution expenses							(5,149)	(5,204)
Administrative expenses							(9,013)	(10,019)
Share of loss of an associate							(286)	(153)
Finance income							279	562
Finance cost							(29)	-
Profit (loss) for the period							<u>1,416</u>	<u>(44,973)</u>

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied							
	For the six-month periods ended 30 June							
	Manufacture and distribution of thermoplastics		Contract manufacture and repair of molds		Adjustments and eliminations		Financial statements in which the equity method is applied	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue from external customers	285,413	207,085	2,209	3,624	-	-	287,622	210,709
Inter-segment revenue	-	-	-	-	-	-	-	-
Total revenues	<u>285,413</u>	<u>207,085</u>	<u>2,209</u>	<u>3,624</u>	<u>-</u>	<u>-</u>	<u>287,622</u>	<u>210,709</u>
Segment operating profit (loss)	17,403	(36,986)	(1,873)	(3,835)	-	-	15,530	(40,821)
Unallocated income and expenses:								
Dividend income							24,197	36,296
Other income							13,482	8,699
Selling and distribution expenses							(11,131)	(12,378)
Administrative expenses							(19,724)	(20,926)
Share of loss of an associate							(1,004)	(141)
Finance income							521	1,096
Finance cost							(62)	-
Profit (loss) for the period							<u>21,809</u>	<u>(28,175)</u>

**15. Commitments****15.1 Capital commitments**

As at 30 June 2021, the Company had capital commitments of approximately Baht 1 million (31 December 2020: Baht 2 million, relating to the renovation of building) relating to the acquisition of machinery and equipment.

**15.2 Service commitments**

The Company has entered into maintenance services and other service agreements. As at 30 June 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 30 June 2021, the Company had the asset that was 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
<b>Asset measured at fair value</b>				
Financial asset measured at FVOCI				
Non-listed equity investment	-	-	95	95

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 transfer within the fair value hierarchy.

### 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 investment
Balance as of 1 January 2021	72,064
Net gain recognised into other comprehensive income	23,355
Balance as of 30 June 2021	95,419

Key assumptions used in the valuation are summarised below.

Financial instrument	Valuation technique	Significant unobservable inputs	Rates	Sensitivity of the input to fair value
Non-listed equity investment	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	1.8%	1% increase (decrease) in the constant growth rate of the company's future dividend would result in Baht 4 million increase (decrease) in fair value

### 17. Approval of interim financial statements

These interim financial statements were authorised for issue by the Board of Directors on 6 August 2021.