

Union Plastic Public Company Limited

Notes to interim financial statements

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

1. General information

1.1 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 September		Pricing policy
	<u>2021</u>	<u>2020</u>	
(Unit: Million Baht)			
<u>Transactions with related companies</u>			
Sales of goods and services	14	12	Cost plus margin
Rental income	4	4	Contract price
Other income	-	1	Cost plus margin
Purchases goods and raw materials	2	2	Cost plus a margin of related companies

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September		Pricing policy
	<u>2021</u>	<u>2020</u>	
	<u>Transactions with related companies</u>		
Sales of goods and services	45	46	Cost plus margin
Rental income	12	7	Contract price
Other income	1	2	Cost plus margin
Dividend income	24	37	As declared
Purchases of goods and raw materials	8	7	Cost plus a margin of related companies
Paid benefits of transferred employees	-	3	As declared

The balances of the accounts as at 30 September 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 September 2021	31 December 2020
	(Audited)	
Trade and other receivables - related parties (Note 3)		
Related companies (related by common shareholders)	9,125	9,125
Total trade and others receivables - related parties	9,125	9,125
Trade and other payables - related parties (Note 10)		
Related companies (related by common shareholders)	989	2,044
Total trade and other payables - related parties	989	2,044

Directors and management's benefits

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

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied/ Separate financial statements			
	For the three-month		For the nine-month	
	periods ended 30 September		periods ended 30 September	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	2,438	2,561	7,309	8,477
Post-employee benefits	52	26	109	707
Total	<u>2,490</u>	<u>2,587</u>	<u>7,418</u>	<u>9,184</u>

3. Trade and other receivables

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied/ Separate financial statements	
	30 September	31 December
	<u>2021</u>	<u>2020</u>
		(Audited)
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	9,072	9,025
Total trade receivables - related parties	<u>9,072</u>	<u>9,025</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	56,197	59,585
Total trade receivables - unrelated parties	<u>56,197</u>	<u>59,585</u>
Total trade receivables	<u>65,269</u>	<u>68,610</u>
<u>Other receivables</u>		
Amounts due from related parties	53	100
Others	476	175
Total other receivables	<u>529</u>	<u>275</u>
Total trade and other receivables	<u>65,798</u>	<u>68,885</u>

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 nine-month period ended 30 September 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 for the period	6,384
Less: Reversal of allowance to reduction cost of inventories for the period	(3,362)
Balance as at 30 September 2021	<u>6,479</u>

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 30 September 2021, other non-current financial assets are summarised below.

		(Unit: Thousand Baht)			
		Financial statements in which the equity method is applied/Separate financial statements			
Company's name	Shareholding percentage (%)	Cost	Carrying amount as at 1 January 2021	Gains on measurement of investments in equity instruments	Carrying amount as at 30 September 2021
Union Nifco Co., Ltd.	19.99	20,002	72,064	19,517	91,581
Total		<u>20,002</u>	<u>72,064</u>	<u>19,517</u>	<u>91,581</u>

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			
					Carrying amounts based on equity method		Separate financial statements	
					Carrying amounts based on equity method		Carrying amounts based on cost method	
					30 September 2021	31 December 2020	30 September 2021	31 December 2020
			(%)	(%)		(Audited)		(Audited)
				(Audited)				
P.S.V. Mould Co., Ltd.	Manufacture and sales of molds	Thailand	25	25	9,086	10,699	2,500	2,500
Total					9,086	10,699	2,500	2,500

7.2 Share of comprehensive income

During the three-month and nine-month periods ended 30 September 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 profit (loss) from an associate			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
P.S.V. Mould Co., Ltd.	(484)	367	(1,488)	226
Total	(484)	367	(1,488)	226

The share of loss of an associate for the nine-month period ended 30 September 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).

8. Investment properties

Movements of the investment properties account during the nine-month period ended 30 September 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	(75)
Net book value as at 30 September 2021	<u>8,774</u>

9. Property, plant and equipment

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied/Separate financial statements	
	<u>30 September 2021</u>	<u>31 December 2020</u>
The net book value of:		
Property, plant and equipment	155,247	163,937
Right of use	1,668	2,580
Total	<u>156,915</u>	<u>166,517</u>

	(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	21,781
Disposals/write-offs during the period	(399)
Transfer to investment properties	(1,114)
Depreciation for the period	(29,870)
Net book value as at 30 September 2021	<u>156,915</u>

(Unaudited but reviewed)

10. Trade and other payables

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied/ Separate financial statements	
	30 September 2021	31 December 2020
		(Audited)
Trade payables - related parties	392	1,358
Trade payables - unrelated parties	63,877	78,551
Other payables - related parties	597	686
Other payables - unrelated parties	1,232	2,425
Accrued expenses	17,881	17,851
Others	1,549	1,984
Total trade and other payables	<u>85,528</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 September 2021	31 December 2020
		(Audited)
Present value of defined benefit obligation	49,723	48,855
Fair value of plan assets	(18,914)	(18,345)
Net defined benefit liability	<u>30,809</u>	<u>30,510</u>

(Unaudited but reviewed)

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

	(Unit: Thousand Baht)
	Financial statements in which the equity method is applied/ Separate financial statements
Defined benefit obligation at beginning of period	48,855
Included in profit or loss:	
Current service cost	1,652
Interest cost	415
Transferred employees from related company	273
Benefits paid during the period	(1,472)
Defined benefit obligation at end of period	<u>49,723</u>
Fair value of plan assets at beginning of period	18,345
Change in fair value	112
Transferred employees from related company	219
Contribution by the Company	904
Paid and settlement during the period	(666)
Fair value of plan assets at end of period	<u>18,914</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 nine-month periods ended 30 September 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 nine-month periods ended 30 September 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 September		For the nine-month periods ended 30 September	
	<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	768	(370)	(3,903)	7,166

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 nine-month periods ended 30 September 2021 and 2020.

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied							
	For the three-month periods ended 30 September							
	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	116,004	100,642	30	38,756	-	-	116,034	139,398
Inter-segment revenue	-	-	-	7,572	-	(7,572)	-	-
Total revenues	116,034	100,642	30	46,328	-	(7,572)	116,034	139,398
Segment operating profit (loss)	(4,835)	(3,387)	(1,632)	13,048	-	(3,213)	(6,467)	6,448
Unallocated incomes and expenses:								
Other income							5,544	6,350
Selling and distribution expenses							(4,862)	(5,167)
Administrative expenses							(9,684)	(7,839)
Share of profit (loss) of an associate							(484)	367
Finance income							308	367
Finance cost							(25)	-
Profit (loss) for the period							(15,670)	526

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied							
	For the nine-month periods ended 30 September							
	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	401,417	307,726	2,239	42,381	-	-	403,656	350,107
Inter-segment revenue	-	-	-	7,572	-	(7,572)	-	-
Total revenues	401,417	307,726	2,239	49,953	-	(7,572)	403,656	350,107
Segment operating profit (loss)	12,568	(40,373)	(3,505)	9,214	-	(3,214)	9,063	(34,373)
Unallocated incomes and expenses:								
Dividend income							24,197	36,296
Other income							19,026	15,049
Selling and distribution expenses							(15,993)	(17,545)
Administrative expenses							(29,408)	(28,765)
Share of profit (loss) of an associate							(1,488)	226
Finance income							829	1,463
Finance cost							(87)	-
Profit (loss) for the period							6,139	(27,649)

15. Commitments**15.1 Capital commitments**

As at 30 September 2021, the Company had capital commitments of approximately Baht 37 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 September 2021, future minimum lease payments required under those service agreements were amounting to Baht 1 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 September 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
Asset measured at fair value				
Financial asset measured at FVOCI				
Non-listed equity investment	-	-	92	92

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.

(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 investment

Balance as of 1 January 2021	72,064
Net gain recognised into other comprehensive income	19,517
Balance as of 30 September 2021	91,581

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	0.7%	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 Company's audit committee on 4 November 2021 as assigned by the Company's board of directors.