

**Union Textile Industries 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 Textile Industries Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Saha-Union Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of textiles. The Company’s registered addresses are as follows:

Head office: 1828 Sukhumvit Road, South Phraканong Sub District, Phraканong District,  
Bangkok

Branch: 205 Moo 4, Sukhumvit Road (Km.39.5), Tambol Bangpoo Mai, Amphur Muang  
Samutprakarn, Samutprakarn

**1.2 Discontinued operation**

On 22 December 2020, the Company submitted the notification on the Resolutions of the Board of Directors Meeting No. 12/2020 to The Stock Exchange of Thailand related to the cessation of textile operations (spinning and weaving) and the seeking of a new business. The Company’s core business is textile business (spinning and weaving) which has incurred loss due to the intense competition in the textile business, the economic downturns in Europe which is the Company main customer and the COVID-19 pandemic that has affected Thailand and other countries worldwide and it is expected that the situation will not improve in the near future. The Company’s management has considered that if the Company continues to operate in the textile business (spinning and weaving) in the future, this will pose a major risk to the shareholders. In this regard, the Company has a plan to cease the textile operations (spinning and weaving) within year 2021. These resolutions have been acknowledged by the Annual General Meeting of the Company’s shareholders on 30 March 2021. However, the Company still has other income from the lease of land and partial of factory buildings. The Company is currently considering and studying the feasibility of investing in new businesses in the future.

### **1.3 Basis for the 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, income statement, 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 interim financial statements.

### **1.4 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.

**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.

(Unit: Million Baht)

	For the three-month periods ended 31 March		Pricing policy
	<u>2021</u>	<u>2020</u>	
<u>Transactions with parent company</u>			
Purchases of raw materials	6	13	Cost plus margin
<u>Transactions with related companies</u>			
Sales of goods	1	-	Cost plus margin
Purchase of goods and raw materials	1	1	Cost plus margin
Rental income	4	4	Contract price

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

(Unit: Thousand Baht)

	<u>31 March 2021</u>	<u>31 December 2020</u>
		(Audited)
<b><u>Trade and other receivables - related parties (Note 3)</u></b>		
Related companies (Has common shareholders)	110	19
Related company (Held by the Company)	924	125
Others	5	4
Total trade and other receivables - related parties	<u>1,039</u>	<u>148</u>
<b><u>Trade and other payables - related parties (Note 10)</u></b>		
Parent company	2,738	4,298
Associated company	629	629
Related companies (Has common shareholders)	-	158
Total trade and other payables - related parties	<u>3,367</u>	<u>5,085</u>

Directors and management's benefit

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

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	<u>2021</u>	<u>2020</u>
Short-term	2,426	3,000
Post-employment	4	83
Total	<u>2,430</u>	<u>3,083</u>

**3. Trade and other receivables**

	(Unit: Thousand Baht)	
	<u>31 March 2021</u>	<u>31 December 2020</u>
		(Audited)
<u>Trade receivables - related parties</u>		
Age on the basis of due dates		
Not yet due	860	-
Total trade receivables - related parties	<u>860</u>	<u>-</u>
<u>Trade receivables - unrelated parties</u>		
Age on the basis of due dates		
Not yet due	65,413	73,328
Past due up to 3 months	17,968	5,158
Total trade receivables - unrelated parties	<u>83,381</u>	<u>78,486</u>
Total trade receivables	<u>84,241</u>	<u>78,486</u>
<u>Other receivables</u>		
Other receivables - related parties	179	148
Other receivables - unrelated parties	1,845	1,352
Total other receivables	<u>2,024</u>	<u>1,500</u>
Total trade and other receivables	<u>86,265</u>	<u>79,986</u>

**4. Inventories**

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	(Audited)		(Audited)		(Audited)	
Finished goods	52,221	30,593	(102)	(469)	52,119	30,124
Work in process	12,410	11,467	-	-	12,410	11,467
Raw materials and chemicals	2,039	25,908	-	-	2,039	25,908
Spare parts and factory supplies	278	268	(263)	(263)	15	5
Total	66,948	68,236	(365)	(732)	66,583	67,504

Movements in the reduction of cost of inventories to net realisable value during the three-month periods ended 31 March 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	<u>2021</u>	<u>2020</u>
Balance as at 1 January	732	4,495
Reversal of reduce cost to net realisable value during the period	(367)	(3,135)
Balance as at 31 March	365	1,360

**5. Other current financial asset**

As at 31 March 2021, other current financial assets which was 7-month fixed deposit at bank totaling Baht 200 million, carrying the interest at rates of 0.625% and 0.750% per annum and due in July 2021 (31 December 2020: 7-month fixed deposit at bank totaling Baht 200 million, carrying the interest at rates of 0.625% and 0.750% per annum and due in July 2021 and derivative assets of Baht 1 million).

## 6. Other non-current financial assets

The Company had other non-current financial assets which are summarised below.

(Unit: Thousand Baht)

Company	Shareholding	Fair value of investment	
	percentage	31 March	31 December
	%	2021	2020
			(Audited)
Equity investments designated at FVOCI			
Listed equity investment			
Saha-Union Plc.	0.33	35,750	33,000
Total		35,750	33,000
Non-listed equity investments			
Unifibre Co., Ltd	19.63	342,072	342,072
Union Business Management Co., Ltd.	19.00	226,921	218,732
Union Micronclean Co., Ltd.	13.00	6,720	6,720
Total		575,713	567,524
Total equity investments designated at FVOCI		611,463	600,524
Total other non-current financial assets		611,463	600,524

## 7. Investment in associate

(Unit: Thousand Baht)

Company	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	31 March 2021	31 December 2020	31 March 2021	31 December 2020
			%	%		(Audited)		(Audited)
Ten Cate-Union Protective Fabrics Asia Ltd. (“TCUA”)	Production of work wear and safety wear fabric	Thailand	49.35	49.35	16,950	16,950	190,000	190,000
Total investment in associated company					16,950	16,950	190,000	190,000
Less: Allowance for impairment loss on investment in TCUA					(16,950)	(16,950)	(190,000)	(190,000)
Total investment in associate - net					-	-	-	-

Ten Cate-Union Protective Fabrics Asia Ltd. (“TCUA”) filed for deregistration with the Ministry of Commerce on 22 March 2013. At the present, TCUA is in the process of liquidation.

**8. Property, plant and equipment**

Movements of the property, plant and equipment account during the three-month period ended 31 March 2021 are summarised below.

	(Unit: Thousand Baht)
<b>Net book value as at 1 January 2021</b>	87,138
Acquisitions during the period - at cost	54
Disposal/write-off during the period - net	(405)
Depreciation for the period	(4,961)
<b>Net book value as at 31 March 2021</b>	<u>81,826</u>

The Company has undertaken not to dispose of or transfer or create any obligations to its immovable properties as specified in the credit facilities agreement, unless a 30 days notice prior consent has been provided in writing to the bank.

**9. Other non-current assets**

The balances of other non-current assets above include account receivables of Ten Cate-Union Protective Fabrics Asia Ltd. ("TCUA") amounting to Baht 39 million. There is uncertainty about the recoverable amount of this receivable because TCUA has filed for deregistration with the Ministry of Commerce and is in the process of liquidation. At the present, it still not finalised the net asset value. For prudent reasons, the Company has therefore set aside full allowance for doubtful debts for this receivable.

**10. Trade and other payables**

	(Unit: Thousand Baht)	
	31 March 2021	31 December 2020
		(Audited)
Trade accounts payable - related parties	3,022	4,740
Trade accounts payable - unrelated parties	7,557	9,394
Other payable - related parties	345	345
Accrued expenses	18,627	20,171
<b>Total trade and other payables</b>	<u>29,551</u>	<u>34,650</u>

**11. Provision for long-term employee benefits**

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)	
	31 March 2021	31 December 2020
		(Audited)
Present value of defined benefit obligation	97,965	98,744
Fair value of plan assets	(25,754)	(25,783)
Net defined benefit liability	72,211	72,961
Due within one year portion	(66,011)	(66,786)
Net defined benefits liability net of due within one year portion	6,200	6,175

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)
<b>Defined benefit obligation at beginning of period</b>	98,744
Current service cost	66
Interest cost	11
Benefits paid during the period	(856)
<b>Defined benefit obligation at end of period</b>	97,965
 <b>Fair value of plan assets at beginning of period</b>	 25,783
Change in fair value	52
Contribution by the Company	370
Benefits paid during the period	(451)
<b>Fair value of plan assets at end of period</b>	25,754

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

The Company classified portion of employee benefit as short-term liabilities under "Provision for long-term employee benefit - due within one year portion" in statements of financial position due to the Company has a plan to cease the textile operations (spinning and weaving) within year 2021 and is considering and studying the feasibility of investing in new business which the Company expects to pay Baht 66 million within year 2021.

**12. Preference shares**

The cumulative unpaid dividend to the preference shares as at 31 March 2021 amounted to Baht 147 million (31 December 2020: Baht 147 million).



**13. Sales and service income**

Revenue from sales and service income mainly comprises revenue from textile distribution, revenue from shipping service as the Company has an obligation to ship goods sold to customers in accordance with conditions of contracts and other service income. The revenue from shipping service and other service income is immaterial to the Company's financial statements.

**14. Income tax**

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expense (income) for the three-month periods ended 31 March 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	<u>2021</u>	<u>2020</u>
<b>Current income tax:</b>		
Interim corporate income tax	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	150	45
<b>Income tax expense reported in profit or loss</b>	<u>150</u>	<u>45</u>
<b>Income tax expense (income)</b>		
from continuing operations	(5)	(8)
from discontinued operations	155	53
	<u>150</u>	<u>45</u>

The amount of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	<u>2021</u>	<u>2020</u>
<b>Deferred tax on:</b>		
Gain (loss) on changes in value of equity instruments designated at fair value through other comprehensive income	2,188	(11,224)
<b>Total</b>	<u>2,188</u>	<u>(11,224)</u>

**15. Presentation of discontinued operation**

As mentioned in Note 1.2 to the financial statements, on 22 December 2020, the Company submitted the notification on the Resolutions of the Board of Directors' Meeting No. 12/2020 to The Stock Exchange of Thailand related to the cessation of textile operations (spinning and weaving) and the seeking of a new business. Such resolution was acknowledged by the Annual General Meeting of the Company's shareholders on 30 March 2021. The Company has a plan to cease the textile operations (spinning and weaving) within year 2021. This is mainly due to if the Company continues to operate in the textile business in the future, this will pose a major risk to the shareholders. Therefore, the textile operations are classified as a discontinued operation in income statements and statement of comprehensive income.

Net cash flow for the three-month periods ended 31 March 2021 and 2020 of textile operations are as follows:

(Unit: Thousand Baht)		
For the three-month periods ended 31 March		
	<u>2021</u>	<u>2020</u>
Net cash flows from operating activities	1,278	50,226
Net cash flows from (used in) investing activities	28	(26)
Net increase in cash and cash equivalents	<u>1,306</u>	<u>50,200</u>

**16. Basic earnings per share**

Basic earnings (loss) per share are 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.

The following table sets forth the computation of basic earnings (loss) per share:

For the three-month periods ended 31 March						
Profit (loss)		Weighted average number of ordinary shares		Basic earnings (loss) per share		
<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Profit from continuing operations	1,655	1,452				
Less: Dividend of preference shares	(5,250)	(5,250)				
Loss from continuing operations attributable to ordinary shares	(3,595)	(3,798)	45,000	45,000	(0.08)	0.09
Profit (loss) from discontinued operations	4,854	(5,125)	45,000	45,000	0.11	(0.11)
<b>Total profit (loss) attributable to ordinary shares</b>	<u>1,259</u>	<u>(8,923)</u>			<u>0.03</u>	<u>0.20</u>

**17. Financial information by segment**

The Company is principally engaged in the manufacture and distribution of textiles. Its operations are carried on 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 profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

The Company has a plan to cease such segment within year 2021 and is considering and studying the feasibility of investing in new businesses. However, the Company still has other income from the lease of land and partial factory buildings.

**18. Commitments and contingent liabilities****18.1 Purchase of raw material commitment**

As at 31 March 2021, the Company had no purchase of raw material commitment.

As at 31 December 2020, the Company had commitment of USD 0.07 million, relating to purchase of raw materials.

**18.2 Guarantees**

As at 31 March 2021, the Company pledges BOT bond of Baht 7 million with Metropolitan Electricity Authority to guarantee the usage of electricity (31 December 2020: 11 million).

As at 31 March 2021, the Company had bank guarantees issued by a bank on behalf of the Company as a security for the purchases and sales of natural gas of Baht 1.6 million (31 December 2020: Baht 1.6 million).

**19. Financial instruments****19.1 Foreign currency risk**

The Company's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. All the forward contracts mature within one year.

The balances of financial assets dominated in forcing currencies are summarised below.

Foreign currency	Financial assets		Average exchange rate	
	30 March 2021 (Million)	31 December 2020 (Million)	30 March 2021 (Baht per 1 foreign currency unit)	31 December 2020
US dollar	0.94	0.78	31.0817	29.7749
Euro	1.05	1.18	36.2212	36.3751

## **19.2 Fair value of financial instruments**

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

## **19.3 Fair value hierarchy**

As at 31 March 2021, the Company had asset and liability that were measured at fair value which are investments in equity instruments and derivative liabilities are thus based on level 1 input.

During the current period, there were no changes in the method and assumptions used in estimating the fair value of financial instruments and no transfers within the fair value hierarchy.

## **20. Approval of interim financial statements**

The interim financial statements were authorised for issue by the Audit Committee on 6 May 2021 as assigned by the Company's Board of Directors.