

INOUE RUBBER (THAILAND) PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND SEPARATE
FINANCIAL INFORMATION (UNAUDITED)**

31 DECEMBER 2018



AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM FINANCIAL INFORMATION

To the Shareholders and the Board of Directors of Inoue Rubber (Thailand) Public Company Limited

I have reviewed the interim consolidated financial information of Inoue Rubber (Thailand) Public Company Limited and its subsidiaries, and the interim separate financial information of Inoue Rubber (Thailand) Public Company Limited. These comprise the consolidated and separate statements of financial position as at 31 December 2018, and the related consolidated and separate statements of comprehensive income, changes in equity, and cash flows for the three-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim consolidated and separate financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim consolidated and separate financial information based on my review.

Scope of review

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim consolidated and separate financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to read "Nopanuch Apichatsatien".

Nopanuch Apichatsatien

Certified Public Accountant (Thailand) No. 5266

Bangkok

13 February 2019

Inoue Rubber (Thailand) Public Company Limited

Statements of Financial Position

As at 31 December 2018

	Notes	Consolidated		Separate	
		financial information		financial information	
		Unaudited	Audited	Unaudited	Audited
		31 December	30 September	31 December	30 September
		2018	2018	2018	2018
		Baht'000	Baht'000	Baht'000	Baht'000
Assets					
Current assets					
Cash and cash equivalents		613,407	822,969	588,893	794,380
Short-term investments	7	40,000	-	40,000	-
Trade and other receivables, net	8	1,052,537	999,109	1,054,318	999,429
Inventories, net		648,776	641,360	643,648	635,568
Other current assets		15,764	15,675	12,639	12,144
Total current assets		2,370,484	2,479,113	2,339,498	2,441,521
Non-current assets					
Available-for-sale investments	9	703,833	701,044	703,833	701,044
Investments in subsidiaries	10	-	-	20,049	20,049
Other long-term investment	11	30,782	30,782	30,782	30,782
Investment property, net	12	9,202	9,207	9,935	9,947
Property, plant and equipment, net	13	1,755,463	1,750,230	1,688,438	1,681,168
Computer software, net	14	32,261	32,796	26,902	27,144
Deferred tax assets		41,197	40,238	37,661	36,796
Other non-current assets		20,500	14,645	20,500	14,645
Total non-current assets		2,593,238	2,578,942	2,538,100	2,521,575
Total assets		4,963,722	5,058,055	4,877,598	4,963,096

Director _____

Director _____

The accompanying notes are an integral part of this interim financial information.

Inoue Rubber (Thailand) Public Company Limited

Statements of Financial Position (Cont'd)

As at 31 December 2018

	Notes	Consolidated financial information		Separate financial information	
		Unaudited 31 December 2018 Baht'000	Audited 30 September 2018 Baht'000	Unaudited 31 December 2018 Baht'000	Audited 30 September 2018 Baht'000
Liabilities and equity					
Current liabilities					
Trade and other payables	15	1,034,996	1,219,954	1,056,692	1,226,323
Income tax payable		45,629	31,373	45,629	31,373
Other current liabilities		3,804	2,304	-	-
Total current liabilities		1,084,429	1,253,631	1,102,321	1,257,696
Non-current liabilities					
Employee benefit obligations	16	211,274	207,176	188,690	185,128
Deferred tax liabilities		962	949	-	-
Total non-current liabilities		212,236	208,125	188,690	185,128
Total liabilities		1,296,665	1,461,756	1,291,011	1,442,824

The accompanying notes are an integral part of this interim financial information.

Inoue Rubber (Thailand) Public Company Limited

Statements of Financial Position (Cont'd)

As at 31 December 2018

	Consolidated		Separate	
	financial information		financial information	
	Unaudited	Audited	Unaudited	Audited
	31 December 2018 Baht'000	30 September 2018 Baht'000	31 December 2018 Baht'000	30 September 2018 Baht'000
Liabilities and equity (Cont'd)				
Equity				
Share capital				
Authorised share capital				
Ordinary shares, 200 million shares at par value of Baht 1 each				
	200,000	200,000	200,000	200,000
Issued and fully paid-up share capital				
Ordinary shares, 200 million shares paid-up of Baht 1 each				
	200,000	200,000	200,000	200,000
Share premium	298,000	298,000	298,000	298,000
Retained earnings				
Appropriated - legal reserve				
	20,000	20,000	20,000	20,000
Unappropriated				
	3,159,204	3,088,641	3,074,374	3,008,254
Other components of equity	(10,152)	(10,347)	(5,787)	(5,982)
Equity attributable to owners of the parent	3,667,052	3,596,294	3,586,587	3,520,272
Non-controlling interests	5	5	-	-
Total equity	3,667,057	3,596,299	3,586,587	3,520,272
Total liabilities and equity	4,963,722	5,058,055	4,877,598	4,963,096

The accompanying notes are an integral part of this interim financial information.

Inoue Rubber (Thailand) Public Company Limited
Statement of Comprehensive Income (Unaudited)
For the three-month period ended 31 December 2018

	Consolidated		Separate	
	financial information		financial information	
	2018	2017	2018	2017
Note	Baht'000	Baht'000	Baht'000	Baht'000
Revenues				
Sales and services income	1,429,980	1,354,495	1,428,847	1,354,434
Other income	9,511	11,611	10,065	12,292
Total revenues	1,439,491	1,366,106	1,438,912	1,366,726
Expenses				
Costs of sales and services	1,251,000	1,139,658	1,257,568	1,148,885
Selling expenses	33,245	33,469	33,245	33,469
Administrative expenses	65,931	63,095	63,604	60,542
Other expenses	4,431	4,393	4,415	4,370
Total expenses	1,354,607	1,240,615	1,358,832	1,247,266
Profit before finance costs and income tax expense	84,884	125,491	80,080	119,460
Finance costs - interest expense	-	(7)	-	(7)
Profit before income tax expense	84,884	125,484	80,080	119,453
Income tax expense	17 (14,321)	(21,117)	(13,960)	(21,253)
Net profit for the period	70,563	104,367	66,120	98,200

The accompanying notes are an integral part of this interim financial information.

Inoue Rubber (Thailand) Public Company Limited
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the three-month period ended 31 December 2018

	Note	Consolidated		Separate	
		financial information		financial information	
		2018	2017	2018	2017
		Baht'000	Baht'000	Baht'000	Baht'000
Other comprehensive income (expense)					
Item that will be reclassified					
subsequently to profit or loss:					
Change in value of available-for- sale					
investments, net of tax		195	(74)	195	(74)
Total item that will be reclassified		195	(74)	195	(74)
subsequently to profit or loss					
Other comprehensive income (expense)					
for the period, net of tax		195	(74)	195	(74)
Total comprehensive income					
for the period		70,758	104,293	66,315	98,126
Profit attributable to:					
Owners of the parent		70,563	104,367	66,120	98,200
Non-controlling interests		-	-	-	-
		70,563	104,367	66,120	98,200
Total comprehensive income					
attributable to:					
Owners of the parent		70,758	104,293	66,315	98,126
Non-controlling interests		-	-	-	-
		70,758	104,293	66,315	98,126
Earnings per share					
Basic earnings per share (Baht)	4	0.35	0.52	0.33	0.49

The accompanying notes are an integral part of this interim financial information.

Inoue Rubber (Thailand) Public Company Limited
Statement of Changes in Equity (Unaudited)
For the three-month period ended 31 December 2018

Consolidated financial information										
Attributable to owners of the parent										
	Retained earnings				Other comprehensive income (expense)			Other components of equity		
	Issued and fully paid-up share capital Baht'000	Share premium Baht'000	Appropriated - Legal reserve Baht'000	Unappropriated retained earnings Baht'000	Change in value of available-for-sale investments Baht'000	Remeasurements of employee benefit obligations Baht'000	Total of equity components Baht'000	Total owners of the parent Baht'000	Non-controlling interests Baht'000	Total equity Baht'000
Opening balance as at 1 October 2017	200,000	298,000	20,000	2,899,545	681	(1,359)	(678)	3,416,867	5	3,416,872
Total comprehensive income (expense) for the period	-	-	-	104,367	(74)	-	(74)	104,293	-	104,293
Closing balance as at 31 December 2017	200,000	298,000	20,000	3,003,912	607	(1,359)	(752)	3,521,160	5	3,521,165
Opening balance as at 1 October 2018	200,000	298,000	20,000	3,088,641	(131)	(10,216)	(10,347)	3,596,294	5	3,596,299
Total comprehensive income for the period	-	-	-	70,563	195	-	195	70,758	-	70,758
Closing balance as at 31 December 2018	200,000	298,000	20,000	3,159,204	64	(10,216)	(10,152)	3,667,052	5	3,667,057

The accompanying notes are an integral part of this interim financial information.

Inoue Rubber (Thailand) Public Company Limited
Statement of Changes in Equity (Unaudited) (Cont'd)
For the three-month period ended 31 December 2018

	Separate financial information									
	Retained earnings					Other components of equity				
	Issued and fully paid-up share capital Baht'000	Share premium Baht'000	Appropriated - Legal reserve Baht'000	Unappropriated retained earnings Baht'000	Change in value of available-for-sale investments Baht'000	Other comprehensive income (expense)	Remeasurements of employee benefit obligations Baht'000	other components of equity Baht'000	Total of equity Baht'000	Total equity Baht'000
Opening balance as at 1 October 2017	200,000	298,000	20,000	2,826,316	681	1,463	2,144	3,346,460		
Total comprehensive income (expense) for the period	-	-	-	98,200	(74)	-	(74)			98,126
Closing balance as at 31 December 2017	200,000	298,000	20,000	2,924,516	607	1,463	2,070	3,444,586		
Opening balance as at 1 October 2018	200,000	298,000	20,000	3,008,254	(131)	(5,851)	(5,982)	3,520,272		
Total comprehensive income for the period	-	-	-	66,120	195	-	195			66,315
Closing balance as at 31 December 2018	200,000	298,000	20,000	3,074,374	64	(5,851)	(5,787)	3,586,587		

The accompanying notes are an integral part of this interim financial information.

Inoue Rubber (Thailand) Public Company Limited
Statement of Cash Flows (Unaudited)
For the three-month period ended 31 December 2018

	Notes	Consolidated		Separate	
		financial information		financial information	
		2018	2017	2018	2017
		Baht'000	Baht'000	Baht'000	Baht'000
Cash flows from operating activities					
Profit before income tax expense		84,884	125,484	80,080	119,453
Adjustments for:					
Depreciation charges	12,13	77,065	74,602	73,714	71,502
Amortisation charges	14	1,441	1,394	1,148	1,093
Allowance for inventories					
obsolescence (Reversal)		(480)	2,778	(480)	2,778
Loss on write-offs and disposals					
of property, plant and equipment		3,440	900	3,582	900
Unrealised loss on exchange rate		1,091	863	1,091	863
Interest income		(4,362)	(4,085)	(4,321)	(4,051)
Interest expenses		-	7	-	7
Employee benefits	16	5,243	5,517	4,707	4,996
Changes in operating assets and liabilities					
Trade and other receivables		(52,880)	22,557	(54,340)	22,334
Inventories		(6,936)	(43,948)	(7,600)	(42,327)
Other current assets		(89)	238	(495)	624
Other non-current assets		(5,855)	(1,714)	(5,855)	(1,714)
Trade and other payables		(135,450)	(25,783)	(122,898)	(16,860)
Other current liabilities		1,500	544	-	(971)
Employee benefits paid	16	(1,145)	(360)	(1,145)	(360)
Cash generated from (used in)					
operating activities		(32,533)	158,994	(32,812)	158,267
Interest received		1,532	1,978	1,491	1,928
Interest paid		-	(7)	-	(7)
Net cash generated from (used in)					
operating activities		(31,001)	160,965	(31,321)	160,188

The accompanying notes are an integral part of this interim financial information.

Inoue Rubber (Thailand) Public Company Limited
Statement of Cash Flows (Unaudited) (Cont'd)
For the three-month period ended 31 December 2018

	Notes	Consolidated		Separate	
		financial information		financial information	
		2018	2017	2018	2017
		Baht'000	Baht'000	Baht'000	Baht'000
Cash flows from investing activities					
Short-term investments		(40,000)	(89,080)	(40,000)	(91,102)
Purchases of debt securities	9	(226,263)	(353,592)	(226,263)	(353,592)
Proceeds from held-to-maturity debt securities	9	195,300	286,700	195,300	286,700
Proceeds from disposals of debt securities		31,362	67,288	31,362	67,288
Purchases of property, plant and equipment		(141,090)	(121,909)	(135,995)	(116,702)
Purchases of computer software	14	(906)	(674)	(906)	(213)
Proceeds from disposals of property, plant and equipment		3,036	102	2,336	102
Net cash used in investing activities		(178,561)	(211,165)	(174,166)	(207,519)
Net decrease in cash and cash equivalents		(209,562)	(50,200)	(205,487)	(47,331)
Cash and cash equivalents at the beginning of the period		822,969	406,228	794,380	382,735
Cash and cash equivalents at the end of the period		613,407	356,028	588,893	335,404

Non-cash transactions

Significant non-cash transactions for the three-month periods ended 31 December 2018 and 2017 comprise:

	Consolidated		Separate	
	financial information		financial information	
	2018	2017	2018	2017
	Baht'000	Baht'000	Baht'000	Baht'000
Account payables from property, plant and equipment	49,927	55,066	67,732	68,070

The accompanying notes are an integral part of this interim financial information.

1 General information

Inoue Rubber (Thailand) Public Company Limited ("the Company") is a public limited company which is listed on the Stock Exchange of Thailand and is incorporated and domiciled in Thailand. The addresses of the Company's registered offices are as follows:

Head office: No. 258, Soi Rangsit-Nakornnayok 49, Prachathipat sub-district, Thanyaburi district, Pathumthani.

Branch office: No. 157, Moo 5, Phaholyothin Road, Lamsai sub-district, Wangnoi district, Pranakorn Sri Ayutthaya.

For reporting purpose, the Company and its subsidiaries are referred to as "the Group".

The principal business operations of the Group are summarised below:

The Company is principally engaged in the manufacture and distribution of motorcycle tires, tubes, and industrial elastomer rubber parts.

Kin No Hoshi Engineering Company Limited, a subsidiary, is principally engaged in the manufacture, repair and modification of metal molds and equipment for production of motorcycle tires, tubes, and automotive rubber parts.

IRC (Asia) Research Limited, a subsidiary, is principally engaged in the research and development of motorcycle tires, tubes, and automotive rubber parts.

This interim consolidated and separate financial information was authorised for issue by the Board of Directors on 13 February 2019.

This interim consolidated and separate financial information has been reviewed, not audited.

2 Accounting policies

2.1 Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. The notes to the financial information are prepared in a condensed format. Additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 30 September 2018.

An English version of the interim consolidated and separate financial information has been prepared from the interim financial information that is in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial information shall prevail.

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 30 September 2018.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

2 Accounting policies (Cont'd)

2.2 New/revised financial reporting standards, and related interpretations

2.2.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Group.

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profits.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale according to TFRS 5 (revised 2017), except for the summarised financial information.

The Group has adopted the above revised standards that do not have a material impact to the Group.

2.2.2 New financial reporting standard is effective for annual periods beginning on or after 1 January 2019, which is relevant to the Group. The Group has not yet adopted this standard.

TFRS 15	Revenue from contracts with customers
---------	---------------------------------------

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standard:

TAS 18 (revised 2017)	Revenue
-----------------------	---------

The new standard is based on the principle that

- revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards
- an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2 Accounting policies (Cont'd)

2.2 New/revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New financial reporting standard is effective for annual periods beginning on or after 1 January 2019, which is relevant to the Group. The Group has not yet adopted this standard. (Cont'd)

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures. The Group will first apply this standard for annual reporting periods beginning on or after 1 January 2019. Management is currently assessing the impact from initial application of this standard in detail and has identified the following areas that are likely to be affected:

- extended warranties, which will need to be accounted for as separate performance obligations, which will delay the recognition of a portion of the revenue
- consignment sales where recognition of revenue will depend on the passing of control rather than the passing of risks and rewards
- accounting for cost incurred in fulfilling a contract - certain costs which are currently expensed may need to be recognised as an asset under TFRS 15
- rights of return - TFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligations

3 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 September 2018.

4 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of shares in issue during the period (31 December 2018 and 2017: 200 million shares).

There are no dilutive potential ordinary shares in issuing during the periods presented.

5 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker of the Group which includes Chairman, President and Director.

The Group's operations involve principally the manufacture and distribution of rubber and elastomer products mainly for automobile industry with manufacturing facilities in Thailand and operations in both domestic and overseas markets.

The factor used to identify the Group's reportable segments includes geographical areas. There are two reportable segments i.e. (1) Local and (2) Export.

Financial information of the Group for the three-month periods ended 31 December 2018 and 2017 classified by market were presented as follows:

	Consolidated financial information		
	Local (Baht'000)	Export (Baht'000)	Total (Baht'000)
For the three-month period ended 31 December 2018			
Sales and service income	1,020,618	409,362	1,429,980
Cost of sales and services	(913,865)	(337,135)	(1,251,000)
Gross margin	106,753	72,227	178,980
Other income			9,511
Selling expenses			(33,245)
Administrative expenses			(65,931)
Other expenses			(4,431)
Profit before income tax expense			84,884
Income tax expense			(14,321)
Net profit for the period			70,563

	Consolidated financial information		
	Local (Baht'000)	Export (Baht'000)	Total (Baht'000)
For the three-month period ended 31 December 2017			
Sales and service income	971,749	382,746	1,354,495
Cost of sales and services	(837,465)	(302,193)	(1,139,658)
Gross margin	134,284	80,553	214,837
Other income			11,611
Selling expenses			(33,469)
Administrative expenses			(63,095)
Other expenses			(4,393)
Finance costs			(7)
Profit before income tax expense			125,484
Income tax expense			(21,117)
Net profit for the period			104,367

6 Fair value

6.1 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial asset that is measured and recognised at fair value at 31 December 2018.

	Level 1 (Baht'000)	Level 2 (Baht'000)	Level 3 (Baht'000)	Total (Baht'000)
Asset				
Available-for-sale investments	-	703,833	-	703,833
Total asset	-	703,833	-	703,833

The following table presents the Group's financial asset that is measured and recognised at fair value at 30 September 2018.

	Level 1 (Baht'000)	Level 2 (Baht'000)	Level 3 (Baht'000)	Total (Baht'000)
Asset				
Available-for-sale investments	-	701,044	-	701,044
Total asset	-	701,044	-	701,044

There were no transfers between levels 1 and 2 during the period. There were no changes in valuation techniques during the periods.

6.2 Valuation techniques used to derive Level 2 fair values

Level 2 debt investments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties.

7 Short-term investment

Short-term investment consists of 5 months fixed deposit with bank. The interest rate on deposits is 1.40% per annum (30 September 2018: Nil).

Inoue Rubber (Thailand) Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the three-month period ended 31 December 2018

8 Trade and other receivables, net

	Consolidated financial information		Separate financial information	
	Unaudited 31 December 2018 Baht'000	Audited 30 September 2018 Baht'000	Unaudited 31 December 2018 Baht'000	Audited 30 September 2018 Baht'000
	Trade receivables - related companies (Note 18)	491,035	444,160	495,974
Trade receivables - other companies	558,223	550,387	554,587	547,312
<u>Less</u> Allowance for doubtful accounts	(2,168)	(2,168)	(2,168)	(2,168)
Trade receivables, net	1,047,090	992,379	1,048,393	991,586
Prepayments	3,906	4,927	2,729	4,211
Accrued income	311	424	256	365
Amounts due from related parties (Note 18)	1,200	1,334	2,910	3,222
Other receivables	30	45	30	45
Trade and other receivables, net	<u>1,052,537</u>	<u>999,109</u>	<u>1,054,318</u>	<u>999,429</u>

Outstanding trade receivables as at 31 December 2018 and 30 September 2018 can be analysed as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 31 December 2018 Baht'000	Audited 30 September 2018 Baht'000	Unaudited 31 December 2018 Baht'000	Audited 30 September 2018 Baht'000
	<u>Related companies</u>			
Current	490,965	443,047	495,974	445,329
Overdue up to 3 months	70	1,113	-	1,113
Overdue 3 - 6 months	-	-	-	-
Overdue 6 - 12 months	-	-	-	-
Overdue more than 12 months	-	-	-	-
	<u>491,035</u>	<u>444,160</u>	<u>495,974</u>	<u>446,442</u>
<u>Other companies</u>				
Current	538,214	537,850	535,463	534,794
Overdue up to 3 months	17,783	10,044	16,898	10,025
Overdue 3 - 6 months	56	325	56	325
Overdue 6 - 12 months	2	-	2	-
Overdue more than 12 months	2,168	2,168	2,168	2,168
	<u>558,223</u>	<u>550,387</u>	<u>554,587</u>	<u>547,312</u>
<u>Less</u> Allowance for doubtful accounts	(2,168)	(2,168)	(2,168)	(2,168)
	<u>556,055</u>	<u>548,219</u>	<u>552,419</u>	<u>545,144</u>
Total trade receivables, net	<u>1,047,090</u>	<u>992,379</u>	<u>1,048,393</u>	<u>991,586</u>

9 Available-for-sale investments

As at 31 December 2018 and 30 September 2018, the Group and the Company had available-for-sale investments in private fund which is managed by an asset management company, aims to investing in bonds and debentures of both government and private sectors and domestic fixed-income funds. Appropriate investments periods are 2 - 3 years.

Movements in available-for-sale investments over the period were as follows:

	Consolidated financial information Baht'000	Separate financial information Baht'000
For the three-month period ended 31 December 2018		
Opening balance	701,044	701,044
Purchase of securities	226,263	226,263
Disposal of securities	(195,300)	(195,300)
Disposal of investments at maturity	(31,367)	(31,367)
Interest income	2,944	2,944
Change in fair values	249	249
Closing balance	<u>703,833</u>	<u>703,833</u>

Fair value of available-for-sale investments as at 31 December 2018 and 30 September 2018 were as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 31 December 2018 Baht'000	Audited 30 September 2018 Baht'000	Unaudited 31 December 2018 Baht'000	Audited 30 September 2018 Baht'000
Debt securities	703,833	701,044	703,833	701,044
	<u>703,833</u>	<u>701,044</u>	<u>703,833</u>	<u>701,044</u>

The fair value of available-for-sale investments is based on close market price published by the Thai Bond Market Association as at period-end. The fair value is within level 2 of the fair value hierarchy (Note 6).

10 Investments in subsidiaries

As at 31 December 2018 and 30 September 2018, the Company had investments in subsidiaries as follows:

Company	Type of business	Country of incorporation	Separate financial information 31 December 2018 and 30 September 2018		
			Registered capital Baht'000	% Ownership interest	Investments Baht'000
IRC (Asia) Research Limited	Research and development of products	Thailand	10,050	99.99	10,050
Kin No Hoshi Engineering Company Limited	Manufacture, repair and modification of metal molds	Thailand	10,000	99.99	9,999
Investments in subsidiaries					<u>20,049</u>

10 Investments in subsidiaries (Cont'd)

At the Annual General Meeting of shareholders for 2018 of IRC (Asia) Research Limited held on 29 January 2018, the shareholders passed a resolution approving dividend payment from its operating results for 2017 at Baht 1 per share from BOI-promoted operations amounting to a total dividend of Baht 3 million. The dividends were distributed on 28 February 2018.

At the Annual General Meeting of shareholders for 2018 of Kin No Hoshi Engineering Company Limited held on 29 January 2018, the shareholders passed a resolution approving dividend payment from its operating results for 2017 at Baht 40 per share from non-BOI promoted operations amounting to a total dividend of Baht 4 million. The dividends were distributed on 28 February 2018.

11 Other long-term investment

As at 31 December 2018 and 30 September 2018, the Group had other long-term investment as follows:

Company	Type of business	Country of incorporation	Consolidated and Separate financial information		
			31 December 2018 and 30 September 2018		
			Registered Capital	Ownership interest %	Investment Baht'000
Inoue Rubber Vietnam Company Limited	Manufacture of tires and tubes of motorcycles and industrial elastomer rubber parts	Vietnam	US Dollars 12.5 million	8	30,782
Other long-term investment					30,782

Other long-term investment is the investment in the limited company, which the holding percentage in the investment is insignificant cause to the Group has no influence control. Other long-term investment was stated at cost less impairment, if any.

12 Investment properties, net

	Consolidated financial information Baht'000	Separate financial information Baht'000
For the three-month period ended 31 December 2018		
Opening net book amount	9,207	9,947
Depreciation charges	(5)	(12)
Closing net book amount	9,202	9,935

Inoue Rubber (Thailand) Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the three-month period ended 31 December 2018

13 Property, plant and equipment, net

	Consolidated financial information Baht'000	Separate financial information Baht'000
For the three-month period ended 31 December 2018		
Opening net book amount	1,750,230	1,681,168
Additions	88,769	86,890
Disposals	(4,577)	(4,019)
Write-offs	(1,899)	(1,899)
Depreciation charges	(77,060)	(73,702)
Closing net book amount	<u>1,755,463</u>	<u>1,688,438</u>

14 Computer software, net

	Consolidated financial information Baht'000	Separate financial information Baht'000
For the three-month period ended 31 December 2018		
Opening net book amount	32,796	27,144
Additions	906	906
Amortisation charges	(1,441)	(1,148)
Closing net book amount	<u>32,261</u>	<u>26,902</u>

15 Trade and other payables

	Consolidated financial information		Separate financial information	
	Unaudited 31 December 2018 Baht'000	Audited 30 September 2018 Baht'000	Unaudited 31 December 2018 Baht'000	Audited 30 September 2018 Baht'000
Trade payables				
- related companies (Note 18)	238,703	242,632	240,184	244,150
Trade payables				
- other companies	628,045	666,275	622,859	659,378
Amounts due to related parties (Note 18)	1,085	1,155	40,044	33,919
Accrued expenses	68,001	170,157	56,393	149,675
Down payments received from customers	10,485	3,058	10,485	3,058
Other payables	<u>88,677</u>	<u>136,677</u>	<u>86,727</u>	<u>136,143</u>
Trade and other payables	<u>1,034,996</u>	<u>1,219,954</u>	<u>1,056,692</u>	<u>1,226,323</u>

15 Trade and other payables (Cont'd)

Outstanding accrued expenses as at 31 December 2018 and 30 September 2018 were as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 31 December 2018 Baht'000	Audited 30 September 2018 Baht'000	Unaudited 31 December 2018 Baht'000	Audited 30 September 2018 Baht'000
Accrued bonuses	46,786	140,569	41,399	125,723
Accrued employee income taxes	4,702	9,870	3,785	8,061
Accrued employee welfare	3,132	6,569	3,132	6,569
Other accruals	13,381	13,149	8,077	9,322
Accrued expenses	<u>68,001</u>	<u>170,157</u>	<u>56,393</u>	<u>149,675</u>

16 Employee benefit obligations

The plans are final salary retirement plans. The level of benefits provided depends on members' length of service and their salaries in the final years leading up to retirement.

The movements in the obligations over the period were as follows:

	Consolidated financial information Baht'000	Separate financial information Baht'000
For the three-month period ended 31 December 2018		
Opening balance	207,176	185,128
Additions	5,243	4,707
Less Employee benefits paid	<u>(1,145)</u>	<u>(1,145)</u>
Closing balance	<u>211,274</u>	<u>188,690</u>

The Group accounts for these liabilities on an estimated basis using the following principal actuarial assumptions:

	Consolidated financial information %	Separate financial information %
Discount rate	3.0	3.0
Future salary increase rates	5.0 - 7.0	5.0 - 7.0
Gold Inflation rate	3.0	3.0
Gold price	Baht 20,000	Baht 20,000
Retirement age	58 years old	58 years old

17 Income tax expense

The interim income tax expense is accrued based on management's estimate using the tax rate that would be applicable to expected total annual earnings. The estimated average annual tax rate used is 20%. (The estimated tax rate for the prior interim period was 20%).

18 Related party transactions

Individuals and entities that directly, or indirectly control or are controlled by or are under common control with the Company, including investment entities, associates, joint venture and individuals or entities having significant influence over the Company, key management personnel, including directors and officers of the Company and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

The Company's major shareholders are the Leeissaranukuls group in proportion of 38.08% and Inoue Rubber Company Limited, which is incorporated and domiciled in Japan, in proportion of 34.30%. The remaining 27.62% of the shares are widely held.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

During the period, the Group and the Company entered into a number of transactions with its subsidiaries and related parties. The terms and basis of such transactions were negotiated between the parties in the ordinary course of business and according to normal trade conditions.

	<u>Terms and basis</u>
Sales of goods	Market price or cost plus margin according to type of products
Service income	Cost plus margin
Rental income	Contract price which is in line with market
Purchases of raw materials and metal molds	Prices which approximate to the price charged to a third party
Research and development expenses	Prices as agreed in the contract which is near to the market price
Technical assistance fee expenses	Prices as agreed in the contract based on percentage of sales
Advertising expenses	Prices which approximate to the price charged nearly to the market price
Utility expenses	Price as agreed to the price charged by a third party
Employee service sharing expenses	Prices which approximate to the price charged to a third party

18 Related party transactions (Cont'd)

The significant related party transactions for the three-month periods ended 31 December 2018 and 2017 were summarised as follows:

	Consolidated financial information		Separate financial information	
	2018 Baht'000	2017 Baht'000	2018 Baht'000	2017 Baht'000
Sales of goods				
Subsidiaries	-	-	5,350	1,096
Related parties	473,003	454,596	473,003	454,596
	<u>473,003</u>	<u>454,596</u>	<u>478,353</u>	<u>455,692</u>
Service income				
Related parties	2,909	2,652	2,909	2,652
	<u>2,909</u>	<u>2,652</u>	<u>2,909</u>	<u>2,652</u>
Rental income				
Subsidiaries	-	-	755	720
Related parties	354	354	354	354
	<u>354</u>	<u>354</u>	<u>1,109</u>	<u>1,074</u>
Purchases of raw materials				
Related parties	179,000	172,904	179,000	172,904
	<u>179,000</u>	<u>172,904</u>	<u>179,000</u>	<u>172,904</u>
Purchases of metal molds				
Subsidiary	-	-	16,247	12,739
	<u>-</u>	<u>-</u>	<u>16,247</u>	<u>12,739</u>
Research and development expenses				
Subsidiary	-	-	28,200	24,621
Related parties	705	-	-	-
	<u>705</u>	<u>-</u>	<u>28,200</u>	<u>24,621</u>
Technical assistance fee expenses				
Related parties	18,542	17,301	18,542	17,301
	<u>18,542</u>	<u>17,301</u>	<u>18,542</u>	<u>17,301</u>
Advertising expenses				
Related parties	3,050	50	3,050	50
	<u>3,050</u>	<u>50</u>	<u>3,050</u>	<u>50</u>
Utility expenses				
Related party	91	105	91	105
	<u>91</u>	<u>105</u>	<u>91</u>	<u>105</u>
Employee service sharing expenses				
Subsidiary	-	-	416	630
	<u>-</u>	<u>-</u>	<u>416</u>	<u>630</u>

18 Related party transactions (Cont'd)

The Company entered into rental agreements of land, building, and machinery and equipment with two subsidiaries and two related companies at total annual rental income of approximately Baht 4.3 million. The terms of the leases are between 1 - 3 years. These lease are renewable by giving the lessor a notice within 60 days prior to expiry of the agreement.

The Company charged certain utility expenses to certain related companies at which approximate to the price charged to a third party.

The Company entered into a service agreement with a subsidiary to obtain the research and development services for the production. Under this agreement, the Company has obliged to pay service fee to the subsidiary at the rate stipulated in the agreement. The agreement has been in effect since May 2016 until cancelled by either party.

The Company and a subsidiary entered into marketing and sales cooperation and product quality assurance and quality control service agreements with a local related company. Under these agreements the Company and the subsidiary have obliged to pay service fees to such company at the rate as stipulated in the agreements. The agreements have been in effect since May 2009 until cancelled by either party.

The outstanding balances as at 31 December 2018 and 30 September 2018 between the Company and those related companies were summarised as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 31 December 2018 Baht'000	Audited 30 September 2018 Baht'000	Unaudited 31 December 2018 Baht'000	Audited 30 September 2018 Baht'000
Trade receivables				
Subsidiaries	-	-	5,725	2,383
Related companies	491,035	444,160	490,249	444,059
Total trade receivables	491,035	444,160	495,974	446,442
Amounts due from related parties				
Subsidiaries	-	-	1,710	1,888
Related companies	1,200	1,334	1,200	1,334
Total amounts due from related parties	1,200	1,334	2,910	3,222
Trade payables				
Subsidiaries	-	-	1,481	1,558
Related companies	238,703	242,632	238,703	242,592
Total trade payables	238,703	242,632	240,184	244,150
Amounts due to related parties				
Subsidiaries	-	-	39,665	33,470
Related companies	1,085	1,155	379	449
Total amounts due to related parties	1,085	1,155	40,044	33,919

18 Related party transactions (Cont'd)

Directors' and key management's remunerations

The Company and its subsidiaries had the compensation paid or payable to their key directors and key management for the three-month periods ended 31 December 2018 and 2017 as follows:

	Consolidated financial information		Separate financial information	
	2018 Baht'000	2017 Baht'000	2018 Baht'000	2017 Baht'000
Salaries and short-term employee benefits	21,027	16,132	21,027	16,132
Post-employee benefits	165	141	165	141
Other long-term employee benefits	277	143	277	143
	<u>21,469</u>	<u>16,416</u>	<u>21,469</u>	<u>16,416</u>

19 Letters of guarantee

As at 31 December 2018, there were outstanding letters of guarantee issued by banks of approximately Baht 20.62 million (30 September 2018: Baht 20.62 million) to the Provincial Electricity Authority for electricity consumption on behalf of the Company and Baht 0.32 million (30 September 2018: Baht 0.32 million) for the due fulfillment by the Company of the terms and conditions in respect of grant of Certification Mark License by the licensor.

20 Promotional privileges

The Company and its subsidiaries have been granted promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment from 4 certificates dated 27 April 2010, 12 July 2007, 13 February 2012 and 16 March 2005, in respect of the manufacturing of tire products and molds, repairing of its own manufactured molds and research and development of products. Under these privileges, the Company and its subsidiaries are exempted from certain taxes and duties as detailed in the certificates including exemption from corporate income tax for a period of 8 years from the date that first income is first derived. The Company and its subsidiaries must comply with conditions specified in the promotional certificate.

21 Event after the reporting period

At the Annual General Meeting of shareholders for 2019 of the Company held on 29 January 2019, the shareholders passed a resolution approving the proposed dividend payment from its operating results for 2018 at Baht 0.8965 per share (Baht 0.1217 per share from BOI-promoted operations and Baht 0.7748 per share from non-BOI promoted operations), totaling Baht 179.31 million. The dividend will be distributed on 28 February 2019.