

INOUE RUBBER (THAILAND) PUBLIC COMPANY LIMITED

INTERIM CONSOLIDATED AND SEPARATE
FINANCIAL INFORMATION (UNAUDITED)

31 DECEMBER 2019



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 separate financial information of Inoue Rubber (Thailand) Public Company Limited. These comprise the consolidated and separate statements of financial position as at 31 December 2019, 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 2020

Inoue Rubber (Thailand) Public Company Limited

Statements of Financial Position

As at 31 December 2019

	Notes	Consolidated financial information		Separate financial information	
		Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000
Assets					
Current assets					
Cash and cash equivalents		602,774	599,206	564,644	552,722
Trade and other receivables, net	8	928,507	1,011,809	930,309	1,014,923
Available-for-sale investments	9	476,702	436,003	476,702	436,003
Inventories, net		585,220	568,101	582,189	564,707
Other current assets		10,106	11,374	6,832	7,935
Total current assets		2,603,309	2,626,493	2,560,676	2,576,290
Non-current assets					
Available-for-sale investments	9	229,201	266,118	229,201	266,118
Investments in subsidiaries		-	-	20,049	20,049
Other long-term investment		30,782	30,782	30,782	30,782
Investment property, net	10	9,184	9,188	9,890	9,902
Property, plant and equipment, net	11	1,881,649	1,803,662	1,815,635	1,741,256
Computer software, net	12	49,576	42,498	45,114	37,758
Deferred tax assets		63,863	50,739	58,022	45,696
Other non-current assets		15,620	19,300	15,561	19,240
Total non-current assets		2,279,875	2,222,287	2,224,254	2,170,801
Total assets		4,883,184	4,848,780	4,784,930	4,747,091

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 2019

	Notes	Consolidated financial information		Separate financial information	
		Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000
Liabilities and equity					
Current liabilities					
Trade and other payables	13	938,001	991,106	956,972	998,106
Income tax payable		24,123	13,253	24,123	13,253
Other current liabilities		3,861	2,179	-	-
Total current liabilities		965,985	1,006,538	981,095	1,011,359
Non-current liabilities					
Deferred tax liabilities		141	612	-	-
Employee benefit obligations	14	326,105	260,550	288,122	228,820
Total non-current liabilities		326,246	261,162	288,122	228,820
Total liabilities		1,292,231	1,267,700	1,269,217	1,240,179

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 2019

	Note	Consolidated financial information		Separate financial information	
		Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000
Liabilities and equity (Cont'd)					
Equity					
Share capital	15				
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		3,135,620	3,075,883	3,050,877	2,996,746
<u>Less</u> Treasury shares	15	(130)	-	(130)	-
Other components of equity		(62,542)	(12,808)	(53,034)	(7,834)
Equity attributable to:					
Owners of the parent		3,590,948	3,581,075	3,515,713	3,506,912
Non-controlling interests		5	5	-	-
Total equity		<u>3,590,953</u>	<u>3,581,080</u>	<u>3,515,713</u>	<u>3,506,912</u>
Total liabilities and equity		<u>4,883,184</u>	<u>4,848,780</u>	<u>4,784,930</u>	<u>4,747,091</u>

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

Inoue Rubber (Thailand) Public Company Limited
 Statements of Comprehensive Income (Unaudited)
 For the three-month period ended 31 December 2019

	Notes	Consolidated financial information		Separate financial information	
		2019	2018	2019	2018
		Baht'000	Baht'000	Baht'000	Baht'000
Revenues					
Revenue from sales and services	6	1,231,551	1,429,980	1,230,457	1,428,847
Other income		13,616	9,511	14,322	10,065
Total revenues		1,245,167	1,439,491	1,244,779	1,438,912
Expenses					
Cost of sales and services	6	1,073,999	1,251,000	1,082,604	1,257,568
Selling expenses		31,209	33,245	31,209	33,245
Administrative expenses		63,774	65,931	61,666	63,604
Other expenses		4,642	4,431	4,642	4,415
Total expenses		1,173,624	1,354,607	1,180,121	1,358,832
Profit before finance costs and income tax expense		71,543	84,884	64,658	80,080
Profit before income tax expense		71,543	84,884	64,658	80,080
Income tax expense	16	(11,806)	(14,321)	(10,527)	(13,960)
Net profit for the period		59,737	70,563	54,131	66,120

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

Inoue Rubber (Thailand) Public Company Limited
 Statements of Comprehensive Income (Unaudited) (Cont'd)
 For the three-month period ended 31 December 2019

	Note	Consolidated financial information		Separate financial information	
		2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Other comprehensive income (expense):					
Item that will not be reclassified subsequently to profit or loss:					
Remeasurements of employee benefit obligations, net of tax		(50,351)	-	(45,817)	-
Total item that will not be reclassified subsequently to profit or loss		(50,351)	-	(45,817)	-
Item that will be reclassified subsequently to profit or loss:					
Change in value of available-for-sale investments, net of tax		617	195	617	195
Total item that will be reclassified subsequently to profit or loss		617	195	617	195
Other comprehensive income (expense) for the period, net of tax		(49,734)	195	(45,200)	195
Total comprehensive income for the period		10,003	70,758	8,931	66,315
Profit attributable to:					
Owners of the parent		59,737	70,563	54,131	66,120
Non-controlling interests		-	-	-	-
		59,737	70,563	54,131	66,120
Total comprehensive income attributable to:					
Owners of the parent		10,003	70,758	8,931	66,315
Non-controlling interests		-	-	-	-
		10,003	70,758	8,931	66,315
Earnings per share					
Basic earnings per share (Baht)	17	0.30	0.35	0.27	0.33

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

Inoue Rubber (Thailand) Public Company Limited
 Statements of Changes in Equity (Unaudited)
 For the three-month period ended 31 December 2019

	Consolidated financial information										
	Attributable to owners of the parent					Other components of equity					
	Capital contributed		Retained earnings		Other comprehensive income (expense)			Total other components of equity		Non-controlling interests	Total equity
	Share premium	Treasury shares	Appropriated - legal reserve	Unappropriated retained earnings	Change in value of available-for-sale investments	Remeasurements of post-employment benefit obligations	Total other components of equity	Total owners of the parent			
Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	
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
Changes in equity for the three-month period ended 31 December 2018	-	-	-	-	70,563	195	-	195	70,758	-	70,758
Total comprehensive income for the period	200,000	298,000	-	20,000	3,159,204	64	(10,216)	(10,152)	3,667,052	5	3,667,057
Closing balance as at 31 December 2018	200,000	298,000	-	20,000	3,075,883	1,463	(14,271)	(12,808)	3,581,075	5	3,581,080
Opening balance as at 1 October 2019	-	-	-	-	59,737	617	(50,351)	(49,734)	10,003	-	10,003
Changes in equity for the three-month period ended 31 December 2019	-	-	(130)	-	-	-	-	-	(130)	-	(130)
Total comprehensive income for the period	200,000	298,000	(130)	20,000	3,135,620	2,080	(64,622)	(62,542)	3,590,948	5	3,590,953
Closing balance as at 31 December 2019	200,000	298,000	(130)	20,000	3,135,620	2,080	(64,622)	(62,542)	3,590,948	5	3,590,953

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

Inoue Rubber (Thailand) Public Company Limited
 Statements of Changes in Equity (Unaudited) (Cont'd)
 For the three-month period ended 31 December 2019

	Separate financial information									
	Capital contributed			Retained earnings			Other components of equity			Total equity Baht'000
	Issued and fully paid-up share capital Baht'000	Share premium Baht'000	Treasury shares Baht'000	Appropriated - legal reserve Baht'000	Unappropriated retained earnings Baht'000	Other comprehensive income (expense)		Remeasurements of post-employment benefit obligations Baht'000	Total other components of equity Baht'000	
						Change in value of available-for-sale investments Baht'000				
Opening balance as at 1 October 2018	200,000	298,000	-	20,000	3,008,254	(131)	(5,851)	(5,982)	3,520,272	
Changes in equity for the three-month period ended 31 December 2018										
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	
Opening balance as at 1 October 2019	200,000	298,000	-	20,000	2,996,746	1,463	(9,297)	(7,834)	3,506,912	
Changes in equity for the three-month period ended 31 December 2019										
Total comprehensive income for the period	-	-	-	-	54,131	617	(45,817)	(45,200)	8,931	
Treasury shares (Note 15)	-	-	(130)	-	-	-	-	-	(130)	
Closing balance as at 31 December 2019	200,000	298,000	(130)	20,000	3,050,877	2,080	(55,114)	(53,034)	3,515,713	

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

Inoue Rubber (Thailand) Public Company Limited
 Statements of Cash Flows (Unaudited)
 For the three-month period ended 31 December 2019

	Notes	Consolidated		Separate	
		financial information		financial information	
		2019	2018	2019	2018
		Baht'000	Baht'000	Baht'000	Baht'000
Cash flows from operating activities					
Profit before income tax expense		71,543	84,884	64,658	80,080
Adjustments for:					
Depreciation	10,11	83,340	77,065	80,168	73,714
Amortisation	12	1,897	1,441	1,619	1,148
Loss on allowance for inventories obsolescence (Reversal)		1,402	(480)	1,402	(480)
Net loss on write-offs and disposals of plant and equipment		568	3,440	568	3,582
Unrealised (gain) loss on exchange rate		(1,176)	1,091	(1,176)	1,091
(Gain) loss on disposals of available-for-sale investments		(14)	5	(14)	5
Interest income		(4,922)	(4,362)	(4,831)	(4,321)
Employee benefits	14	6,791	5,243	6,059	4,707
Changes in working capital					
Trade and other receivables		83,368	(52,880)	84,688	(54,340)
Inventories		(18,522)	(6,936)	(18,885)	(7,600)
Other current assets		1,268	(89)	1,103	(495)
Other non-current assets		3,680	(5,855)	3,679	(5,855)
Trade and other payables		(71,698)	(135,450)	(53,932)	(122,898)
Other current liabilities		1,682	1,500	-	-
Employee benefits paid	14	(4,175)	(1,145)	(4,029)	(1,145)
Cash generated from (used in) operations		155,032	(32,528)	161,077	(32,807)
Interest received		1,617	1,532	1,518	1,491
Net cash generated from (used in) operating activities		156,649	(30,996)	162,595	(31,316)

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

Inoue Rubber (Thailand) Public Company Limited
 Statements of Cash Flows (Unaudited) (Cont'd)
 For the three-month period ended 31 December 2019

	Notes	Consolidated		Separate	
		financial information		financial information	
		2019	2018	2019	2018
		Baht'000	Baht'000	Baht'000	Baht'000
Cash flows from investing activities					
Short-term investments		-	(40,000)	-	(40,000)
Purchases of available-for-sale investments	9	(182,133)	(226,263)	(182,133)	(226,263)
Proceeds from disposals of available-for-sale investments		182,543	226,657	182,543	226,657
Purchases of property, plant and equipment		(147,344)	(141,090)	(144,936)	(135,995)
Purchases of computer software	12	(8,975)	(906)	(8,975)	(906)
Proceeds from disposals of plant and equipment		2,958	3,036	2,958	2,336
Net cash used in investing activities		(152,951)	(178,566)	(150,543)	(174,171)
Cash flows from financing activities					
Payments for treasury shares	15	(130)	-	(130)	-
Net cash used in financing activities		(130)	-	(130)	-
Net increase (decrease) in cash and cash equivalents		3,568	(209,562)	11,922	(205,487)
Cash and cash equivalents at the beginning of the period		599,206	822,969	552,722	794,380
Cash and cash equivalents at the end of the period		602,774	613,407	564,644	588,893

Non-cash transactions

Significant non-cash transactions for the three-month periods ended 31 December 2019 and 2018 comprise:

	Consolidated		Separate	
	financial information		financial information	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Other payables from purchases of property, plant and equipment	66,891	49,927	79,411	67,732

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 Company and its subsidiaries 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.

These interim consolidated and separate financial information are presented in Thai Baht and rounded to the nearest thousand, unless otherwise stated.

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

This interim consolidated and separate financial information were authorised for issue by the Board of Directors on 13 February 2020.

2 Basis of preparation

The interim consolidated and separated financial information has been prepared in accordance with Thai Accounting Standard (TAS) no. 34, Interim Financial Reporting and other financial reporting requirements issued 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 2019.

An English version of these interim 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.

3 Accounting policies

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 2019, except as described in Note 4.

New and amended financial reporting standards is effective for annual periods beginning on or after 1 January 2020, which have significant changes and are relevant to the Group.

a) Financial instruments

The new financial standards relate to financial instruments are:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These new standards address the classification, measurement, derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

b) TFRS 16, Leases

Where the Group is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

The Group has not yet early adopted these new and amended financial reporting standards and the Group's management is currently assessing the impacts from these standards.

4 Change in accounting policies

TFRS 15, Revenue from contracts with customers

The Group has adopted the new Thai Financial Reporting Standards (TFRS) no. 15, Revenue from contracts with customers from 1 October 2019 under the modified retrospective approach and the comparative figures have not been restated. However, the Group's management assessed that the above change in accounting policy do not have significant impact to the Group's accounting treatment and did not restate the beginning balance of retained earnings.

5 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.

6 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 Executive Director.

Financial information of the Group for the three-month periods ended 31 December 2019 and 2018 classified by market were presented as follows:

	Consolidated financial information					
	Local		Export		Total	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Revenue from sales and services	925,896	1,020,618	305,655	409,362	1,231,551	1,429,980
Cost of sales and services	(819,767)	(913,865)	(254,232)	(337,135)	(1,073,999)	(1,251,000)
Gross profit	106,129	106,753	51,423	72,227	157,552	178,980
Other income					13,616	9,511
Selling expenses					(31,209)	(33,245)
Administrative expenses					(63,774)	(65,931)
Other expenses					(4,642)	(4,431)
Income tax expense					(11,806)	(14,321)
Net profit for the period					59,737	70,563
Timing of revenue recognition						
At a point in time	925,668	1,019,847	305,070	409,362	1,230,738	1,429,209
Overtime	228	771	585	-	813	771
Total revenue	925,896	1,020,618	305,655	409,362	1,231,551	1,429,980

7 Fair value

At 31 December 2019 and 30 September 2019, the Group and the Company measured and recognised available-for-sale investments at fair value. The fair value is within level 2 of the fair value hierarchy by 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.

Disclosures on available-for-sale investments are provided in Note 9.

8 Trade and other receivables, net

	Consolidated financial information		Separate financial information	
	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000
Trade receivables - related companies (Note 19)	424,047	501,372	429,187	506,260
Trade receivables - other companies	499,599	504,521	496,594	502,149
Less Allowance for doubtful accounts	(2,168)	(2,168)	(2,168)	(2,168)
Trade receivables, net	921,478	1,003,725	923,613	1,006,241
Prepayments	5,127	5,871	3,536	4,962
Accrued income	494	598	156	249
Amounts due from related parties (Note 19)	1,389	1,422	2,985	3,278
Other receivables	19	193	19	193
Trade and other receivables, net	928,507	1,011,809	930,309	1,014,923

Outstanding trade receivables as at 31 December 2019 and 30 September 2019 can be analysed by aging as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000
Related companies				
Current	417,636	486,336	422,776	491,224
Overdue up to 3 months	6,316	14,940	6,316	14,940
Overdue 6 - 12 months	95	96	95	96
	424,047	501,372	429,187	506,260
Other companies				
Current	488,191	493,509	485,981	491,137
Overdue up to 3 months	6,160	3,500	5,365	3,500
Overdue 3 - 6 months	288	5,344	288	5,344
Overdue 6 - 12 months	2,792	-	2,792	-
Overdue more than 12 months	2,168	2,168	2,168	2,168
	499,599	504,521	496,594	502,149
Less Allowance for doubtful accounts	(2,168)	(2,168)	(2,168)	(2,168)
	497,431	502,353	494,426	499,981
Total trade receivables, net	921,478	1,003,725	923,613	1,006,241

9 Available-for-sale investments

	Consolidated financial information		Separate financial information	
	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000
	Fair value of available-for-sale investments			
- Current	476,702	436,003	476,702	436,003
- Non-current	229,201	266,118	229,201	266,118
Total available-for-sale investments	705,903	702,121	705,903	702,121

Movements in available-for-sale investments - debt security for the three-month period ended 31 December 2019 were as follows:

	Consolidated and separate financial information Baht'000
Opening balance	702,121
Purchase of securities	182,133
Disposal of securities	(182,529)
Interest income	3,406
Change in fair values	772
Closing balance	705,903

Fair value of available-for-sale investments as at 31 December 2019 and 30 September 2019 were as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000
	Investments in debt security	705,903	702,121	705,903
Total	705,903	702,121	705,903	702,121

The fair values of available-for-sale investments are 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 7).

10 Investment properties, net

Movements of investment properties for the three-month period ended 31 December 2019 are as follows:

	Consolidated financial information Baht'000	Separate financial information Baht'000
Opening net book amount	9,188	9,902
Depreciation charges	(4)	(12)
Closing net book amount	9,184	9,890

11 Property, plant and equipment, net

Movements of property, plant and equipment for the three-month period ended 31 December 2019 are as follows:

	Consolidated financial information Baht'000	Separate financial information Baht'000
Opening net book amount	1,803,662	1,741,256
Additions	164,849	158,061
Disposals, net	(2,582)	(2,582)
Write-offs, net	(944)	(944)
Depreciation charges	(83,336)	(80,156)
Closing net book amount	1,881,649	1,815,635

12 Computer software, net

Movements of computer software for the three-month period ended 31 December 2019 are as follows:

	Consolidated financial information Baht'000	Separate financial information Baht'000
Opening net book amount	42,498	37,758
Additions	8,975	8,975
Amortisation charges	(1,897)	(1,619)
Closing net book amount	49,576	45,114

13 Trade and other payables

	Consolidated financial information		Separate financial information	
	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000
Trade payables - related companies (Note 19)	301,692	236,085	302,731	237,601
Trade payables - other companies	487,906	486,798	483,422	479,201
Amounts due to related parties (Note 19)	2,964	787	36,853	39,470
Accrued expenses	49,976	192,225	40,742	169,142
Down payments received from customers	3,511	1,477	3,511	1,477
Other payables	91,952	73,734	89,713	71,215
Trade and other payables	938,001	991,106	956,972	998,106

Outstanding accrued expenses as at 31 December 2019 and 30 September 2019 were as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000
Accrued bonuses	32,641	162,597	27,878	145,282
Accrued employee income taxes	3,817	9,032	3,059	7,376
Accrued employee welfare	3,596	6,192	3,075	6,192
Other accruals	9,922	14,404	6,730	10,292
Accrued expenses	49,976	192,225	40,742	169,142

14 Employee benefit obligations

Movements of employee benefit obligations for the three-month period ended 31 December 2019 are as follows:

	Consolidated financial information Baht'000	Separate financial information Baht'000
Opening balance	260,550	228,820
Additional provisions during the period	6,791	6,059
Remeasurements of employee benefit obligations	62,939	57,272
<u>Less</u> Employee benefits paid during the period	(4,175)	(4,029)
Closing balance	326,105	288,122

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

	Consolidated financial information		Separate financial information	
	Unaudited 31 December 2019 %	Audited 30 September 2019 %	Unaudited 31 December 2019 %	Audited 30 September 2019 %
Discount rate	1.75	2.75	1.75	2.75
Future salary increase rates	6.00 - 6.50	5.00 - 7.00	6.00 - 6.50	5.00 - 7.00
Other fixed allowance rate	1.75	1.75	1.75	1.75
1 Baht Gold price	21,500 Baht	20,000 Baht	21,500 Baht	20,000 Baht
Gold Inflation rate	3.00	3.00	3.00	3.00
Retirement age	58 years old	58 years old	58 years old	58 years old

15 Share capital and premium on share capital

	Consolidated and Separate financial information			
	Number of shares	Ordinary shares	Share premium	Total
	shares	Baht'000	Baht'000	Baht'000
As at 1 October 2018	200,000,000	200,000	298,000	498,000
Issue of shares	-	-	-	-
As at 31 December 2018	200,000,000	200,000	298,000	498,000
As at 1 October 2019	200,000,000	200,000	298,000	498,000
Treasury shares	(8,800)	(130)	-	(130)
As at 31 December 2019	199,991,200	199,870	298,000	497,870

Treasury share

Where any companies within the Group repurchases its shares, the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

At the Board of Directors Meeting no. 8/2019 of the Company held on 22 November 2019, the meeting unanimously passed a resolution approving the share repurchase project for financial management purpose with amount not exceeding Baht 118 million, approximately represents 8 million shares or 4% of the total issued shares. The Company repurchases the ordinary shares via main board of the Stock Exchange of Thailand within 6 months, during the period from 9 December 2019 to 5 June 2020. Treasury share has to be resold after 6 months but no later than 3 years from the completion date of share repurchases. The payment for treasury shares presented as reduction in equity in the statement of financial position.

As at 31 December 2019, the Company has repurchased total treasury shares of Baht 130,240 for repurchased share of 8,800 shares.

16 Income tax expense

Income tax expense for the three-month period ended 31 December 2019 and 2018 were as follows:

	Consolidated		Separate	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Current income tax	12,968	15,317	11,553	14,874
Deferred income tax	(1,162)	(996)	(1,026)	(914)
Income tax expense	11,806	14,321	10,527	13,960

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%).

17 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the owner of the parent company by the weighted average number of ordinary shares in issue during the period.

Basic earnings per share for the three-month period ended 31 December 2019 and 2018 were as follows:

	Consolidated financial information		Separate financial information	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Net profit attributable to the owners of the parent company (Baht)	59,737	70,563	54,131	66,120
Weighted average number of ordinary shares outstanding (shares)	199,998	200,000	199,998	200,000
Basic earnings per share (Baht per share)	0.30	0.35	0.27	0.33

18 Letters of bank guarantee

As at 31 December 2019, there were outstanding letters of guarantee issued by banks on behalf of the Company of approximately Baht 20.62 million (30 September 2019: Baht 20.62 million) to the Provincial Electricity Authority for electricity consumption and Baht 0.30 million (30 September 2019: Baht 0.31 million) for the due fulfillment by the Company of the terms and conditions in respect of grant of Certification Mark License by the licensor.

19 Related party transactions

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.

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 that are summarised as follows:

	Terms and basis
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, metal molds and machineries	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.

Inoue Rubber (Thailand) Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the three-month period ended 31 December 2019

a) Transactions with related parties

The significant related party transactions for the three-month periods ended 31 December 2019 and 2018 were summarised as follows:

	Consolidated financial information		Separate financial information	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Sales of goods				
Subsidiaries	-	-	5,617	5,350
Related parties	501,255	632,222	501,255	632,222
	501,255	632,222	506,872	637,572
Service income				
Related parties	3,387	2,909	3,387	2,909
Rental income				
Subsidiaries	-	-	803	755
Related parties	387	354	387	354
	387	354	1,190	1,109
Purchases of raw materials				
Related parties	216,397	179,000	216,397	179,000
Purchases of metal molds and machineries				
Subsidiary	-	-	8,251	16,247
Related party	38,602	3,298	38,602	3,298
	38,602	3,298	46,853	19,545
Research and development expenses				
Subsidiary	-	-	29,737	28,200
Related party	127	705	-	-
	127	705	29,737	28,200
Technical assistance fee expenses				
Related parties	19,651	18,542	19,651	18,542
Advertising expenses				
Related parties	5,675	3,050	5,675	3,050
Utility expense				
Related party	111	91	111	91
Employee service sharing expenses				
Subsidiary	-	-	442	416

b) Outstanding balances arising from sales and purchases of goods and services

The outstanding balances as at 31 December 2019 and 30 September 2019 in relation to transactions between the Group and the Company and those subsidiaries and related companies were summarised as follows:

	financial information		financial information	
	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 31 December 2019 Baht'000	Audited 30 September 2019 Baht'000
Trade receivables				
Subsidiaries	-	-	6,010	4,888
Related companies	424,047	501,372	423,177	501,372
Total trade receivables	424,047	501,372	429,187	506,260
Amounts due from related parties				
Subsidiaries	-	-	1,596	1,856
Related companies	1,389	1,422	1,389	1,422
Total amounts due from related parties	1,389	1,422	2,985	3,278
Trade payables				
Subsidiaries	-	-	1,078	1,533
Related companies	301,692	236,085	301,653	236,068
Total trade payables	301,692	236,085	302,731	237,601
Amounts due to related parties				
Subsidiaries	-	-	34,983	39,389
Related companies	2,964	787	1,870	81
Total amounts due to related parties	2,964	787	36,853	39,470

c) 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 2019 and 2018 as follows:

	Consolidated financial information		Separate financial information	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Salaries and other short-term benefits	20,291	21,027	20,291	21,027
Post-employment benefits	213	165	213	165
Other long-term benefits	292	277	292	277
	20,796	21,469	20,796	21,469

20 Event after the reporting period

At the Annual General Meeting of shareholders for 2020 of the Company held on 29 January 2020, the shareholders unanimously passed a resolution approving dividend payment from its operating results for 2019 at Baht 0.4164 per share (Baht 0.0590 per share from BOI-promoted operations and Baht 0.3574 per share from non-BOI promoted operations), amounting to a total dividend of Baht 83.20 million. The dividends will be distributed to shareholders on 28 February 2020.

At the Annual General Meeting of shareholders for 2020 of IRC (Asia) Research Limited held on 29 January 2020, the shareholders unanimously passed a resolution approving dividend payment from its operating results for 2019 at Baht 4.33 per share from non-BOI promoted operations, amounting to a total dividend of Baht 13 million. The dividends will be distributed to shareholders on 28 February 2020.

At the Annual General Meeting of shareholders for 2020 of Kin No Hoshi Engineering Company Limited held on 29 January 2020, the shareholders unanimously passed a resolution approving dividend payment from its operating results for 2019 at Baht 40 per share from non-BOI promoted operations, amounting to a total dividend of Baht 4 million. The dividends will be distributed to shareholders on 28 February 2020.
