

INOUE RUBBER (THAILAND) PUBLIC COMPANY LIMITED

INTERIM CONSOLIDATED AND SEPARATE
FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2020



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 30 June 2020, the consolidated and separate statements of comprehensive income for the three-month and nine-month periods then ended, the related consolidated and separate statements of changes in equity and cash flows for the nine-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".



Emphasis of matter

I draw attention to note 4 of the interim financial information, which describes the accounting policies in relation to adopting the temporary exemptions announced by the Federation of Accounting Professions to relieve the impact from COVID-19 for the reporting periods ending between 1 January 2020 and 31 December 2020. My conclusion is not modified in respect to this matter.

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to be 'Nopanuch Apichatsatien', written in a cursive style.

Nopanuch Apichatsatien
Certified Public Accountant (Thailand) No. 5266
Bangkok
14 August 2020

Inoue Rubber (Thailand) Public Company Limited

Statements of Financial Position

As at 30 June 2020

	Notes	Consolidated financial information		Separate financial information	
		Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000
Assets					
Current assets					
Cash and cash equivalents		734,049	599,206	705,002	552,722
Trade and other receivables, net	9	474,696	1,011,809	475,026	1,014,923
Available-for-sale investments	10	125,092	436,003	125,092	436,003
Held-to-maturity debt securities		283,163	-	283,163	-
Inventories, net		552,911	568,101	550,632	564,707
Other current assets		13,454	11,374	10,279	7,935
Total current assets		2,183,365	2,626,493	2,149,194	2,576,290
Non-current assets					
Available-for-sale investments	10	80,626	266,118	80,626	266,118
Investments in subsidiaries		-	-	20,049	20,049
Other long-term investment		30,782	30,782	30,782	30,782
Investment property, net	11	9,021	9,188	9,712	9,902
Property, plant and equipment, net	12	1,860,303	1,803,662	1,790,176	1,741,256
Computer software, net	13	51,938	42,498	45,468	37,758
Deferred tax assets		64,640	50,739	60,102	45,696
Other non-current assets		38,057	19,300	37,997	19,240
Total non-current assets		2,135,367	2,222,287	2,074,912	2,170,801
Total assets		4,318,732	4,848,780	4,224,106	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 30 June 2020

	Notes	Consolidated financial information		Separate financial information	
		Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000
Liabilities and equity					
Current liabilities					
Trade and other payables	14	526,899	991,106	527,991	998,106
Income tax payable		-	13,253	-	13,253
Other current liabilities		1,371	2,179	-	-
Total current liabilities		528,270	1,006,538	527,991	1,011,359
Non-current liabilities					
Deferred tax liabilities		352	612	-	-
Employee benefit obligations	15	321,030	260,550	290,735	228,820
Total non-current liabilities		321,382	261,162	290,735	228,820
Total liabilities		849,652	1,267,700	818,726	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 30 June 2020

	Note	Consolidated financial information		Separate financial information	
		Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000
Liabilities and equity (Cont'd)					
Equity					
Share capital	16				
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		3,130,191	3,075,883	3,056,988	2,996,746
<u>Less</u> Treasury shares	16	(114,012)	-	(114,012)	-
Other components of equity		(65,104)	(12,808)	(55,596)	(7,834)
Equity attributable to:					
Owners of the parent		3,469,075	3,581,075	3,405,380	3,506,912
Non-controlling interests		5	5	-	-
Total equity		3,469,080	3,581,080	3,405,380	3,506,912
Total liabilities and equity		4,318,732	4,848,780	4,224,106	4,747,091

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 30 June 2020

	Notes	Consolidated		Separate	
		financial information		financial information	
		2020	2019	2020	2019
		Baht'000	Baht'000	Baht'000	Baht'000
Revenues					
Revenue from sales and services		725,889	1,306,336	725,755	1,305,801
Other income		13,313	11,543	14,379	12,221
Total revenues		739,202	1,317,879	740,134	1,318,022
Expenses					
Cost of sales and services		679,586	1,206,222	683,533	1,207,585
Selling expenses		21,038	27,092	21,038	27,092
Administrative expenses		60,296	83,217	59,112	80,633
Other expenses		6,009	4,615	6,007	4,602
Total expenses		766,929	1,321,146	769,690	1,319,912
Loss before finance costs and income tax expense		(27,727)	(3,267)	(29,556)	(1,890)
Finance costs - Interest expense		-	-	-	-
Loss before income tax expense		(27,727)	(3,267)	(29,556)	(1,890)
Income tax income	17	6,005	2,932	6,721	2,348
Net profit (loss) for the period		(21,722)	(335)	(22,835)	458
Other comprehensive income (expense):					
Item that will not be reclassified subsequently to profit or loss:					
Remeasurements of employee benefit obligations, net of tax					
		-	(4,054)	-	(3,446)
Total item that will not be reclassified subsequently to profit or loss					
		-	(4,054)	-	(3,446)
Item that will be reclassified subsequently to profit or loss:					
Change in value of available-for-sale investments, net of tax					
		(2,657)	486	(2,657)	486
Total item that will be reclassified subsequently to profit or loss					
		(2,657)	486	(2,657)	486
Other comprehensive expense for the period, net of tax		(2,657)	(3,568)	(2,657)	(2,960)
Total comprehensive expense for the period		(24,379)	(3,903)	(25,492)	(2,502)

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 30 June 2020

	Note	Consolidated financial information		Separate financial information	
		2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
Profit (loss) attributable to:					
Owners of the parent		(21,722)	(335)	(22,835)	458
Non-controlling interests		-	-	-	-
		<u>(21,722)</u>	<u>(335)</u>	<u>(22,835)</u>	<u>458</u>
Total comprehensive expense attributable to:					
Owners of the parent		(24,379)	(3,903)	(25,492)	(2,502)
Non-controlling interests		-	-	-	-
		<u>(24,379)</u>	<u>(3,903)</u>	<u>(25,492)</u>	<u>(2,502)</u>
Earnings (loss) per share					
Basic earnings (loss) per share					
(Baht per share)	19	(0.110)	(0.002)	(0.116)	0.002

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 nine-month period ended 30 June 2020

	Notes	Consolidated financial information		Separate financial information	
		2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
Revenues					
Revenue from sales and services		3,252,507	4,116,198	3,250,933	4,114,016
Dividend income		22,102	-	39,102	10,000
Other income		36,771	31,427	39,370	33,355
Total revenues		3,311,380	4,147,625	3,329,405	4,157,371
Expenses					
Cost of sales and services		2,851,903	3,681,719	2,872,584	3,695,964
Selling expenses		81,809	88,784	81,808	88,784
Administrative expenses		195,498	220,695	189,774	213,541
Other expenses		15,402	13,713	15,387	13,678
Total expenses		3,144,612	4,004,911	3,159,553	4,011,967
Profit before finance costs and income tax expense		166,768	142,714	169,852	145,404
Finance costs - Interest expense		-	-	-	-
Profit before income tax expense		166,768	142,714	169,852	145,404
Income tax expense	17	(29,264)	(21,702)	(26,414)	(21,300)
Net profit for the period		137,504	121,012	143,438	124,104
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)	(4,054)	(45,817)	(3,446)
Total item that will not be reclassified subsequently to profit or loss					
		(50,351)	(4,054)	(45,817)	(3,446)
Item that will be reclassified subsequently to profit or loss:					
Change in value of available-for-sale investments, net of tax					
		(1,945)	589	(1,945)	589
Total item that will be reclassified subsequently to profit or loss					
		(1,945)	589	(1,945)	589
Other comprehensive expense for the period, net of tax		(52,296)	(3,465)	(47,762)	(2,857)
Total comprehensive income for the period		85,208	117,547	95,676	121,247

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 nine-month period ended 30 June 2020

	Note	Consolidated		Separate	
		financial information		financial information	
		2020	2019	2020	2019
		Baht'000	Baht'000	Baht'000	Baht'000
Profit attributable to:					
Owners of the parent		137,504	121,012	143,438	124,104
Non-controlling interests		-	-	-	-
		<u>137,504</u>	<u>121,012</u>	<u>143,438</u>	<u>124,104</u>
Total comprehensive income attributable to:					
Owners of the parent		85,208	117,547	95,676	121,247
Non-controlling interests		-	-	-	-
		<u>85,208</u>	<u>117,547</u>	<u>95,676</u>	<u>121,247</u>
Earnings per share					
Basic earnings per share (Baht per share)	19	0.699	0.605	0.729	0.621

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 nine-month period ended 30 June 2020

Consolidated financial information

	Attributable to owners of the parent										Total equity Baht'000
	Capital contributed				Retained earnings		Other components of equity				
	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	Change in value of available-for-sale investments Baht'000	Other comprehensive income (expense) post-employment benefit obligations Baht'000	Total other components of equity Baht'000	Total owners of the parent Baht'000	Non-controlling interests 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 nine-month period ended 30 June 2019	-	-	-	-	121,012 (179,300)	589	(4,054)	(3,465)	117,547 (179,300)	-	117,547 (179,300)
Total comprehensive income (expense) for the period											
Dividends paid											
Closing balance as at 30 June 2019	200,000	298,000	-	20,000	3,030,353	458	(14,270)	(13,812)	3,534,541	5	3,534,546
Opening balance as at 1 October 2019	200,000	298,000	-	20,000	3,075,883	1,463	(14,271)	(12,808)	3,581,075	5	3,581,080
Changes in equity for the nine-month period ended 30 June 2020	-	-	-	-	137,504 (83,196)	(1,945)	(50,351)	(52,296)	85,208 (83,196)	-	85,208 (83,196)
Total comprehensive income (expense) for the period											
Dividends paid											
Treasury shares											
Closing balance as at 30 June 2020	200,000	298,000	(114,012)	20,000	3,130,191	(482)	(64,622)	(65,104)	3,469,075	5	3,469,080

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 nine-month period ended 30 June 2020

Separate financial information

	Separate financial information										
	Capital contributed			Retained earnings		Other components of equity			Total other components of equity		
	Issued and fully paid-up share capital	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 equity		
Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	
Notes											
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 nine-month period ended 30 June 2019											
Total comprehensive income (expense) for the period	-	-	-	-	124,104	589	(3,446)	(2,857)	121,247		
Dividends paid	-	-	-	-	(179,300)	-	-	-	(179,300)		
Closing balance as at 30 June 2019	200,000	298,000	-	20,000	2,953,058	458	(9,297)	(8,839)	3,462,219		
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 nine-month period ended 30 June 2020											
Total comprehensive income (expense) for the period	-	-	-	-	143,438	(1,945)	(45,817)	(47,762)	95,676		
Dividends paid	-	-	-	-	(83,196)	-	-	-	(83,196)		
Treasury shares	-	-	(114,012)	-	-	-	-	-	(114,012)		
Closing balance as at 30 June 2020	200,000	298,000	(114,012)	20,000	3,056,988	(482)	(55,114)	(55,596)	3,405,380		

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 nine-month period ended 30 June 2020

	Notes	Consolidated		Separate	
		financial information		financial information	
		2020	2019	2020	2019
		Baht'000	Baht'000	Baht'000	Baht'000
Cash flows from operating activities					
Profit before income tax expense		166,768	142,714	169,852	145,404
Adjustments for:					
Depreciation	11, 12	253,210	230,571	243,241	220,768
Amortisation	13	6,065	4,360	5,176	3,508
Loss on diminution in value of inventories (reversal)		4,551	(4,439)	4,551	(4,439)
Net loss on write-offs and disposals of plant and equipment		1,391	5,827	1,269	5,957
Loss on disposals of computer software		-	4	-	4
Unrealised loss on exchange rate		381	1,802	381	1,802
(Gain) loss on disposals of available-for-sale investments		(12)	25	(12)	25
Dividends income		(22,102)	-	(39,102)	(10,000)
Interest income		(18,604)	(12,540)	(18,458)	(12,408)
Employee benefits	15	20,372	73,255	25,736	64,688
Changes in working capital					
Trade and other receivables		535,817	9,421	538,631	7,067
Inventories		10,639	36,332	9,524	34,509
Other current assets		(2,080)	(4,444)	(2,344)	(5,271)
Other non-current assets		(18,757)	(14,205)	(18,757)	(14,145)
Trade and other payables		(426,312)	(186,910)	(422,635)	(178,314)
Other current liabilities		(808)	50	-	-
Employee benefit obligations paid	15	(22,831)	(28,512)	(21,093)	(28,285)
Cash generated from operations		487,688	253,311	475,960	230,870
Interest received		9,513	3,549	9,337	3,441
Income tax paid		(47,426)	(54,644)	(47,426)	(54,644)
Net cash generated from operating activities		449,775	202,216	437,871	179,667

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 nine-month period ended 30 June 2020

	Notes	Consolidated		Separate	
		financial information		financial information	
		2020	2019	2020	2019
		Baht'000	Baht'000	Baht'000	Baht'000
Cash flows from investing activities					
Purchase of available-for-sale investments	10	(350,037)	(1,095,810)	(350,037)	(1,095,810)
Proceeds from disposals of available-for-sale investments		570,035	1,102,714	570,035	1,102,714
Purchases of plant and equipment		(348,669)	(322,332)	(338,946)	(313,225)
Purchases of computer software	13	(15,505)	(3,595)	(12,886)	(3,413)
Proceeds from disposals of equipment		4,350	5,759	4,349	5,058
Proceeds from disposals of computer software		-	8	-	8
Dividends received		22,102	-	39,102	10,000
Net cash used in investing activities		(117,724)	(313,256)	(88,383)	(294,668)
Cash flows from financing activities					
Payments for treasury shares	16	(114,012)	-	(114,012)	-
Dividends paid	18	(83,196)	(179,300)	(83,196)	(179,300)
Net cash used in financing activities		(197,208)	(179,300)	(197,208)	(179,300)
Net increase (decrease) in cash and cash equivalents		134,843	(290,340)	152,280	(294,301)
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		734,049	532,629	705,002	500,079

Non-cash transactions

Significant non-cash transactions for the nine-month periods ended 30 June 2020 and 2019 comprise:

		Consolidated		Separate	
		financial information		financial information	
		2020	2019	2020	2019
		Baht'000	Baht'000	Baht'000	Baht'000
Other payables from purchases of property, plant and equipment		16,142	57,587	24,928	76,636
Reclassification from available-for-sale investments to held-to-maturity debt securities	10	283,010	-	283,010	-

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. The Company 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 14 August 2020.

2 Significant events during the current period

The outbreak of Coronavirus Disease 2019 ("COVID-19") in early 2020 has adverse effects widespread on the operating results, which related to many industries, including the Group.

The series of precautionary measures that continues to be implemented across regions including restrictions and controls over travelling in/out to various areas both domestic and international, it has an impact on the Group's business operation with some delays in shipping the goods to customers starting in March 2020, which resulted in a reduction in the Group's revenue from sales for the third quarter of 2020. The Group is now paying close attention to the development of the COVID-19 situation, evaluating its impact on the operation while strategizing effective solutions. The Group establishes an internal division to be responsible for regular monitoring situation to ensure whether measures and decision are effective and supportive to the Group's strategy. In addition, the Group is currently taking step to preserve the business continuity with measures of effective cost and working capital managements.

3 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.

4 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 for the following:

- 1) the adoption of the new financial reporting standards and changes in accounting policies as described in Note 5; and
- 2) the following application of the temporary exemption guidance to relieve the impact from the coronavirus pandemic (COVID-19) (temporary measures to relieve the impact from COVID-19) announced by the Federation of Accounting Professions (TFAC) for the reporting periods ending between 1 January 2020 and 31 December 2020.

Reversal of deferred tax assets

The Group has chosen to exclude information related to COVID-19 which causes uncertainty when considering the sufficiency of future taxable profit for the purpose of assessing the utilisation of deductible temporary differences. Instead, the Group writes down the carrying amount of the deferred tax assets when it's not probable that the future taxable profit will be available for utilising the deductible temporary differences.

Impairment of assets

The Group has chosen to exclude information related to COVID-19 as an indication of the impairment of assets.

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.

5 Adoption of new financial reporting standards and changes 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.

6 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.

7 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 30 June 2020 and 2019 classified by market were presented as follows:

	Consolidated financial information					
	Local		Export		Total	
	2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
Revenue from sales and services	484,111	957,038	241,778	349,298	725,889	1,306,336
Cost of sales and services	(473,174)	(903,685)	(206,412)	(302,537)	(679,586)	(1,206,222)
Gross profit	10,937	53,353	35,366	46,761	46,303	100,114
Other income					13,313	11,543
Selling expenses					(21,038)	(27,092)
Administrative expenses					(60,296)	(83,217)
Other expenses					(6,009)	(4,615)
Income tax income					6,005	2,932
Net loss for the period					(21,722)	(335)
Timing of revenue recognition						
At a point in time	484,098	956,947	241,648	349,004	725,746	1,305,951
Overtime	13	91	130	294	143	385
Total revenues	484,111	957,038	241,778	349,298	725,889	1,306,336

Financial information of the Group for the nine-month periods ended 30 June 2020 and 2019 classified by market were presented as follows:

	Consolidated financial information					
	Local		Export		Total	
	2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
Revenue from sales and services	2,395,146	3,029,717	857,361	1,086,481	3,252,507	4,116,198
Cost of sales and services	(2,153,144)	(2,769,209)	(698,759)	(912,510)	(2,851,903)	(3,681,719)
Gross profit	242,002	260,508	158,602	173,971	400,604	434,479
Other income					36,771	31,427
Dividend income					22,102	-
Selling expenses					(81,809)	(88,784)
Administrative expenses					(195,498)	(220,695)
Other expenses					(15,402)	(13,713)
Income tax expense					(29,264)	(21,702)
Net profit for the period					137,504	121,012
Timing of revenue recognition						
At a point in time	2,394,862	3,028,703	856,645	1,086,187	3,251,507	4,114,890
Overtime	284	1,014	716	294	1,000	1,308
Total revenues	2,395,146	3,029,717	857,361	1,086,481	3,252,507	4,116,198

8 Fair value

At 30 June 2020 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 10.

9 Trade and other receivables, net

	Consolidated financial information		Separate financial information	
	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000
Trade receivables - related companies (Note 21)	287,020	500,872	288,532	505,760
Trade receivables - other companies	177,979	505,021	177,574	502,649
Less Allowance for doubtful accounts	-	(2,168)	-	(2,168)
Trade receivables, net	464,999	1,003,725	466,106	1,006,241
Prepayments	7,846	5,871	6,046	4,962
Accrued income	517	598	193	249
Amounts due from related parties (Note 21)	1,322	1,422	2,669	3,278
Other receivables	12	193	12	193
Trade and other receivables, net	474,696	1,011,809	475,026	1,014,923

Outstanding trade receivables as at 30 June 2020 and 30 September 2019 can be analysed by aging as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000
Related companies				
Current	287,020	485,836	288,532	490,724
Overdue up to 3 months	-	14,940	-	14,940
Overdue 6 - 12 months	-	96	-	96
	287,020	500,872	288,532	505,760
Other companies				
Current	177,200	494,009	176,844	491,637
Overdue up to 3 months	617	3,500	568	3,500
Overdue 3 - 6 months	-	5,344	-	5,344
Overdue 6 - 12 months	162	-	162	-
Overdue more than 12 months	-	2,168	-	2,168
	177,979	505,021	177,574	502,649
Less Allowance for doubtful accounts	-	(2,168)	-	(2,168)
	177,979	502,853	177,574	500,481
Total trade receivables, net	464,999	1,003,725	466,106	1,006,241

Total amounts of receivables written-off as uncollectible was Baht 2,167,775.

10 Available-for-sale investments

	Consolidated financial information		Separate financial information	
	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000
Fair value of available-for-sale investments				
- Current	125,092	436,003	125,092	436,003
- Non-current	80,626	266,118	80,626	266,118
Total available-for-sale investments	205,718	702,121	205,718	702,121

Movements in available-for-sale investments - debt security for the nine-month period ended 30 June 2020 were as follows:

	Consolidated and separate financial information Baht'000
Opening balance	702,121
Purchase of securities	350,037
Disposal of securities	(570,022)
Reclassification to held-to-maturity debt securities	(283,010)
Interest income	9,177
Change in fair values	(2,585)
Closing balance	205,718

Fair value of available-for-sale investments as at 30 June 2020 and 30 September 2019 were as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000
Investments in debt security	205,718	702,121	205,718	702,121
Total	205,718	702,121	205,718	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 8).

The outbreak of COVID-19 has adverse effects on financial market, which results in fluctuate return on investment in debt security both government and corporate bonds. However, the Group has overall risk management plans by reducing investment volume and focusing on prudent liquidity risk management.

11 Investment properties, net

Movements of investment properties for the nine-month period ended 30 June 2020 are as follows:

	Consolidated financial information Baht'000	Separate financial information Baht'000
Opening net book amount	9,188	9,902
Transferred to property, plant and equipment, net (Note 12)	(163)	(163)
Depreciation charges	(4)	(27)
Closing net book amount	<u>9,021</u>	<u>9,712</u>

12 Property, plant and equipment, net

Movements of property, plant and equipment for the nine-month period ended 30 June 2020 are as follows:

	Consolidated financial information Baht'000	Separate financial information Baht'000
Opening net book amount	1,803,662	1,741,256
Additions	315,425	297,589
Transferred from investment properties, net (Note 11)	163	163
Disposals, net	(4,618)	(4,495)
Write-offs, net	(1,123)	(1,123)
Depreciation charges	(253,206)	(243,214)
Closing net book amount	<u>1,860,303</u>	<u>1,790,176</u>

Additions mainly include acquisitions of machineries and factory equipment to use in production of new products of the Group and a solar rooftop to use in generating electricity for internal consumption of the Group.

13 Computer software, net

Movements of computer software for the nine-month period ended 30 June 2020 are as follows:

	Consolidated financial information Baht'000	Separate financial information Baht'000
Opening net book amount	42,498	37,758
Additions	15,505	12,886
Amortisation charges	(6,065)	(5,176)
Closing net book amount	<u>51,938</u>	<u>45,468</u>

14 Trade and other payables

	Consolidated financial information		Separate financial information	
	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000
Trade payables - related companies (Note 21)	148,284	236,085	148,561	237,601
Trade payables - other companies	225,544	486,798	223,193	479,201
Amounts due to related parties (Note 21)	779	787	15,364	39,470
Accrued expenses	105,994	192,225	94,899	169,142
Advance received from customers	2,067	1,477	2,067	1,477
Other payables	44,231	73,734	43,907	71,215
Trade and other payables	526,899	991,106	527,991	998,106

Outstanding accrued expenses as at 30 June 2020 and 30 September 2019 were as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000
Accrued bonuses	78,389	162,597	70,085	145,282
Accrued employee income taxes	5,205	9,032	4,363	7,376
Accrued employee welfare	7,002	6,192	6,536	6,192
Other accruals	15,398	14,404	13,915	10,292
Accrued expenses	105,994	192,225	94,899	169,142

15 Employee benefit obligations

Movements of employee benefit obligations for the nine-month period ended 30 June 2020 are as follows:

	Consolidated financial information Baht'000	Separate financial information Baht'000
Opening balance	260,550	228,820
Additional provisions during the period	20,372	25,736
Remeasurements of employee benefit obligations	62,939	57,272
<u>Less</u> Employee benefits paid during the period	<u>(22,831)</u>	<u>(21,093)</u>
Closing balance	321,030	290,735

16 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 30 June 2019	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	(7,792,300)	(114,012)	-	(114,012)
As at 30 June 2020	192,207,700	85,988	298,000	383,988

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 5 June 2020, the share repurchase project for financial management purpose had been completed. The Company had repurchased total treasury shares of Baht 114,011,638 for repurchased share of 7,792,300 shares, represents 3.9% of the Company's total issued shares.

17 Income tax expense (income)

Income tax expense (income) for the three-month period ended 30 June 2020 and 2019 were as follows:

	Consolidated financial information		Separate financial information	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
Current income tax	(7,148)	5,381	(6,408)	4,499
Deferred income tax	1,143	(8,313)	(313)	(6,847)
Income tax income	(6,005)	(2,932)	(6,721)	(2,348)

Income tax expense for the nine-month period ended 30 June 2020 and 2019 were as follows:

	Consolidated financial information		Separate financial information	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
Current income tax	30,352	30,848	28,879	28,811
Deferred income tax	(1,088)	(9,146)	(2,465)	(7,511)
Income tax expense	29,264	21,702	26,414	21,300

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 Dividends paid

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 were distributed to shareholders on 28 February 2020.

19 Earnings (loss) per share

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

Basic earnings (loss) per share for the three-month period ended 30 June 2020 and 2019 were as follows:

	Consolidated financial information		Separate financial information	
	2020	2019	2020	2019
Net profit (loss) attributable to the owners of the parent company (Thousand Baht)	(21,722)	(335)	(22,835)	458
Weighted average number of ordinary shares outstanding (Thousand shares)	197,542	200,000	197,542	200,000
Basic earnings (loss) per share (Baht per share)	(0.110)	(0.002)	(0.116)	0.002

Basic earnings per share for the nine-month period ended 30 June 2020 and 2019 were as follows:

	Consolidated financial information		Separate financial information	
	2020	2019	2020	2019
Net profit attributable to the owners of the parent company (Thousand Baht)	137,504	121,012	143,438	124,104
Weighted average number of ordinary shares outstanding (Thousand shares)	196,855	200,000	196,855	200,000
Basic earnings per share (Baht per share)	0.699	0.605	0.729	0.621

20 Letters of bank guarantee

As at 30 June 2020, 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 0.31 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.

21 Related party transactions

The Company's major shareholders are the Leeissaranukuls group in proportion of 39.36% and Inoue Rubber Company Limited, which is incorporated and domiciled in Japan, in proportion of 35.69%. The remaining 24.95% 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.

a) Transactions with related parties

The significant related party transactions for the three-month periods ended 30 June 2020 and 2019 were summarised as follows:

	Consolidated financial information		Separate financial information	
	2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
Sales of goods				
Subsidiaries	-	-	1,494	2,902
Related parties	389,721	587,502	389,591	587,117
	389,721	587,502	391,085	590,019
Service income				
Related parties	3,343	2,975	3,343	2,975
Rental income				
Subsidiaries	-	-	806	771
Related parties	333	365	333	365
	333	365	1,139	1,136
Purchases of raw materials				
Related parties	112,120	195,492	112,120	195,492
Purchases of metal molds and machineries				
Subsidiary	-	-	5,214	14,145
Related parties	-	6,347	-	6,347
	-	6,347	5,214	20,492
Research and development expenses				
Subsidiary	-	-	16,096	29,167
Related party	391	295	-	-
	391	295	16,096	29,167
Technical assistance fee expenses				
Related parties	13,436	17,976	13,436	17,976
Advertising expenses				
Related parties	1,700	2,075	1,700	2,075
Utility expenses				
Related party	106	118	106	118
Employee service sharing expenses				
Subsidiary	-	-	-	403

Inoue Rubber (Thailand) Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the nine-month period ended 30 June 2020

The significant related party transactions for the nine-month periods ended 30 June 2020 and 2019 were summarised as follows:

	Consolidated financial information		Separate financial information	
	2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
Sales of goods				
Subsidiaries	-	-	13,169	14,948
Related parties	1,440,994	1,779,153	1,440,051	1,777,998
	<u>1,440,994</u>	<u>1,779,153</u>	<u>1,453,220</u>	<u>1,792,946</u>
Service income				
Related parties	10,314	8,699	10,314	8,699
Rental income				
Subsidiaries	-	-	2,412	2,281
Related parties	1,053	1,073	1,053	1,073
	<u>1,053</u>	<u>1,073</u>	<u>3,465</u>	<u>3,354</u>
Purchases of raw materials				
Related parties	518,700	576,588	518,700	576,588
Purchases of metal molds and machineries				
Subsidiary	-	-	22,682	43,008
Related parties	38,602	14,348	38,602	14,348
	<u>38,602</u>	<u>14,348</u>	<u>61,284</u>	<u>57,356</u>
Research and development expenses				
Subsidiary	-	-	76,790	86,172
Related party	1,002	1,402	-	-
	<u>1,002</u>	<u>1,402</u>	<u>76,790</u>	<u>86,172</u>
Technical assistance fee expenses				
Related parties	52,848	55,150	52,848	55,150
Advertising expenses				
Related parties	7,425	7,175	7,425	7,175
Dividend income				
Subsidiaries	-	-	17,000	10,000
Related party	22,102	-	22,102	-
	<u>22,102</u>	<u>-</u>	<u>39,102</u>	<u>10,000</u>
Utility expense				
Related party	317	294	317	294
Employee service sharing expenses				
Subsidiary	-	-	800	1,216

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

The outstanding balances as at 30 June 2020 and 30 September 2019 in relation to transactions between the Group and the Company and those subsidiaries and related companies were summarised as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000	Unaudited 30 June 2020 Baht'000	Audited 30 September 2019 Baht'000
Trade receivables				
Subsidiary	-	-	1,512	4,888
Related companies	287,020	500,872	287,020	500,872
Total trade receivables	287,020	500,872	288,532	505,760
Amounts due from related parties				
Subsidiaries	-	-	1,347	1,856
Related companies	1,322	1,422	1,322	1,422
Total amounts due from related parties	1,322	1,422	2,669	3,278
Trade payables				
Subsidiary	-	-	752	1,533
Related companies	148,284	236,085	147,809	236,068
Total trade payables	148,284	236,085	148,561	237,601
Amounts due to related parties				
Subsidiaries	-	-	15,294	39,389
Related companies	779	787	70	81
Total amounts due to related parties	779	787	15,364	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 nine-month periods ended 30 June 2020 and 2019 as follows:

	Consolidated financial information		Separate financial information	
	2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
Salaries and other short-term benefits	50,458	51,344	50,458	51,344
Post-employment benefits	639	496	639	496
Other long-term benefits	887	876	887	876
	51,984	52,716	51,984	52,716