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These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements and were approved and authorised for issue by the Board of Directors on 12 November 2020.

1. **General information**

The principal activities of the Group are comprehensive rubber businesses covering the whole value chain of rubber and latex products, which are the rubber plantation in Thailand, the producer of latex concentrate and latex rubber, latex rubber thread, and latex foam mattress. Details of the Company’s associates and subsidiaries as at 30 September 2020 and 31 December 2019 are given in notes 7 and 8.

1. **Basis of preparation of the interim financial statements**
2. ***Statement of compliance***

The condensed interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis (“interim financial statements”) in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended   
31 December 2019.

The Group/Company has initially applied TFRS - Financial instruments standards and TFRS 16 Leases and disclosed impact from changes to significant accounting policies in note 3.

In addition, the Group/Company has not early adopted a number of new and revised TFRS, which are not yet effective for the current period in preparing these financial statements. The Group/Company has assessed the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

1. ***Use of judgements, estimates and accounting policies***

In preparing these interim financial statements, judgements and estimates are made by management in applying the Group’s/Company’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that described in the financial statements for the year ended 31 December 2019, except for the new significant judgements and key sources of estimation uncertainty related to the application of new TFRS and COVID-19 outbreak as described in note 3 and 4.

1. ***Use of going concern basis of accounting***

The major sales transactions of the Group/Company have been affected from the fluctuation in rubber price, trade war in China and economic recession as resulted of COVID-19 situation. The Group incurred net loss for the nine-month period ended 30 September 2020 of Baht 107.0 million *(nine-month period ended 30 September 2019: Baht 175.7 million)*. As at the same date, the Group’s and the Company’s current liabilities exceeded current assets by Baht 2,760.9 million and Baht 2,213.0 million, respectively *(31 December 2019: Baht 2,078.9 million and Baht 593.0 million, respectively)*, as a subsidiary has incurred loss resulted from reduction of its production capacity since the first quarter of 2020. However, its operations is expected to resume as normal in the near future. Such circumstances indicate the existence of an uncertainty which may cast significant doubt about the Group’s/Company’s ability to continue as a going concern.

The Group and the Company implemented policies and procedures in an attempt to manage their liquidity risk and other circumstances. The Group and the Company plan to address the liquidity problem by finding new customers, increasing sales volume and production capacity, cost reduction, restructuring of financing plan, finding more credit facilities and business restructuring of the Group/Company, sales of the non-performing assets including obtaining the lenders’ waiver of breaches of the terms of the loan agreements with financial institutions and negotiating for the reschedule the repayment of loan principal.

The consolidated and separate interim financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will realise its assets and discharge its liabilities in the normal course of business. Therefore, the interim financial statements have not included any adjustment of the value of assets to realisable value, or of liabilities to the amounts eventually due, and reclassification of accounts, which may be necessary.

1. **Changes in accounting policies**

From 1 January 2020, the Group/Company has initially applied TFRS - Financial instruments standards and TFRS 16.

1. ***TFRS - Financial instruments standards***

The Group/Company has adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings on 1 January 2020. Therefore, the Group/Company did not adjust the information presented for 2019.

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The impact from adoption of TFRS - Financial instruments standards are as follows:

1. Classification and measurement of financial assets and financial liabilities

TFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification under TFRS 9 is based on the cash flow characteristics of the financial asset and the business model in which they are managed. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. Previously, the Group/Company recognised interest income and interest expenses at the rate specified in the contract.

Under TFRS 9, derivatives are measured at FVTPL. Previously, the Group/Company recognised the derivatives when they were exercised.

The following table shows measurement categories under previous standards and TFRS 9, including reconciliation of the carrying amounts of each class of the Group’s/Company’s financial assets and financial liabilities as at 1 January 2020.

| **Consolidated financial statements** | | | | | |
| --- | --- | --- | --- | --- | --- |
| Classification under previous standards at 31 December 2019 | |  | Classification under TFRS 9 at 1 January 2020 | | |
|  | Carrying amounts |  | Fair value through profit or loss |  | Amortised cost - net |
|  | *(in thousand Baht)* | | | | |
| Cash and cash equivalents | 91,126 |  | - |  | 91,126 |
| Trade and other current receivables | 952,834 |  | - |  | 952,834 |
| Other financial assets |  |  |  |  |  |
| - Deposits at financial institutions | 6,597 |  | - |  | 6,597 |
| - Non-current investments in  financial assets | 81,200 |  | 81,200 |  | - |
| - Derivative assets | - |  | 209 |  | - |
| **Total other financial assets** | **87,797** |  | **81,409** |  | **6,597** |
| **Total** | **1,131,757** |  | **81,409** |  | **1,050,557** |
|  |  |  |  |  |  |
| Bank overdrafts and short-term loans from financial institutions | 3,698,216 |  | - |  | 3,698,216 |
| Trade and other current payables | 264,713 |  | - |  | 264,713 |
| Short-term loans from related party | 3,100 |  | - |  | 3,100 |
| Long-term loans from financial institutions | 1,181,287 |  | - |  | 1,181,287 |
| Other financial liabilities |  |  |  |  |  |
| - Derivative liabilities | - |  | 4,284 |  | - |
| **Total** | **5,147,316** |  | **4,284** |  | **5,147,316** |

| **Separate financial statements** | | | | | |
| --- | --- | --- | --- | --- | --- |
| Classification under previous standards at 31 December 2019 | |  | Classification under TFRS 9 at 1 January 2020 | | |
|  | Carrying amounts |  | Fair value through profit or loss |  | Amortised cost - net |
|  | *(in thousand Baht)* | | | | |
| Cash and cash equivalents | 34,102 |  | - |  | 34,102 |
| Trade and other current receivables | 811,969 |  | - |  | 811,969 |
| Loan to related party | 992,933 |  | - |  | 992,933 |
| Other financial assets |  |  |  |  |  |
| - Deposits at financial institutions | 6,597 |  | - |  | 6,597 |
| - Non-current investments in  financial assets | 81,200 |  | 81,200 |  | - |
| - Derivative assets | - |  | 90 |  | - |
| **Total other financial assets** | **87,797** |  | **81,290** |  | **6,597** |
| **Total** | **1,926,801** |  | **81,290** |  | **1,845,601** |
|  |  |  |  |  |  |
| Bank overdrafts and short-term loans from financial institutions | 2,906,703 |  | - |  | 2,906,703 |
| Trade and other current payables | 71,543 |  | - |  | 71,543 |
| Short-term loans from related party | 47,000 |  | - |  | 47,000 |
| Long-term loans from financial institutions | 831,250 |  | - |  | 831,250 |
| Other financial liabilities - Derivative liabilities | - |  | 1,584 |  | - |
| **Total** | **3,856,496** |  | **1,584** |  | **3,856,496** |

1. Impairment - Financial assets

TFRS 9 introduces forward-looking ‘expected credit loss’ (ECL) model whereas previously the Group/Company estimates allowance for doubtful account by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost, except for investments in equity instruments.

1. ***TFRS 16 Leases***

From 1 January 2020, the Group/Company has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* and TFRIC 4 *Determining whether an arrangement contains a lease* using the modified retrospective approach.

Previously, the Group/Company, as a lessee, recognised payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Group/Company assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Group/Company allocates the consideration in the contract based on stand-alone selling price (transaction price). As at 1 January 2020, the Group and the Company recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Group/Company recognised depreciation of right-of-use assets and interest expense on lease liabilities.

On transition, the Group/Company also elected to use the following practical expedients:

- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term

- use hindsight when determining the lease term

- recognition for leases of low-value assets

- apply a single discount rate to a portfolio of leases with similar characteristics; and

- rely on previous assessments whether leases are onerous as an alternative to performing an impairment review

| ***Impact from the adoption of TFRS 16*** | Consolidated financial statements |  | Separate financial statements |
| --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| ***At 1 January 2020*** |  | | |
| Right-of-use assets | 39,237 |  | 2,637 |
| Increase in lease liabilities | (39,237) |  | (2,637) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Measurement of lease liability*** |  |  |  | |
|  |  | | | |
| Operating lease commitment as disclosed at  31 December 2019 | 5,441 |  | - |
| *Add* contract is considered as a lease | 12,918 |  | 895 |
|  | 18,359 |  | 895 |
| Recognition exemption for short-term leases | (5) |  | (5) |
| Recognition exemption for leases of low-value assets | (30) |  | - |
| Extension and termination options reasonably certain to be exercised | 23,352 |  | 1,944 |
| Lease is considered as service contract | (156) |  | - |
|  | **41,520** |  | **2,834** |
| ***Measurement of lease liability*** | Consolidated financial statements |  | Separate financial statements |
|  | *(in thousand Baht)* | | |
| Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2020 | 39,237 |  | 2,637 |
| Finance lease liabilities recognised as at  31 December 2019 | 54,190 |  | 51,101 |
| **Lease liabilities recognised at 1 January 2020** | **93,427** |  | **53,738** |
| Weighted-average incremental borrowing rate*(% per annum)* | **4%** |  | **4%** |

Right-of-use assets and lease liabilities shown above were presented as part of all segments.

1. **Impact of COVID-19 Outbreak**

Due to the COVID-19 outbreak at the beginning of 2020, Thailand and many other countries have enacted several protective measures against the outbreak, e.g. the order to temporarily shut down operating facilities or reduce operating hours, social distancing, etc. This has significantly affected world economy, production, supply chain of goods and business operation of many entities in wide areas. The management is closely monitoring the situation to ensure the safety of the Group’s/Company’s staff and to manage the negative impact on the business as much as possible. At 30 September 2020, the situation of COVID-19 outbreak is still ongoing, resulting in estimation uncertainty on the potential impact, therefore, the Group/Company elected to apply accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of COVID-19 outbreak on the following:

* 1. *Impairment of assets*

The Group/Company considered impairment of trade accounts receivables under simplified approach using historical loss rate and did not take forward-looking information into account.

The Group/Company elected to exclude the COVID-19 situation as impairment indicator for property, plant and equipment/investment properties, and elected to exclude the COVID-19 situation, which may affect future financial forecasts, from the impairment testing.

* 1. *Fair value measurement*

The Group/Company elected to measure investment in non-marketable equity securities at 30 September 2020 using fair values at 1 January 2020.

The Group/Company elected to exclude the factor of COVID-19 situation, which may affect future financial forecast, in fair value measurement technique of property, plant and equipment/investment properties, therefore, the Group/Company used the latest appraised value as fair value.

1. **Related parties**

Significant transactions for the three-month and nine-month periods ended 30 September with related parties were as follows:

|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Three-month period ended 30 September*** | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiaries** |  |  |  |  |  |  |  |
| Sales of goods/raw materials | - |  | - |  | 261,307 |  | 400,826 |
| Purchases of goods/raw materials | - |  | - |  | 17,540 |  | 16,364 |
| Interest income | - |  | - |  | 1,715 |  | - |
| Interest expense | - |  | - |  | 462 |  | 462 |
| Rental income | - |  | - |  | 304 |  | 85 |
| Commission expense | - |  | - |  | 71 |  | - |
|  |  |  |  |  |  |  |  |
| **Associate** |  |  |  |  |  |  |  |
| Purchases of raw materials | 1,021 |  | 3,336 |  | 1,021 |  | 3,336 |
| Interest expense | 23 |  | 40 |  | - |  | - |
|  |  |  |  |  |  |  |  |
| **Key management personnel** |  |  |  |  |  |  |  |
| Key management personnel compensation | 5,903 |  | 8,171 |  | 5,903 |  | 8,171 |
|  |  |  |  |  |  |  |  |
| **Other related parties** |  |  |  |  |  |  |  |
| Sales of goods | 4,528 |  | 4,407 |  | 4,528 |  | 4,286 |
| Purchases of raw materials | 3,546 |  | 5,251 |  | 3,546 |  | 5,251 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Nine-month period ended 30 September*** |  |  |  |  |  |  |  |
|  |  | | | | | | |
| **Subsidiaries** |  |  |  |  |  |  |  |
| Sales of goods/raw materials | - |  | - |  | 761,388 |  | 1,073,028 |
| Purchases of goods/raw materials | - |  | - |  | 26,339 |  | 47,731 |
| Interest income | - |  | - |  | 3,262 |  | 66 |
| Interest expense | - |  | - |  | 1,376 |  | 1,371 |
| Rental income | - |  | - |  | 811 |  | 85 |
| Commission expense | - |  | - |  | 212 |  | - |
|  |  |  |  |  |  |  |  |
| **Associate** |  |  |  |  |  |  |  |
| Purchases of raw materials | 1,489 |  | 5,577 |  | 1,489 |  | 5,577 |
| Interest expense | 78 |  | 129 |  | - |  | - |
|  |  | | | | | | |
| **Key management personnel** |  |  |  |  |  |  |  |
| Key management personnel compensation | 19,978 |  | 24,512 |  | 19,978 |  | 24,512 |
|  |  |  |  |  |  |  |  |
| **Other related parties** |  |  |  |  |  |  |  |
| Sales of goods | 13,795 |  | 6,827 |  | 13,795 |  | 6,624 |
| Purchases of raw materials | 3,874 |  | 7,350 |  | 3,874 |  | 7,350 |

Balances as at 30 September 2020 and 31 December 2019 with related parties were as follows:

|  | | | | **Consolidated financial statements** | | | | | |  | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | 30  September | |  | 31 December | | |  | 30  September | | |  | | 31 December | |
|  | | | | 2020 | |  | 2019 | | |  | 2020 | | |  | | 2019 | |
|  | | | | *(in thousand Baht)* | | | | | | | | | | | | | |
| ***Trade and other current receivables*** | | | |  | |  |  | | |  |  | | |  | |  | |
| Subsidiaries | | | | - | |  | - | | |  | 156,730 | | |  | | 343,399 | |
| Associate | | | | 1 | |  | 2 | | |  | 1 | | |  | | 2 | |
| Related parties | | | | 3,407 | |  | 2,617 | | |  | 3,407 | | |  | | 2,617 | |
| **Total** | | | | **3,408** | |  | **2,619** | | |  | **160,138** | | |  | | **346,018** | |
|  | | | |  | |  |  | | |  |  | | |  | |  | |
|  | **Interest rate** | | | | **Separate financial statements** | | | | | | | | | | | | | |
|  | 31 December |  | 30  September | | 31  December | | |  |  | | |  |  | |  | | 30  September | |
| ***Loans to*** | 2019 |  | 2020 | | 2019 | | |  | Increase | | |  | Decrease | |  | | 2020 | |
|  | *(% per annum)* | | | | *(in thousand Baht)* | | | | | | | | | | | | | |
| Subsidiaries | - |  | 4.0 | | 992,933 | | |  | 171,367 | | |  | (994,218) | |  | | 170,082 | |

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 30  September  2020 |  | 31 December 2019 |  | 30  September  2020 |  | 31 December 2019 |
| ***Trade and other current payables*** | *(in thousand Baht)* | | | | | | |
| Subsidiaries | - |  | - |  | 1,664 |  | 251 |
| Associate | 117 |  | 433 |  | 117 |  | 433 |
| Related parties | 518 |  | - |  | 518 |  | - |
| **Total** | **635** |  | **433** |  | **2,299** |  | **684** |

|  | **Interest rate** | | |  | Consolidated financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Loans from*** | 31 December 2019 |  | 30  September  2020 |  | 31 December 2019 |  | Increase |  | Decrease |  | 30  September  2020 |
|  | *(% per annum)* | | |  | *(in thousand Baht)* | | | | | | |
| Associate | 4.0 |  | 4.0 |  | 3,100 |  | - |  | (1,050) |  | 2,050 |

|  | **Interest rate** | | |  | Separate financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Loans from*** | 31 December 2019 |  | 30  September  2020 |  | 31 December 2019 |  | Increase |  | Decrease |  | 30  September  2020 |
|  | *(% per annum)* | | |  | *(in thousand Baht)* | | | | | | |
| Subsidiary | 3.9 |  | 3.9 |  | 47,000 |  | - |  | - |  | 47,000 |

1. **Inventories**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 30  September |  | 31 December |  | 30  September |  | 31 December |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Finished goods | 708,042 |  | 958,466 |  | 505,200 |  | 647,366 |
| Raw materials | 133,278 |  | 170,742 |  | 23,469 |  | 25,168 |
| Packing materials | 7,341 |  | 6,877 |  | 434 |  | 458 |
| Supplies | 24,780 |  | 32,611 |  | 6,631 |  | 7,686 |
| **Total** | **873,441** |  | **1,168,696** |  | **535,734** |  | **680,678** |
| *Less* allowance for decline in value | (30,065) |  | (64,929) |  | - |  | - |
| **Net** | **843,376** |  | **1,103,767** |  | **535,734** |  | **680,678** |
|  |  |  |  |  |  |  |  |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Inventories recognised as an expense |  |  |  |  |  |  |  |
| in ‘cost of sales of goods’ for the |  |  |  |  |  |  |  |
| three-month period ended 30 September |  |  |  |  |  |  |  |
| - Cost | 1,610,255 |  | 1,495,812 |  | 1,122,076 |  | 1,220,894 |
| - Write-down to net realisable value | 7,197 |  | 18,081 |  | - |  | 16,999 |
| - Reversal of write-down | (1,597) |  | - |  | - |  | - |
| **Net** | **1,615,855** |  | **1,513,893** |  | **1,122,076** |  | **1,237,893** |
|  |  |  |  |  |  |  |  |
| Inventories recognised as an expense |  |  |  |  |  |  |  |
| in ‘cost of sales of goods’ for the |  |  |  |  |  |  |  |
| nine-month period ended 30 September |  |  |  |  |  |  |  |
| - Cost | 4,280,494 |  | 4,894,216 |  | 3,006,522 |  | 3,845,917 |
| - Write-down to net realisable value | 9,491 |  | 20,626 |  | - |  | 16,999 |
| - Reversal of write-down | (44,355) |  | (1,008) |  | - |  | - |
| **Net** | **4,245,630** |  | **4,913,834** |  | **3,006,522** |  | **3,862,916** |
|  |  |  |  |  |  |  |  |

1. **Investments in associates**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Consolidated financial statements** | | | | | | | | | | | | | | | | | | |
|  | Nature of business | Country of incorporation | Effective  ownership interest | | |  | Paid-up capital | | |  | Cost | | |  | Carrying amount based on equity method | | |  | Dividend income  for the nine-month periods ended | | |
|  |  |  | 30  September |  | 31 December |  | 30  September |  | 31 December |  | 30  September |  | 31 December |  | 30  September |  | 31 December |  | 30  September |  | 30  September |
|  |  |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  |  | *(%)* | | |  | *(in thousand Baht)* | | | | | | | | | | | | | | |
| **Associates** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Wang Somboon Rubber Estate Co., Ltd. | Planting of rubber | Thailand | 48.4 |  | 48.4 |  | 55,300 |  | 55,300 |  | 30,101 |  | 30,101 |  | 27,911 |  | 29,664 |  | - |  | - |
| Rosener-Mautby Meditrade (Thailand) Ltd.(\*) | Production of latex examination gloves | Thailand | 31.5 |  | 31.5 |  | 120,000 |  | 120,000 |  | 37,849 |  | 37,849 |  | - |  | - |  | - |  | - |
| **Total** |  |  |  |  |  |  |  |  |  |  | **67,950** |  | **67,950** |  | **27,911** |  | **29,664** |  | **-** |  | **-** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | | | | | | | | | | | | | | | | | | | | |
|  | Effective | | |  |  | | |  |  | | |  |  | | |  |  | | |  | Dividend income  for the nine-month | | |
|  | ownership interest | | |  | Paid-up capital | | |  | Cost | | |  | Impairment | | |  | At cost-net | | |  | periods ended | | |
|  | 30  September |  | 31 December |  | 30  September |  | 31 December |  | 30  September |  | 31 December |  | 30  September |  | 31 December |  | 30  September |  | 31 December |  | 30  September |  | 30  September |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(%)* | | |  | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | |
| **Associate** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Rosener-Mautby Meditrade (Thailand) Ltd.(\*) | 31.5 |  | 31.5 |  | 120,000 |  | 120,000 |  | 37,849 |  | 37,849 |  | (37,849) |  | (37,849) |  | - |  | - |  | - |  | - |
| **Total** |  |  |  |  |  |  |  |  | **37,849** |  | **37,849** |  | **(37,849)** |  | **(37,849)** |  | **-** |  | **-** |  | **-** |  | **-** |

None of the Group’/Company’s associates are publicly listed and consequently do not have published price quotations.

(\*) The Central Bankruptcy Court has ordered the verdict to be bankrupt since 27 September 2010. The Company recognised share of losses from investment in Rosener-Mautby Meditrade (Thailand) Ltd. until the value of the investment reached zero. Subsequent losses incurred by this associate have not been recognised in the Company’s accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of this associate.

1. **Investments in subsidiaries**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | **Separate financial statements** | | | | | | | | | | | | | | | | | | | | | | | |
| ***Subsidiaries*** | Nature of business | | Ownership interest | | | Paid-up capital | | | |  | Cost | | |  | Impairment | | |  | At cost-net | | |  | | Dividend income  for the nine-month periods ended | | |
|  |  | | 30  September |  | 31 December | 30  September |  | 31  December | |  | 30  September |  | 31  December |  | 30  September |  | 31  December |  | 30  September |  | 31  December |  | | 30  September |  | 30  September |
|  |  | | 2020 |  | 2019 | 2020 |  | 2019 | |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | | 2020 |  | 2019 |
|  |  | | *(%)* | | | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | | | |
| **Direct subsidiaries** |  | |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |
| World Flex Public Company Limited | Production and  distribution of  rubber thread | | 100.00 |  | 100.00 | 308,000 |  | 308,000 | |  | 448,400 |  | 448,400 |  | - |  | - |  | 448,400 |  | 448,400 |  | | - |  | - |
| Thai Rubber Land and Plantation Co., Ltd. | Planting of rubber | | 100.00 |  | 100.00 | 1,800,000 |  | 800,000 | |  | 1,800,000 |  | 800,000 |  | - |  | - |  | 1,800,000 |  | 800,000 |  | | - |  | - |
| Thai Rubber H P N R Co., Ltd. | Trading of  products from  natural rubber | | 100.00 |  | 100.00 | 500,000 |  | 500,000 | |  | 500,000 |  | 500,000 |  | - |  | - |  | 500,000 |  | 500,000 |  | | - |  | - |
| Latex Systems Public Company Limited | Production and  distribution of  foam latex  mattresses and  pillows | | 56.20 |  | 56.20 | 158,784 |  | 158,784 | |  | 54,310 |  | 54,310 |  | - |  | - |  | 54,310 |  | 54,310 |  | | - |  | - |
| Myanmar Thai Rubber Joint Corporation Limited | Production and  distribution of  products from  natural rubber | | 64.00 |  | 64.00 | 107,672 |  | 107,672 | |  | 68,910 |  | 68,910 |  | (39,180) |  | (39,180) |  | 29,730 |  | 29,730 |  | | - |  | - |
| Shanghai Runmao International  Trading Co., Ltd. | Trading of  products from  natural rubber | 100.00 | |  | 100.00 | 35,399 |  | 35,399 |  | | 40,834 |  | 40,834 |  | - |  | - |  | 40,834 |  | 40,834 | |  | - |  | - |
| **Total** |  |  | |  |  |  |  |  |  | | **2,912,454** |  | **1,912,454** |  | **(39,180)** |  | **(39,180)** |  | **2,873,274** |  | **1,873,274** | |  | - |  | - |
|  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |

On 30 April 2020, Thai Rubber Land and Plantation Co., Ltd. registered to increase its share capital by Baht 1,000 million with the Ministry of Commerce (increase authorised share capital of Baht 800 million to Baht 1,800 million).

All subsidiaries were incorporated in Thailand, except Myanmar Thai Rubber Joint Corporation Limited and Shanghai Runmao International Trading Co., Ltd., which were incorporated in the Republic of the Union of Myanmar and People’s Republic of China, respectively.

None of subsidiaries are publicly listed and consequently do not have published price quotation.

1. **Property, plant and equipment**

Acquisitions, disposals and transfers of property, plant and equipment during the nine-month period ended 30 September 2020 were as follows:

|  | Consolidated financial statements | | |  | Separate financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Acquisitions  and  transfers in  - at cost |  | Disposals  and transfers out - net book value |  | Acquisitions  and  transfers in  - at cost |  | Disposals  and  transfers out - net book value |
|  | *(in thousand Baht)* | | | | | | |
| Land and land improvement | 1,035 |  | - |  | - |  | - |
| Building and building improvement | 1,425 |  | - |  | 1,425 |  | - |
| Machinery | 32,099 |  | 327 |  | 13 |  | 73 |
| Office and other equipment | 20,590 |  | 380 |  | 662 |  | - |
| Vehicles | 8,366 |  | 94 |  | - |  | 1 |
| Other fixed assets | 10,105 |  | - |  | - |  | - |
| Assets under construction and  installation | 118,590 |  | 50,499 |  | 5,155 |  | 1,425 |
| **Total** | **192,210** |  | **51,300** |  | **7,255** |  | **1,499** |

During the nine-month period ended 30 September 2020, the Group/Company leased land, buildings and equipment for 1 to 6 years and made fixed payments during the lease term. The Group/Company recognised right-of-use assets amounted of Baht 27.5 million and Baht 2.1 million, respectively.

1. **Loans from financial institutions**

As at 30 September 2020, the Group has unutilised credit facilities at the total of Baht 1,700.9 million and USD 90.0 million *(31 December 2019: Baht 1,961.0 million and USD 79.5 million)* and utilised credit facilities at the total of Baht 4,757.0 million and USD 24.4 million *(31 December 2019: Baht 4,947.3 million and USD 23.5 million)*, and the Company has issued letter of guarantee to banks to secure credit facilities granted by the banks to its subsidiaries totaling Baht 945.0 million and USD 10.0 million *(31 December 2019: Baht 950.0 million and USD 10.0 million)*.

The Group and the Company have pledged their property, plant and equipment which have a net book value of Baht 2,294.3 million and Baht 839.9 million, respectively *(31 December* *2019: Baht 2,318.2 million and Baht 805.3 million, respectively)*, and investment properties amounting to approximately Baht 322.9 million and Baht 108.6 million, respectively *(31 December* *2019: Baht 327.2 million and Baht 108.6 million, respectively)* as collateral to secure the Group’s and the Company’s bank overdrafts, trusted receipts, short and long term loans.

Moreover, the Group/Company must be in compliance with the debt covenants and maintain the required financial ratios and other terms as stated in the agreements such as maintaining the debt to equity ratio.  During the nine-month period ended 30 September 2020, the Group failed to comply with maintaining the level of financial ratios as defined in the loan agreements. Breach of the terms of these agreements may cause the bank to recall all outstanding payables under such agreements.  However, the Group received the relief letter related to the level of financial ratios from the financial institutions.

1. **Segments information and disaggregation of revenue**

## **Disaggregation of revenue**

Revenue from sales of products of the Company is from concentrated and prevulcanized latex and is recognised at a point in time.

In the following table, revenue from sales of products of the Group is disaggregated by primary geographical market and is recognised at a point in time.

|  |  | Consolidated financial statements | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Concentrated and | | |  |  | | |  |  | | |  |  | | |
|  |  | prevulcanized latex | | |  | Latex products | | |  | Rubber plantation | | |  | Total | | |
| ***Three-month period ended 30 September*** |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(in million Baht)* | | | | | | | | | | | | | | |
| ***Information about reportable segments*** |  |  | | | | | | | | | | | | | | |
| External revenue |  | 1,037 |  | 990 |  | 677 |  | 643 |  | 1 |  | 1 |  | 1,715 |  | 1,634 |
| Inter-segment revenue |  | 261 |  | 401 |  | - |  | - |  | 18 |  | 16 |  | 279 |  | 417 |
| **Total revenue** |  | **1,298** |  | **1,391** |  | **677** |  | **643** |  | **19** |  | **17** |  | **1,994** |  | **2,051** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Disaggregation of revenue*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Primary geographical markets** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Thailand |  | 593 |  | 549 |  | 32 |  | 39 |  | 1 |  | 1 |  | 626 |  | 589 |
| PRC |  | 124 |  | 133 |  | 451 |  | 493 |  | - |  | - |  | 575 |  | 626 |
| Republic of Korea |  | 23 |  | 29 |  | 4 |  | 4 |  | - |  | - |  | 27 |  | 33 |
| Others countries |  | 297 |  | 279 |  | 190 |  | 107 |  | - |  | - |  | 487 |  | 386 |
| **Total** |  | **1,037** |  | **990** |  | **677** |  | **643** |  | **1** |  | **1** |  | **1,715** |  | **1,634** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Timing of revenue recognition** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At a point in time |  | **1,037** |  | **990** |  | **677** |  | **643** |  | **1** |  | **1** |  | **1,715** |  | **1,634** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Segment profit (loss) before income tax |  | 9 |  | (46) |  | (79) |  | (64) |  | - |  | 1 |  | (70) |  | (109) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Nine-month period ended 30 September*** |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(in million Baht)* | | | | | | | | | | | | | | |
| ***Information about reportable segments*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| External revenue |  | 2,794 |  | 3,318 |  | 1,866 |  | 2,048 |  | 3 |  | 8 |  | 4,663 |  | 5,374 |
| Inter-segment revenue |  | 761 |  | 1,096 |  | - |  | - |  | 26 |  | 24 |  | 787 |  | 1,120 |
| **Total revenue** |  | **3,555** |  | **4,414** |  | **1,866** |  | **2,048** |  | **29** |  | **32** |  | **5,450** |  | **6,494** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Disaggregation of revenue*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Primary geographical markets** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Thailand |  | 1,719 |  | 1,894 |  | 76 |  | 130 |  | 3 |  | 8 |  | 1,798 |  | 2,032 |
| PRC |  | 263 |  | 461 |  | 1,263 |  | 1,559 |  | - |  | - |  | 1,526 |  | 2,020 |
| Republic of Korea |  | 47 |  | 88 |  | 14 |  | 18 |  | - |  | - |  | 61 |  | 106 |
| Others countries |  | 765 |  | 875 |  | 513 |  | 341 |  | - |  | - |  | 1,278 |  | 1,216 |
| **Total** |  | **2,794** |  | **3,318** |  | **1,866** |  | **2,048** |  | **3** |  | **8** |  | **4,663** |  | **5,374** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Timing of revenue recognition** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At a point in time |  | **2,794** |  | **3,318** |  | **1,866** |  | **2,048** |  | **3** |  | **8** |  | **4,663** |  | **5,374** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Segment profit (loss) before income tax |  | 81 |  | (137) |  | (143) |  | (33) |  | (15) |  | (13) |  | (77) |  | (183) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Reportable segment assets as at  30 September/31 December |  | 2,942 |  | 2,993 |  | 2,406 |  | 2,482 |  | 2,132 |  | 2,137 |  | 7,480 |  | 7,612 |
| Reportable segment liabilities as at  30 September/31 December |  | 3,903 |  | 4,029 |  | 1,539 |  | 1,448 |  | 157 |  | 149 |  | 5,599 |  | 5,626 |

***Reconciliation of reportable segment profit or loss***

|  |  | Consolidated financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | For the  three-month period | | |  | For the  nine-month period | | |
| ***For the period ended 30 September*** |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(in million Baht)* | | | | | | |
| Total loss before income tax for reportable segments |  | (69) |  | (110) |  | (78) |  | (184) |
| Elimination of inter-segment profits |  | - |  | 1 |  | 3 |  | 1 |
| Unallocated amounts: |  |  |  |  |  |  |  |  |
| Share of loss of investments in associates |  | (1) |  | - |  | (2) |  | - |
| Consolidated loss before income tax |  | **(70)** |  | **(109)** |  | **(77)** |  | **(183)** |

1. **Financial instruments**

***Carrying amounts and fair values***

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated financial statements** | | | | |  | **Separate financial statements** | | | | |
|  |  | **Carrying amount** |  | **Fair value** | | |  | **Carrying amount** |  | **Fair value** | | |
|  |  | Fair value through profit or loss |  | Level 2 |  | Level 3 |  | Fair value through profit or loss |  | Level 2 |  | Level 3 |
|  |  | *(in thousand Baht)* | | | | | | | | | | |
| **At 30 September 2020** |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Financial assets*** |  |  |  |  |  |  |  |  |  |  |  |  |
| Other financial assets |  |  |  |  |  |  |  |  |  |  |  |  |
| Derivatives assets |  | 2,858 |  | 2,858 |  | - |  | 198 |  | 198 |  | - |
| Non-current investments in financial assets |  | 75,000 |  | - |  | 75,000 |  | 75,000 |  | - |  | 75,000 |
| **Total other financial assets** |  | **77,858** |  | **2,858** |  | **75,000** |  | **75,198** |  | **198** |  | **75,000** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |  |  |  |  |  |  |  |
| Other financial liabilities |  |  |  |  |  |  |  |  |  |  |  |  |
| Derivatives liabilities |  | (7,593) |  | (7,593) |  | - |  | (5,029) |  | (5,029) |  | - |
| **Total other financial liabilities** |  | **(7,593)** |  | **(7,593)** |  | **-** |  | **(5,029)** |  | **(5,029)** |  | **-** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated financial statements** | | | | |  | **Separate financial statements** | | | | |
|  |  | **Carrying amount** |  | **Fair value** | | |  | **Carrying amount** |  | **Fair value** | | |
|  |  | Fair value through profit or loss |  | Level 2 |  | Level 3 |  | Fair value through profit or loss |  | Level 2 |  | Level 3 |
|  |  | *(in thousand Baht)* | | | | | | | | | | |
| **At 31 December 2019** |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Financial assets*** |  |  |  |  |  |  |  |  |  |  |  |  |
| Other financial assets |  |  |  |  |  |  |  |  |  |  |  |  |
| Derivatives assets |  | - |  | 209 |  | - |  | - |  | 90 |  | - |
| Non-current investments in financial assets |  | 81,200 |  | - |  | 81,200 |  | 81,200 |  | - |  | 81,200 |
| **Total other financial assets** |  | **81,200** |  | **209** |  | **81,200** |  | **81,200** |  | **90** |  | **81,200** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |  |  |  |  |  |  |  |
| Other financial liabilities |  |  |  |  |  |  |  |  |  |  |  |  |
| Derivatives liabilities |  | - |  | (4,284) |  | - |  | - |  | (1,584) |  | - |
| **Total other financial liabilities** |  | **-** |  | **(4,284)** |  | **-** |  | **-** |  | **(1,584)** |  | **-** |

**Financial instruments measured at fair value**

| **Type** |  | **Valuation technique** |
| --- | --- | --- |
| Forward exchange contracts |  | Determined using quoted forward exchange rates at the reporting date |
| Non-current investments in financial assets measured at FVTPL |  | The net asset value as of the reporting date |

***Credit risk***

Allowance for impairment loss for trade receivables and contract assets are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the historical credit loss experience, adjusted for factors that are specific to the debtors and assessment of both the current and forecast general economic conditions.

|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***At 30 September 2020*** | Trade accounts receivables |  | Allowance for impairment losses |  | Trade accounts receivables |  | Allowance for impairment losses |
|  | *(in thousand Baht)* | | | | | | |
| Within credit terms | 686,567 |  | - |  | 602,262 |  | - |
| Overdue: |  |  |  |  |  |  |  |
| Less than 3 months | 169,742 |  | - |  | 98,407 |  | - |
| 3-6 months | 2,199 |  | - |  | - |  | - |
| 6-12 months | 43,781 |  | 8,303 |  | - |  | - |
| Over 12 months | 290,336 |  | 286,158 |  | 134,241 |  | 133,529 |
| **Total** | **1,192,625** |  | **294,461** |  | **834,910** |  | **133,529** |
| *Less* allowance for impairment | (294,461) |  |  |  | (133,529) |  |  |
| **Net** | **898,164** |  |  |  | **701,381** |  |  |

| ***Trade accounts receivables*** | **Consolidated financial statements** |  | **Separate financial statements** |
| --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| ***At 31 December 2019*** |  |  |  |
| Within credit terms | 517,514 |  | 475,970 |
| Overdue: |  |  |  |
| Less than 3 months | 241,380 |  | 179,623 |
| 3-6 months | 169,800 |  | 80,007 |
| 6-12 months | 33,901 |  | 7,177 |
| Over 12 months | 134,242 |  | 134,242 |
| **Total** | **1,096,837** |  | **877,019** |
| *Less* allowance for doubtful accounts | (269,700) |  | (133,529) |
| **Net** | **827,137** |  | **743,490** |

1. **Commitments with non-related parties**

| ***At 30 September 2020*** | Consolidated financial statements |  | Separate financial statements |
| --- | --- | --- | --- |
|  | *(in million Baht)* | | |
| ***Capital commitments*** |  |  |  |
| Assets under construction | 24 |  | - |
| **Total** | **24** |  | **-** |
|  |  |  |  |

**Bank guarantees**

As at 30 September 2020, there were outstanding bank guarantees of approximately Baht 14 million and Baht 8 million, respectively *(31 December 2019: Baht 16 million and Baht 10 million, respectively)* issued by the banks on behalf of the Group and the Company, respectively, as required in the normal course of their businesses.

1. **Events after the reporting period**

On 12 November 2020, the Board of directors passed the resolution to approve:

* + - Employee Stock Option Program (“ESOP”) in World Flex Public Company Limited (“WFX”), a subsidiary, to the directors and/or employees of the Company and WFX in accordance to the conditions by increasing the share capital of WFX.
    - Invests in 100% ordinary shares of Phoenix Rubber Products Co., Ltd., manufacturer of rubber gloves.

The above transactions will be subjected to further approval by the shareholders' of the Company.