

THAI NIPPON RUBBER INDUSTRY PUBLIC COMPANY LIMITED

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

31 MARCH 2020

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and the Board of Directors of Thai Nippon Rubber Industry Public Company Limited

I have reviewed the interim consolidated financial information of Thai Nippon Rubber Industry Public Company Limited and its subsidiaries, and the interim separate financial information of Thai Nippon Rubber Industry Public Company Limited. These comprise the consolidated and separate statements of financial position as at 31 March 2020 the consolidated and separate statements of comprehensive income, and consolidated and separate statements of changes in equity and the consolidated and separate statements of 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 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 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 notes 4 and 5 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.

Krit Chatchavalwong

Certified Public Accountant (Thailand) No. 5016

Bangkok

14 May 2020

Thai Nippon Rubber Industry Public Co., Ltd.

Statement of Financial Position

As at 31 March 2020

| | Notes | Consolidated | | Separate | |
|---|-------|-----------------------|----------------------|-----------------------|----------------------|
| | | financial information | | financial information | |
| | | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | | 31 March | 31 December | 31 March | 31 December |
| | | 2020 | 2019 | 2020 | 2019 |
| | Baht | Baht | Baht | Baht | |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | 29,088,976 | 49,308,187 | 27,352,222 | 37,156,574 |
| Trade and other accounts receivable (net) | 9 | 724,622,500 | 697,661,437 | 675,707,729 | 651,423,383 |
| Inventories (net) | | 230,744,436 | 167,924,679 | 191,632,760 | 137,322,588 |
| Value added tax | | 20,886,670 | 13,996,795 | 21,013,891 | 14,490,214 |
| Loans to employee | | 553,869 | 500,533 | 553,869 | 500,533 |
| Other current assets | | 7,503,717 | 6,026,154 | - | - |
| Total current assets | | 1,013,400,168 | 935,417,785 | 916,260,471 | 840,893,292 |
| Non-current assets | | | | | |
| Cash at a financial institution pledged as security | 10 | 587,069 | 587,069 | - | - |
| Investment in a subsidiary | | - | - | 25,822,529 | 25,822,529 |
| Property, plant and equipment (net) | 11 | 591,421,707 | 604,194,471 | 421,473,680 | 427,484,335 |
| Right-of-use assets (net) | 12 | 36,212,598 | - | 34,649,283 | - |
| Intangible assets (net) | 13 | 450,053,288 | 456,625,846 | 449,671,449 | 456,238,956 |
| Deferred tax assets | 14 | 12,824,746 | 10,017,090 | 12,824,746 | 10,017,090 |
| Other non-current assets | | 2,141,287 | 2,198,007 | 2,132,087 | 2,132,087 |
| Total non-current assets | | 1,093,240,695 | 1,073,622,483 | 946,573,774 | 921,694,997 |
| Total assets | | 2,106,640,863 | 2,009,040,268 | 1,862,834,245 | 1,762,588,289 |

The accompanying notes on pages 9 to 25 are an integral part of these interim financial information.

Thai Nippon Rubber Industry Public Co., Ltd.

Statement of Financial Position

As at 31 March 2020

| | Notes | Consolidated | | Separate | |
|--|-------|--------------------------|-----------------------------|--------------------------|-----------------------------|
| | | financial information | | financial information | |
| | | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | | 31 March 2020 Baht | 31 December 2019 Baht | 31 March 2020 Baht | 31 December 2019 Baht |
| Liabilities and equity | | | | | |
| Current liabilities | | | | | |
| Short-term loans from financial institutions | 15 | 215,400,000 | 238,000,000 | 175,400,000 | 198,000,000 |
| Trade and other accounts payable | 16 | 347,208,455 | 213,019,259 | 295,928,002 | 167,692,859 |
| Current portions of | | | | | |
| - Leases liabilities (net) | 17 | 9,139,501 | 346,606 | 8,584,271 | 28,800 |
| - Long-term loans from a financial institution | 18 | 80,040,000 | 80,040,000 | 80,040,000 | 80,040,000 |
| Derivatives liabilities | 26 | 35,811,926 | - | 35,811,926 | - |
| Accrued income tax | | 9,160,775 | 8,608,219 | 9,160,775 | 8,608,219 |
| Other current liabilities | | 3,286,760 | 4,243,071 | 3,147,528 | 3,938,844 |
| Total current liabilities | | 700,047,417 | 544,257,155 | 608,072,502 | 458,308,722 |
| Non-current liabilities | | | | | |
| Leases liabilities (net) | 17 | 25,389,448 | 356,157 | 24,882,806 | - |
| Long-term loans from a financial institution | 18 | 139,910,000 | 159,920,000 | 139,910,000 | 159,920,000 |
| Deferred tax liabilities | 14 | 20,886,438 | 21,415,986 | - | - |
| Employee benefit obligations | 19 | 57,824,545 | 55,777,849 | 51,098,480 | 49,271,841 |
| Total non-current liabilities | | 244,010,431 | 237,469,992 | 215,891,286 | 209,191,841 |
| Total liabilities | | 944,057,848 | 781,727,147 | 823,963,788 | 667,500,563 |
| Equity | | | | | |
| Share capital | | | | | |
| Authorised share capital | | | | | |
| 300,000,000 ordinary shares of par Baht 1 each | | 300,000,000 | 300,000,000 | 300,000,000 | 300,000,000 |
| Issued and fully paid-up share capital | | | | | |
| 300,000,000 ordinary shares of par Baht 1 each | | 300,000,000 | 300,000,000 | 300,000,000 | 300,000,000 |
| Share premium (net) | | 549,079,673 | 549,079,673 | 549,079,673 | 549,079,673 |
| Retained earnings | | | | | |
| Appropriated - legal reserve | | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 |
| Unappropriated | | 285,045,981 | 349,777,832 | 161,333,423 | 217,552,437 |
| Other components of equity (net) | | (1,542,639) | (1,544,384) | (1,542,639) | (1,544,384) |
| Total equity | | 1,162,583,015 | 1,227,313,121 | 1,038,870,457 | 1,095,087,726 |
| Total liabilities and equity | | 2,106,640,863 | 2,009,040,268 | 1,862,834,245 | 1,762,588,289 |

The accompanying notes on pages 9 to 25 are an integral part of these interim financial information.

Thai Nippon Rubber Industry Public Co., Ltd.
Statement of Comprehensive Income
For the three-month period ended 31 March 2020

| | Note | Consolidated financial information | | Separate financial information | |
|---|------|---|---|---|---|
| | | (Unaudited) 31 March 2020 Baht | (Unaudited) 31 March 2019 Baht | (Unaudited) 31 March 2020 Baht | (Unaudited) 31 March 2019 Baht |
| Revenue from sales and services | | 363,358,693 | 343,161,184 | 308,581,536 | 299,191,174 |
| Cost of sales and services | | (288,598,411) | (290,303,455) | (232,070,270) | (246,036,050) |
| Gross profit | | 74,760,282 | 52,857,729 | 76,511,266 | 53,155,124 |
| Other income | | 1,039,826 | 16,235,846 | 961,036 | 16,151,595 |
| Profit before expenses | | 75,800,108 | 69,093,575 | 77,472,302 | 69,306,719 |
| Selling expenses | | (38,844,110) | (32,134,916) | (36,413,721) | (29,975,082) |
| Administrative expenses | | (29,171,544) | (27,525,659) | (25,399,131) | (22,679,914) |
| Expected credit losses | | (2,349,511) | - | (2,568,477) | - |
| Other gains (losses) | | 7,402,362 | (2,710,118) | 8,330,092 | (2,665,611) |
| Finance costs (net) | | (4,348,508) | (3,407,295) | (3,889,883) | (3,364,921) |
| Total expenses | | (67,311,311) | (65,777,988) | (59,941,120) | (58,685,528) |
| Profit before income tax | | 8,488,797 | 3,315,587 | 17,531,182 | 10,621,191 |
| Income tax | 21 | 2,685,259 | 128,756 | 2,155,711 | (515,336) |
| Net profit for the period | | 11,174,056 | 3,444,343 | 19,686,893 | 10,105,855 |
| Other comprehensive income: | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| Remeasurement of post-employment benefit obligations - net of tax | | 1,745 | - | 1,745 | - |
| Other comprehensive income for the period, net of tax | | 1,745 | - | 1,745 | - |
| Total comprehensive income for the period | | 11,175,801 | 3,444,343 | 19,688,638 | 10,105,855 |
| Profit attributable to : | | | | | |
| Owner of the parent | | 11,174,056 | 3,444,343 | 19,686,893 | 10,105,855 |
| Non-controlling interests | | - | - | - | - |
| Total comprehensive income attributable to : | | | | | |
| Owner of the parent | | 11,175,801 | 3,444,343 | 19,688,638 | 10,105,855 |
| Non-controlling interests | | - | - | - | - |
| Earnings per share | | | | | |
| Basic earnings per share (Baht per share) | | 0.04 | 0.01 | 0.07 | 0.03 |

The accompanying notes on pages 9 to 25 are an integral part of these interim financial information.

Thai Nippon Rubber Industry Public Co., Ltd.
Statement of Changes in Equity
For the three-month period ended 31 March 2020

| Consolidated financial information (Unaudited) | | | | | | | |
|--|---|-----------------------------------|---|------------------------|--|---------------------------------------|----------------------|
| Attributable to owners of the parent | | | | | | | |
| Notes | Authorised, issued and fully paid-up share capital Baht | Share premium (net) Baht | Retained earnings | | Other components of equity (net) | Total owners of the parent Baht | Total Baht |
| | | | Appropriated - legal reserve Baht | Unappropriated Baht | Other comprehensive income (net) | | |
| | | | | | Remeasurements of employee benefit obligations (net) Baht | | |
| Balance as at 31 December 2019 | 300,000,000 | 549,079,673 | 30,000,000 | 349,777,832 | (1,544,384) | 1,227,313,121 | 1,227,313,121 |
| Adoption of new accounting standard | 5 | - | - | (3,905,907) | - | (3,905,907) | (3,905,907) |
| Opening balance as at 1 January 2020 (restated) | 300,000,000 | 549,079,673 | 30,000,000 | 345,871,925 | (1,544,384) | 1,223,407,214 | 1,223,407,214 |
| Change in equity for the period | | | | | | | |
| Dividend payment | 20 | - | - | (72,000,000) | - | (72,000,000) | (72,000,000) |
| Total comprehensive income for the period | | - | - | 11,174,056 | 1,745 | 11,175,801 | 11,175,801 |
| Closing balance as at 31 March 2020 | <u>300,000,000</u> | <u>549,079,673</u> | <u>30,000,000</u> | <u>285,045,981</u> | <u>(1,542,639)</u> | <u>1,162,583,015</u> | <u>1,162,583,015</u> |

| Consolidated financial information (Unaudited) | | | | | | | |
|--|---|-----------------------------------|---|------------------------|--|---------------------------------------|-------------------------|
| Attributable to owners of the parent | | | | | | | |
| | Authorised, issued and fully paid-up share capital Baht | Share premium (net) Baht | Retained earnings | | Other components of equity (net) | Total owners of the parent Baht | Total equity Baht |
| | | | Appropriated - legal reserve Baht | Unappropriated Baht | Other comprehensive income (net) | | |
| | | | | | Remeasurements of employee benefit obligations (net) Baht | | |
| Opening balance as at 1 January 2019 | 300,000,000 | 549,079,673 | 30,000,000 | 309,674,006 | (260,105) | 1,188,493,574 | 1,188,493,574 |
| Change in equity for the period | | | | | | | |
| Total comprehensive income for the period | | - | - | 3,444,343 | - | 3,444,343 | 3,444,343 |
| Closing balance as at 31 March 2019 | <u>300,000,000</u> | <u>549,079,673</u> | <u>30,000,000</u> | <u>313,118,349</u> | <u>(260,105)</u> | <u>1,191,937,917</u> | <u>1,191,937,917</u> |

The accompanying notes on pages 9 to 25 are an integral part of these interim financial information.

Thai Nippon Rubber Industry Public Co., Ltd.
Statement of Changes in Equity
For the three-month period ended 31 March 2020

| Separate financial information (Unaudited) | | | | | | |
|--|---|-----------------------------------|---|------------------------|---|----------------------|
| Notes | Authorised, issued and fully paid-up share capital Baht | Share premium (net) Baht | Retained earnings | | Other components of equity (net) | Total Baht |
| | | | Appropriated - legal reserve Baht | Unappropriated Baht | Other comprehensive income (net) Remeasurements of employee benefit obligations (net) Baht | |
| Balance as at 31 December 2019 | 300,000,000 | 549,079,673 | 30,000,000 | 217,552,437 | (1,544,384) | 1,095,087,726 |
| Adoption of new accounting standard | 5 | - | - | (3,905,907) | - | (3,905,907) |
| Opening balance as at 1 January 2020 (restated) | 300,000,000 | 549,079,673 | 30,000,000 | 213,646,530 | (1,544,384) | 1,091,181,819 |
| Changes in equity for the period | | | | | | |
| Dividend payment | 20 | - | - | (72,000,000) | - | (72,000,000) |
| Total comprehensive income for the period | | - | - | 19,686,893 | 1,745 | 19,688,638 |
| Closing balance as at 31 March 2020 | <u>300,000,000</u> | <u>549,079,673</u> | <u>30,000,000</u> | <u>161,333,423</u> | <u>(1,542,639)</u> | <u>1,038,870,457</u> |

| Separate financial information (Unaudited) | | | | | | |
|---|---|-----------------------------------|---|------------------------|---|----------------------|
| Notes | Authorised, issued and fully paid-up share capital Baht | Share premium (net) Baht | Retained earnings | | Other components of equity (net) | Total Baht |
| | | | Appropriated - legal reserve Baht | Unappropriated Baht | Other comprehensive income (net) Remeasurements of employee benefit obligations (net) Baht | |
| Opening balance as at 1 January 2019 | 300,000,000 | 549,079,673 | 30,000,000 | 144,399,810 | (260,105) | 1,023,219,378 |
| Changes in equity for the period | | | | | | |
| Total comprehensive income for the period | | - | - | 10,105,855 | - | 10,105,855 |
| Closing balance as at 31 March 2019 | <u>300,000,000</u> | <u>549,079,673</u> | <u>30,000,000</u> | <u>154,505,665</u> | <u>(260,105)</u> | <u>1,033,325,233</u> |

The accompanying notes on pages 9 to 25 are an integral part of these interim financial information.

Thai Nippon Rubber Industry Public Co., Ltd.
Statement of Cash Flows
For the three-month period ended 31 March 2020

| | Notes | Consolidated | | Sepa |
|--|-------|-----------------------|--------------|--------------|
| | | financial information | | financial in |
| | | (Unaudited) | (Unaudited) | (Unaudited) |
| | | 31 March | 31 March | 31 March |
| | | 2020 | 2019 | 2020 |
| | | Baht | Baht | Baht |
| Cash flows from operating activities | | | | |
| Net profit before income tax | | 8,488,797 | 3,315,587 | 17,531,182 |
| Adjustments: | | | | |
| Depreciation charge | 11,12 | 29,649,349 | 27,727,985 | 23,593,297 |
| Amortisation charge | 13 | 6,596,059 | 6,443,580 | 6,579,208 |
| (Reversal of) expected credit losses | | 2,349,511 | (36,385) | 2,568,477 |
| Bad debts | | 218,966 | - | - |
| Losses from changes in fair value of derivatives | | 31,906,019 | - | 31,906,019 |
| (Reversal of) allowance for slow-moving and obsolete inventories | | (1,022,328) | 54,348 | (2,816,677) |
| (Reversal of) allowance for inventory costs in excess of net realisable value | | (1,270,498) | (2,449,414) | (1,093,653) |
| Employee benefit obligations | 19 | 2,046,696 | 1,661,506 | 1,826,639 |
| Reversal of accounts payable for purchases of Playboy trademark which are free of payment | | - | (3,197,850) | - |
| Interest income | | (15,288) | (17,876) | (15,288) |
| Net gain from disposals of equipment | | (2,960) | (22,636) | (2,960) |
| Loss from write-off of intangible assets | | | 10,871 | |
| Unrealised loss from exchange rate arising from account payable for purchases of Playboy trademark | | - | 1,391,280 | - |
| Finance costs | | | | |
| - interest expense from - loans from financial institutions | | 4,006,737 | 3,364,921 | 3,561,025 |
| - lease liabilities | | 341,771 | 42,374 | 328,858 |
| | | 83,292,831 | 38,288,291 | 83,966,127 |
| Changes in working capital | | | | |
| - trade and other accounts receivable | | (29,529,540) | 27,546,505 | (26,852,823) |
| - inventories | | (60,526,931) | (57,490,960) | (50,399,842) |
| - value added tax | | (6,889,875) | (8,447,174) | (6,523,677) |
| - other current assets | | - | 750,000 | - |
| - other non-current assets | | 56,720 | (1,200) | - |
| - trade and other accounts payable | | 60,636,691 | 37,196,250 | 54,861,778 |
| - other current liabilities | | (956,311) | 951,128 | (791,316) |
| Cash generated from operating activities before interest received and income tax paid | | 46,083,585 | 38,792,840 | 54,260,247 |
| Income tax paid | | (1,575,207) | (1,573,350) | (97,644) |
| Net cash generated from operating activities | | 44,508,378 | 37,219,490 | 54,162,603 |

The accompanying notes on pages 9 to 25 are an integral part of these interim financial information.

Thai Nippon Rubber Industry Public Co., Ltd.
Statement of Cash Flows (Cont'd)
For the three-month period ended 31 March 2020

| | Notes | Consolidated | | Sepa |
|--|-------|-----------------------|--------------|---------------|
| | | financial information | | financial in |
| | | (Unaudited) | (Unaudited) | (Unaudited) |
| | | 31 March | 31 March | 31 March |
| | | 2020 | 2019 | 2020 |
| | | Baht | Baht | Baht |
| Cash flows from investing activities | | | | |
| Loans to employee - principal | | (53,336) | (9,600) | (53,336) |
| - interest received | | 15,288 | 17,876 | 15,288 |
| Cash paid for purchases of - property, plant and equipment | | (14,141,648) | (11,824,068) | (13,967,351) |
| - intangible assets | | (37,625) | (2,086,015) | (38,451) |
| - Playboy trademark | | - | (84,519,030) | - |
| Cash received from disposals of equipment | | 3,639 | 32,364 | 3,639 |
| Net cash used in investing activities | | (14,213,682) | (98,388,473) | (14,040,211) |
| Cash flows from financing activities | | | | |
| Short-term loans from financial institutions - proceeds | 15 | 179,000,000 | 84,000,000 | 179,000,000 |
| - payments | 15 | (201,600,000) | (29,600,000) | (201,600,000) |
| Long-term loans from financial institutions - payments | 18 | (20,010,000) | (20,010,000) | (20,010,000) |
| Finance costs paid | | | | |
| - interest expense from loans from financial institutions | | (4,039,468) | (3,389,751) | (3,593,756) |
| Cash paid for lease liabilities - principle | | (3,522,668) | (1,286,151) | (3,394,130) |
| - interest | | (341,771) | - | (328,858) |
| Net cash generated/(used in) from financing activities | | (50,513,907) | 29,714,098 | (49,926,744) |
| Net decrease in cash and cash equivalents | | | | |
| Cash and cash equivalents - beginning balance | | 49,308,187 | 84,995,875 | 37,156,574 |
| Cash and cash equivalents - ending balance | | 29,088,976 | 53,540,990 | 27,352,222 |
| Cash and cash equivalent - ending balance, comprise; | | | | |
| Cash and cash equivalents | | 29,088,976 | 61,951,357 | 27,352,222 |
| <u>Less</u> Bank overdrafts | | - | (8,410,367) | - |
| | | 29,088,976 | 53,540,990 | 27,352,222 |
| Non-cash transactions: | | | | |
| Purchases of assets during the periods which have not been paid | | | | |
| - equipment | | 4,723,353 | 1,614,850 | 4,481,332 |
| - intangible assets | | 12,626 | 505,629 | - |
| - Playboy trademark | | - | 75,357,120 | - |
| Dividend declared which has not been paid | | 72,018,428 | 14,028 | 72,018,428 |
| Lease liabilities (Net) | | | | |
| - As at 1 January | | - | - | - |
| - Reclassifications and adjustments from adoption of new accounting standard | | 38,051,617 | - | 36,861,207 |
| - Cashflow paid | | (3,522,668) | - | (3,394,130) |
| - As at 31 March | | 34,528,949 | - | 33,467,077 |

The accompanying notes on pages 9 to 25 are an integral part of these interim financial information.

rate
information
(Unaudited)
31 March
2019
Baht

10,621,191

21,942,964

6,427,933

(36,385)

-

-

54,348

(2,311,229)

1,476,540

(3,197,850)

(17,876)

(22,636)

10,871

1,391,280

3,364,921

-

39,704,072

14,132,040

(29,976,316)

(7,427,633)

-

2,600

20,292,115

927,226

37,654,104

-

37,654,104

rate

information

(Unaudited)

31 March

2019

Baht

(9,600)

17,876

(7,106,876)

(2,086,015)

(84,519,030)

32,364

(93,671,281)

84,000,000

(29,600,000)

(20,010,000)

(3,389,751)

(14,400)

-

30,985,849

(25,031,328)

73,637,104

48,605,776

57,016,143

(8,410,367)

48,605,776

1,566,490

505,629

75,357,120

14,028

-

-

-

-

1 General information

Thai Nippon Rubber Industry Public Co., Ltd. (“the Company”) was incorporated as a limited company on 29 September 1993. The Company registered to convert to a public company limited and changed its name from Thai Nippon Rubber Industry Co., Ltd. to Thai Nippon Rubber Industry Public Co., Ltd. on 2 June 2016. The Company has become a listed company in the Stock Exchange of Thailand on 29 November 2016.

The principal activities of the Company and its subsidiary (“the Group”) are to manufacture and distribute condom and lubricating gel including manufacturing paper packaging products.

The addresses of its registered head office and branches are as follows:

Head office

No. 1 Charoenrat Road, Thungwatdon, Sathon. Bangkok 10120.

Branches

Branch 1 : No. 49-49/1 Moo.5 Export Processing Zone 1, Laemchabang Industrial Estate, Thungskula, Sriracha, Chonburi 20230.

Branch 2 : No. 789/139 Moo.1 Pintong Industrial, Nongkham, Sriracha, Chonburi 20110.

The interim consolidated and separate financial information was authorised for issue by the Board of Directors on 14 May 2020.

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

2 Significant events during the current period

After the outbreak of Coronavirus Disease 2019 (“COVID-19 outbreak”) in early 2020, it has not resulted in the adverse effects on the operating results for the 3-month period ended 31 March 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.

3 Basis of preparation

The interim consolidated and separated financial information have 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 consolidated and separate financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019.

An English version of the interim consolidated and separate financial information has been prepared from the interim financial information that are 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 consolidated and separate financial information are consistent with those used in the annual financial statements for the year ended 31 December 2019, except for the adoption of the new financial reporting standards together with the application of the relevant relief measures as described in Note 5.

5 Adoption of new financial reporting standards and changes in accounting policies

Adoption of new financial reporting standards

The Group has adopted financial reporting standards relating to financial instruments (TAS 32, TFRS 7 and TFRS 9) and leases standard (TFRS 16) by retrospective adjustment over opening balance on 1 January 2020 but has not restated comparatives for the 2019 reporting period, as permitted in the standards. The reclassifications and adjustments arising from the new requirements are therefore recognised in the opening statement of financial position on 1 January 2020.

The following tables show the adjustments made to the amounts recognised in each line item in the statement of financial position upon adoption of the financial reporting standards relate to financial instruments (TAS 32 and TFRS 9) and leases standard (TFRS 16):

| | Consolidated financial information | | As at 1 January 2020 Restated Baht | |
|---|------------------------------------|--|--|--------------------|
| | TAS 32 and TFRS 9 | TFRS 16 | | |
| | As at 31 December 2019 Baht | Reclassifications and adjustments Baht | Reclassifications and adjustments Baht | |
| Assets | | | | |
| Non-current assets | | | | |
| Right-of-use (net) | - | - | 38,547,292 | 38,547,292 |
| Property, plant and equipment (net) | 604,194,471 | - | (1,198,438) | 602,996,033 |
| Total non-current assets | 604,194,471 | - | 37,348,854 | 641,543,325 |
| Liabilities and equity | | | | |
| Current liabilities | | | | |
| Liabilities under finance lease contracts (net) | 346,606 | - | (346,606) | - |
| Lease liabilities (net) | - | - | 9,070,897 | 9,070,897 |
| Derivative liabilities | - | 3,905,907 | - | 3,905,907 |
| Total current liabilities | 346,606 | 3,905,907 | 8,724,291 | 12,976,804 |
| Non-current liabilities | | | | |
| Liabilities under finance lease | 356,157 | - | (356,157) | - |
| Lease liabilities (net) | - | - | 28,980,720 | 28,980,720 |
| Total non-current liabilities | 356,157 | - | 28,624,563 | 28,980,720 |
| Equity | | | | |
| Retained earnings - Unappropriated | 349,777,832 | (3,905,907) | - | 345,871,925 |
| Total liabilities and equity | 350,480,595 | - | 37,348,854 | 387,829,449 |

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| | Separate financial information | | | As at 1 January 2020 Restated Baht |
|---------------------------------------|-----------------------------------|--|---|---|
| | TAS 32 and TFRS 9 | Reclassifications and adjustments Baht | TFRS 16 Reclassifications and adjustments Baht | |
| | As at 31 December 2019 Baht | | | |
| Assets | | | | |
| Non-current assets | | | | |
| Right-of-use (net) | - | - | 36,908,121 | 36,908,121 |
| Property, plant and equipment (net) | 427,484,335 | - | (75,714) | 427,408,621 |
| Total non-current assets | 427,484,335 | - | 36,832,407 | 464,316,742 |
| Liabilities and equity | | | | |
| Current liabilities | | | | |
| Liabilities under finance lease (net) | 28,800 | - | (28,800) | - |
| Lease liabilities (net) | - | - | 8,521,657 | 8,521,657 |
| Derivative liabilities | - | 3,905,907 | - | 3,905,907 |
| Total current liabilities | 28,800 | 3,905,907 | 8,492,857 | 12,427,564 |
| Non-current liabilities | | | | |
| Lease liabilities (net) | - | - | 28,339,550 | 28,339,550 |
| Equity | | | | |
| Retained earnings - Unappropriated | 217,552,437 | (3,905,907) | - | 213,646,530 |
| Total liabilities and equity | 217,581,237 | - | 36,832,407 | 254,413,644 |

Financial reporting standards relating to financial instruments (TAS 32 and TFRS 9)

The Group has adopted the new financial reporting standards relating to financial instruments from 1 January 2020 by applying the modified retrospective approach.

The adoption of the new financial reporting standards on financial instruments mainly affects the Group's accounting treatment as follows;

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period. The changes in the fair value of derivatives are recognised to other gains (losses).

As at 1 January 2020, the Group recognised net loss from fair value of derivatives in consolidated and separate financial information in amount of Baht 3,905,907 which is fair value of derivatives of the Group as at 31 December 2019.

Impairment

The new requirements on the impairment losses will lead to expected credit losses having to be considered and recognised at the initial recognition and subsequent period. As of 1 January 2020, there will be an increase in expected credit losses due to application of the simplified approach for trade receivables.

However, the effects of the Group's accounting treatment from adoption of TFRS 9 have immaterial impact to retained earnings as at 1 January 2020 in the consolidated and separate financial information.

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TFRS 16, Leases

On 1 January 2020, the Group applies TFRS 16, Leases and adjust cumulative impact to opening retained earnings (modified retrospective approach). From the preliminary impact assessment, the management considered that the Group is affected by significant lease liabilities on rental of land, office building, office equipment and vehicles previously classified as operating leases under TAS 17, Leases.

The Group uses the practical expedients when applying this standard retrospectively in accordance with TFRS 16 to leases previously classified as operating leases applying IAS 17 by not to apply leases for which the lease term ends within 12 months of the date of initial application.

The following tables show differences between operating lease commitments disclosed applying IAS 17 as at 31 December 2019 and lease liabilities applying TFRS 16 recognised in the statement of financial position as at 1 January 2020.

| | Consolidated financial information (Unaudited) Baht | Separate financial information (Unaudited) Baht |
|---|--|--|
| Operating lease commitments disclosed as at 31 December 2019 | 12,805,940 | 11,765,926 |
| <u>Add</u> adjustments as a result of a different treatment of extension options | 30,701,096 | 30,701,096 |
| <u>Less</u> Short-term leases recognised on a straight-line basis as expenses | (541,134) | (47,120) |
| <u>Less</u> Low-value-assets leases recognised on a straight-line basis as expenses | (154,000) | (154,000) |
| <u>Less</u> Contracts reassessed as service agreements | (2,425,800) | (2,425,800) |
| | 40,386,102 | 39,840,102 |
| <u>Less</u> Deferred interest expenses | (3,037,248) | (3,007,695) |
| Additional lease liabilities from TFRS 16 adoption | 37,348,854 | 36,832,407 |
| Liabilities under finance lease contracts (net) as at 31 December 2019 | 702,763 | 28,800 |
| Lease liabilities (net) as at 1 January 2020 | 38,051,617 | 36,861,207 |
| Of which are: | | |
| Current portion of lease liabilities (net) | 9,070,897 | 8,521,657 |
| Long-term lease liabilities (net) | 28,980,720 | 28,339,550 |
| | 38,051,617 | 36,861,207 |

- Liabilities under lease are recognised in accordance with the obligations and discounting to present values with incremental borrowing rates of the lessees as of 1 January 2020. The incremental borrowing rates of the Group and the Company are 3.57% to 5.00% per annum and 3.57% to 3.94% per annum, respectively, adjusted by liabilities under finance lease contracts (net) in the consolidated and separate financial statements as at 31 December 2019.
- Right-of-use assets in consolidated and separate financial information are recognised equal to the present value of liabilities under the lease agreements as of 1 January 2020 adjusted by finance lease asset, which was previously recognised in the consolidated and separate financial statements as at 31 December 2019.

As at 1 January 2020, right-of-use assets (net) are categorised as follows

| | Consolidated financial information (Unaudited) Baht | Separate financial information (Unaudited) Baht |
|-----------------------------------|--|--|
| Land | 960,439 | 960,439 |
| Building and building improvement | 36,445,195 | 35,322,471 |
| Office equipment | 625,211 | 625,211 |
| Vehicles | 516,447 | - |
| | 38,547,292 | 36,908,121 |

Changes in accounting policies

Leases

Where the Group is the lessee, leases are recognised as a right-of-use asset and a corresponding liability at the commencement date. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period. The right-of-use asset is measured at cost, which is initially measured at the present value of the lease payments. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in the lease, if that can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Payments associated with short-term leases and leases of low-value assets are recognised as an expense in the profit or loss on a straight-line basis over the lease period

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period. The changes in the fair value is recognised to other gains (losses).

Impairment

From 1 January 2020, the Group assesses provision for expected credit loss on a forward looking basis for its trade accounts receivable at amortised cost. The Group applies the simplified approach in determining its provision for expected credit loss.

However, for the reporting periods ending between 1 January 2020 and 31 December 2020, the Group has chosen to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC by excluding forward-looking information in assessing the provision for expected credit loss under the simplified approach of trade accounts receivable. As at 31 March 2020, the provision for expected credit loss of Baht 4,292,083 (note 9) was assessed based on historical credit loss together with the management's judgement in estimating the provision for expected credit loss.

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.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2019.

7 Fair value estimation

The group presents financial assets and liabilities that are measured at fair value in each level including fair value of financial assets and financial liabilities, excluding financial assets and liabilities measured at amortised cost where their carrying value approximated fair value.

The analysis of financial instruments carried and disclosed at fair value, by valuation method. The different levels have been defined as follows:

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

The fair values of financial instruments are disclosed in Note 26.

Following fair value of financial assets and financial liabilities measured at amortised cost approximated carrying value:

| Consolidated financial information | Separate financial information |
|---|--|
| Financial assets | Financial assets |
| - Cash and cash equivalents | - Cash and cash equivalents |
| - Trade and other accounts receivable (net) | - Trade and other accounts receivable (net) |
| - Value added tax | - Value added tax |
| - Loans to employee | - Loans to employee |
| - Other current assets | - Other non-current assets |
| - Cash at a financial institution pledged as security | |
| - Other non-current assets | |
| Financial liabilities | Financial liabilities |
| - Short-term loans from financial institutions | - Short-term loans from financial institutions |
| - Trade and other accounts payable | - Trade and other accounts payable |
| - Lease liabilities (net) | - Lease liabilities (net) |
| - Other current liabilities | - Other current liabilities |
| - Long-term loans from a financial institution | - Long-term loans from a financial institution |

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8 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive Officer (CEO), that makes strategic decisions. CEO has chosen to organise the entity using groups of products by comparing consolidated financial statements in current period with last period.

Financial information by business segment

| | Consolidated financial information (unaudited) | | | | | |
|---|---|---------------|--------------------|--------------|---------------|---------------|
| | For the three-month periods ended 31 March | | | | | |
| | Condoms and lubricating gels | | Paper boxes | | Total | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | Baht | Baht | Baht | Baht | Baht | Baht |
| Revenue from sales and services | 308,581,536 | 299,191,174 | 54,777,157 | 43,970,010 | 363,358,693 | 343,161,184 |
| Cost of sales and services | (232,070,270) | (246,036,050) | (54,100,457) | (41,981,912) | (286,170,727) | (288,017,962) |
| Depreciation charge in excess from building and equipment recognised under fair value | - | - | - | - | (2,427,684) | (2,285,493) |
| Segment results | 76,511,266 | 53,155,124 | 676,700 | 1,988,098 | 74,760,282 | 52,857,729 |
| Other income | | | | | 1,039,826 | 16,235,846 |
| Selling expenses | | | | | (38,844,110) | (32,134,916) |
| Administrative expenses | | | | | (29,171,544) | (27,525,659) |
| Expected credit losses | | | | | (2,349,511) | - |
| Other gains (losses) | | | | | 7,402,362 | (2,710,118) |
| Finance costs (net) | | | | | (4,348,508) | (3,407,295) |
| Operating profit | | | | | 8,488,797 | 3,315,587 |
| Income tax (Note 21) | | | | | 2,685,259 | 128,756 |
| Net profit for the period | | | | | 11,174,056 | 3,444,343 |

| | Consolidated financial information | | | | | |
|---------------------------|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Condoms and lubricating gels | | Paper boxes | | Total | |
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | 31 March | 31 December | 31 March | 31 December | 31 March | 31 December |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | Baht | Baht | Baht | Baht | Baht | Baht |
| Segment assets - Domestic | 13,452,641 | 44,728,556 | 48,378,889 | 45,695,498 | 61,831,530 | 90,424,054 |
| - Overseas | 652,117,591 | 591,854,746 | - | - | 652,117,591 | 591,854,746 |
| Unallocated assets | | | | | 1,392,691,742 | 1,326,761,468 |
| Total assets | | | | | 2,106,640,863 | 2,009,040,268 |
| Segment liabilities | | | | | - | - |
| Unallocated liabilities | | | | | 944,057,848 | 781,727,147 |
| Total liabilities | | | | | 944,057,848 | 781,727,147 |

9 Trade and other accounts receivable (net)

| | Consolidated financial information | | Separate financial information | |
|--|---|--|---|--|
| | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht |
| Trade accounts receivable - other companies - related company (Note 22 b)) | 713,762,031 | 682,118,086 | 665,570,232 | 636,583,302 |
| <u>Less</u> Provision for expected credit losses - other companies | 187,090 | 160,714 | - | - |
| | (4,292,083) | (1,942,572) | (4,292,083) | (1,723,606) |
| Other accounts receivable | 709,657,038 | 680,336,228 | 661,278,149 | 634,859,696 |
| Accrued royalty income (net) | 124,455 | 56,754 | 248 | 187 |
| Prepaid expenses | 8,839,336 | 10,866,554 | 8,839,336 | 10,866,554 |
| Short-term deposits | 4,369,462 | 3,947,897 | 3,957,787 | 3,242,942 |
| Advance payment | 1,506,721 | 2,107,406 | 1,506,721 | 2,107,406 |
| | 125,488 | 346,598 | 125,488 | 346,598 |
| | 724,622,500 | 697,661,437 | 675,707,729 | 651,423,383 |

Outstanding trade accounts receivable (net) as at 31 March 2020 and 31 December 2019 can be analysed by age of debtors as follows:

| | Consolidated financial information | | Separate financial information | |
|--|---|--|---|--|
| | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht |
| Current (30 days - 180 days credit term) | 389,711,239 | 418,753,468 | 354,669,399 | 382,040,814 |
| Overdue | | | | |
| Up to 3 months | 187,724,398 | 170,753,663 | 174,387,349 | 161,989,785 |
| 3 months - 6 months | 58,061,056 | 52,354,393 | 58,061,056 | 52,354,393 |
| 6 months - 12 months | 67,928,242 | 36,751,097 | 67,928,242 | 36,751,097 |
| Over 12 months | 10,524,186 | 3,666,179 | 10,524,186 | 3,447,213 |
| | 713,949,121 | 682,278,800 | 665,570,232 | 636,583,302 |
| <u>Less</u> Provision for expected credit losses | (4,292,083) | (1,942,572) | (4,292,083) | (1,723,606) |
| | 709,657,038 | 680,336,228 | 661,278,149 | 634,859,696 |

10 Cash at a financial institution pledged as security

As at 31 March 2020 and 31 December 2019, savings deposits at a financial institution of a subsidiary in consolidated financial information is pledged as collateral for credit facilities from a financial institution.

11 Property, plant and equipment (net)

| | Consolidated financial information (Unaudited) Baht | Separate financial information (Unaudited) Baht |
|---|--|--|
| For the three-month period ended 31 March 2020 | | |
| Opening net book value | 604,194,471 | 427,484,335 |
| Reclassify to Right-of-use assets (net) (Note 5 and 12) | (1,198,438) | (75,714) |
| Additions | 15,741,008 | 15,400,197 |
| Disposals (net) | (679) | (679) |
| Depreciation charge | (27,314,655) | (21,334,459) |
| Closing net book value | <u>591,421,707</u> | <u>421,473,680</u> |

As at 31 March 2020, the Group have pledged the subsidiary's land including its premises and machineries with net book value in consolidated financial information of Baht 101 million (31 December 2019 : Baht 104 million) as collateral for credit facilities from a financial institution.

12 Right-of-use assets (net)

| | Consolidated financial information (Unaudited) Baht | Separate financial information (Unaudited) Baht |
|--|--|--|
| For the three-month period ended 31 March 2020 | | |
| Opening net book amount | - | - |
| Adjusting items upon adoption of TFRS 16 as of 1 January 2020 (Note 5) | 37,348,854 | 36,832,407 |
| Reclassify from finance lease asset (net) (Note 5 and 11) | 1,198,438 | 75,714 |
| Depreciation charge | (2,334,694) | (2,258,838) |
| Closing net book amount | <u>36,212,598</u> | <u>34,649,283</u> |

For the three-month period ended 31 March 2020, depreciation expense is presented in cost of goods sold for the consolidated financial information amounting to Baht 1,445,266, and the separate financial information of Baht 1,445,266, the remaining is included in administrative expenses.

Expenses related to hire purchase assets with low value and short-term lease excluded from Right-of-use assets for the three-month periods ended 31 March 2020 in consolidated and separate financial information amounting to Baht 472,836 and Baht 72,150, respectively.

13 Intangible assets (net)

| | Consolidated financial information (Unaudited) Baht | Separate financial information (Unaudited) Baht |
|---|---|---|
| For the three-month period ended 31 March 2020 | | |
| Opening net book value | 456,625,846 | 456,238,956 |
| Additions | 23,501 | 11,701 |
| Amortisation charge | (6,596,059) | (6,579,208) |
| Closing net book value | 450,053,288 | 449,671,449 |

14 Deferred tax

The movement of deferred tax for the three-month period ended 31 March 2020 comprise the following:

| | Consolidated financial information (Unaudited) | | | |
|--------------------------|--|-------------------------------------|--|--------------------------|
| | Debit/(credit) to | | | |
| | 1 January 2020 Baht | (Note 21) profit or loss Baht | other comprehensive income Baht | 31 March 2020 Baht |
| Deferred tax assets | 10,748,138 | 7,870,423 | 1,745 | 18,620,306 |
| Deferred tax liabilities | (22,147,034) | (4,534,964) | - | (26,681,998) |
| | (11,398,896) | 3,335,459 | 1,745 | (8,061,692) |
| | Separate financial information (Unaudited) | | | |
| | Debit/(credit) to | | | |
| | 1 January 2020 Baht | (Note 21) profit or loss Baht | other comprehensive income Baht | 31 March 2020 Baht |
| Deferred tax assets | 10,017,090 | 7,826,412 | 1,745 | 17,845,247 |
| Deferred tax liabilities | - | (5,020,501) | - | (5,020,501) |
| | 10,017,090 | 2,805,911 | 1,745 | 12,824,746 |

As at 31 March 2020 and 31 December 2019, deferred tax assets and deferred tax liabilities presented by net tax taxable entities comprise the following:

| | Consolidated financial information | | Separate financial information | |
|--------------------------------|---|--|---|--|
| | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht |
| Deferred tax assets (net) | 12,824,746 | 10,017,090 | 12,824,746 | 10,017,090 |
| Deferred tax liabilities (net) | (20,886,438) | (21,415,986) | - | - |
| | (8,061,692) | (11,398,896) | 12,824,746 | 10,017,090 |

15 Short-term loans from financial institutions

| | Consolidated financial information | | Separate financial information | |
|------------------|---|--|---|--|
| | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht |
| Promissory notes | 215,400,000 | 238,000,000 | 175,400,000 | 198,000,000 |

Promissory notes

The movements of promissory notes for the three-month period ended 31 March 2020 comprises the following:

| | Consolidated financial information (Unaudited) Baht | Separate financial information (Unaudited) Baht |
|-----------------------------|---|---|
| Opening balance | 238,000,000 | 198,000,000 |
| Addition during the period | 179,000,000 | 179,000,000 |
| Repayment during the period | (201,600,000) | (201,600,000) |
| Closing balance | 215,400,000 | 175,400,000 |

As at 31 March 2020 and 31 December 2019, promissory notes are unsecured and comprise the following:

| Consolidated financial information | | | | | |
|------------------------------------|-------------|--------------------------------|----------------------------|-------------|--------------------------------|
| 31 March 2020 (Unaudited) | | | 31 December 2019 (Audited) | | |
| Currency | Amount | Interest rate (% per annum) | Currency | Amount | Interest rate (% per annum) |
| Baht | 215,400,000 | 2.60 - 4.42 | Baht | 238,000,000 | 2.75 - 4.42 |

| Separate financial information | | | | | |
|--------------------------------|-------------|--------------------------------|----------------------------|-------------|--------------------------------|
| 31 March 2020 (Unaudited) | | | 31 December 2019 (Audited) | | |
| Currency | Amount | Interest rate (% per annum) | Currency | Amount | Interest rate (% per annum) |
| Baht | 175,400,000 | 2.60 - 2.90 | Baht | 198,000,000 | 2.75 - 2.98 |

16 Trade and other accounts payable

| | Consolidated financial information | | Separate financial information | |
|---|---|--|---|--|
| | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht |
| Trade accounts payable- other companies | 180,385,392 | 117,179,794 | 137,743,037 | 79,651,719 |
| - related companies (Note 22 b)) | 9,171,586 | 6,448,216 | 8,415,030 | 7,225,253 |
| Other accounts payable - other companies | 38,748,330 | 28,085,149 | 33,086,990 | 21,450,134 |
| - related companies (Note 22 b)) | 50,076 | 55,675 | 50,076 | 54,962 |
| Accounts payable for purchases of - equipment | 4,723,353 | 3,123,993 | 4,481,332 | 3,048,486 |
| - intangible assets | 12,626 | 26,750 | - | 26,750 |
| Advance received from customers | 15,760,043 | 9,471,669 | 15,760,043 | 9,471,669 |
| Dividend payable | 72,018,428 | 18,428 | 72,018,428 | 18,428 |
| Accrued expenses | 26,338,621 | 48,609,585 | 24,373,066 | 46,745,458 |
| | 347,208,455 | 213,019,259 | 295,928,002 | 167,692,859 |

17 Leases liabilities (net)

The Group has entered into the lease agreements for rental assets used in the operating activities and has to pay rental expenses following rate specified in the agreements.

As at 31 March 2020 and 31 December 2019, lease liabilities are as follows:

| | Consolidated financial information | | Separate financial information | |
|--|---|--|---|--|
| | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht |
| Lease liabilities | 37,256,533 | 734,871 | 36,145,914 | 28,800 |
| <u>Less</u> Deferred interest expenses | (2,727,584) | (32,108) | (2,678,837) | - |
| Present value of lease liabilities | 34,528,949 | 702,763 | 33,467,077 | 28,800 |
| <u>Less</u> Current portion (net) | (9,139,501) | (346,606) | (8,584,271) | (28,800) |
| | 25,389,448 | 356,157 | 24,882,806 | - |

As at 31 March 2020 and 31 December 2019, minimum lease liabilities payment are as follows:

| | Consolidated financial information | | Separate financial information | |
|--|---|--|---|--|
| | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht |
| <u>Payment due of lease liabilities</u> | | | | |
| - Within 1 year | 10,319,711 | 368,759 | 9,727,752 | 28,800 |
| - Later than 1 year but not later than 5 years | 26,523,821 | 366,112 | 26,005,161 | - |
| - Later than 5 years | 413,001 | - | 413,001 | - |
| | 37,256,533 | 734,871 | 36,145,914 | 28,800 |

18 Long-term loans from a financial institution

| | Consolidated and separate financial information | |
|--|---|--|
| | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht |
| Long-term loans from a financial institution | 219,950,000 | 239,960,000 |
| <u>Less</u> Current portion of long-term loans | (80,040,000) | (80,040,000) |
| | <u>139,910,000</u> | <u>159,920,000</u> |

The movements of the long-term loans from a financial institution for the three-month period ended 31 March 2020 comprise the following:

| | Consolidated and separate financial information (Unaudited) Baht |
|---|--|
| <u>Current portions of long-term loans</u> | |
| Opening balance | 80,040,000 |
| Transfer from long-term loans | 20,010,000 |
| Repayment of loans | (20,010,000) |
| Closing balance | <u>80,040,000</u> |
| <u>Long-term loans</u> | |
| Opening balance | 159,920,000 |
| Transfer to current portions of long-term loans | (20,010,000) |
| Closing balance | <u>139,910,000</u> |

As at 31 March 2020 and 31 December 2019, the Company's financial ratio is complied with the terms of agreement.

As at 31 March 2020, the fair value are based on discounted cash flows using a discount rate based upon the borrowing rates of 3.50% and 3.70% per annum (31 December 2019 : 3.50% and 3.70% per annum) (Level 2 of fair value hierarchy). There was no change in valuation technique during the period. However, such fair value is close to their carrying amount as the impact of discounting is not significant.

19 Employee benefit obligations

The movements of employee benefit obligations for the three-month period ended 31 March 2020 comprise the following:

| | Consolidated financial information (Unaudited) Baht | Separate financial information (Unaudited) Baht |
|----------------------------|---|---|
| Opening balance | 55,777,849 | 49,271,841 |
| Increase during the period | | |
| - current service cost | 1,746,748 | 1,560,438 |
| - interest cost | 299,948 | 266,201 |
| Closing balance | <u>57,824,545</u> | <u>51,098,480</u> |

20 Dividend payment

For the three-month period ended 31 March 2020

At the Board of directors meeting no. 2/2020, held on 30 March 2020, the Board of directors approved to pay interim dividend in respect of the net profit for the year ended 31 December 2019 under BoI certificate no. 1466(1)/2553 of Baht 0.12 per share and no.2117(1)/25555 of Baht 0.12 per share totalling Baht 72,000,000. The Company paid dividend to shareholders on 29 April 2020.

21 Income tax

| | For the three-month periods ended 31 March | | | |
|--|--|-----------------------------|-----------------------------------|-----------------------------|
| | Consolidated financial information | | Separate financial information | |
| | (Unaudited) 2020 Baht | (Unaudited) 2019 Baht | (Unaudited) 2020 Baht | (Unaudited) 2019 Baht |
| Current income tax: | | | | |
| Current income tax on taxable profit for the period | (650,200) | (545,598) | (650,200) | (545,598) |
| Deferred tax: | | | | |
| Origination and reversal of temporary differences (Note 14) | 3,335,459 | 674,354 | 2,805,911 | 30,262 |
| Total income tax | 2,685,259 | 128,756 | 2,155,711 | (515,336) |

22 Related party transactions

As at 31 March 2020, the Company's shares are held by the following companies and individuals;

| Company/Individual | Type | % of holding | Incorporation/ Nationality |
|--|------------------------------|---------------|-------------------------------|
| The family of Dararattanaroj | Shareholders and/or director | 37.39 | Thai |
| Charoen Aksorn Holding Group Co., Ltd. | Parent | 26.25 | Thailand |
| THK Investment Company Limited | Related company | 13.75 | Hongkong |
| Other investors | | 22.61 | - |
| | | <u>100.00</u> | |

Thai Nippon Rubber Industry Public Co., Ltd.
Condensed notes to the interim financial information (Unaudited)
For the three-month period ended 31 March 2020

- a) The following significant transactions incurred during for the three-month periods ended 31 March 2020 and 2019 carried out with related companies as follows:

| | For the three-month periods ended 31 March | | | |
|---|--|------------------|--------------------------------|------------------|
| | Consolidated financial information | | Separate financial information | |
| | (Unaudited) 2020 | (Unaudited) 2019 | (Unaudited) 2020 | (Unaudited) 2019 |
| | Baht | Baht | Baht | Baht |
| Sales of goods | | | | |
| Star RFID Co., Ltd. | 174,850 | - | - | - |
| Purchase of raw materials and packaging | | | | |
| C.A.S. Paper Co., Ltd. | 8,571,576 | 7,594,419 | - | - |
| Box Asia Group International Co., Ltd. | - | - | 7,864,514 | 5,822,486 |
| | 8,571,576 | 7,594,419 | 7,864,514 | 5,822,486 |
| Purchase of office supply | | | | |
| C.A.S. Paper Co., Ltd. | 62,430 | - | 62,430 | - |
| Lease liabilities paid and service expenses | | | | |
| Charoen Aksorn Holding Group Co., Ltd. | 2,882,730 | 2,919,556 | 2,882,730 | 2,860,778 |
| Management benefit expenses | | | | |
| - short-term employee benefits | 7,505,310 | 7,402,613 | 6,950,100 | 6,847,100 |
| - post-employments benefits | 95,925 | 332,689 | 69,471 | 312,025 |
| | 7,601,235 | 7,735,302 | 7,019,571 | 7,159,125 |
| Directors' remuneration | 1,074,000 | 1,065,000 | 1,074,000 | 1,065,000 |

Sales of goods, purchase of raw materials, packaging materials, office supply and expenses transactions were charged by related companies under price as agreed between the parties.

Management benefit expenses represent benefits which management has received from working for the Company and benefits received at retirement age.

Directors' remuneration was proposed in the Board of Directors meeting and will be approved in the Annual General Meeting of the Company's shareholders.

- b) Outstanding balances as at 31 March 2020 and 31 December 2019 arising from related company transactions comprise the following:

| | Consolidated financial information | | Separate financial information | |
|--|------------------------------------|----------------------------|--------------------------------|----------------------------|
| | (Unaudited) 31 March 2020 | (Audited) 31 December 2019 | (Unaudited) 31 March 2020 | (Audited) 31 December 2019 |
| | Baht | Baht | Baht | Baht |
| | | | | |
| Trade account receivable (Note 9) | | | | |
| Star RFID Co., Ltd. | 187,090 | 153,010 | - | - |
| C.A.S. Paper Co., Ltd. | - | 7,704 | - | - |
| | 187,090 | 160,714 | - | - |
| Deposits | | | | |
| Charoen Aksorn Holding Group Co., Ltd. | 287,500 | 294,500 | 287,500 | 287,500 |
| Trade accounts payable (Note16) | | | | |
| C.A.S. Paper Co., Ltd. | 9,171,586 | 6,448,216 | - | 7,704 |
| Box Asia Group International Co., Ltd. | - | - | 8,415,030 | 7,217,549 |
| | 9,171,586 | 6,448,216 | 8,415,030 | 7,225,253 |
| Other accounts payable (Note16) | | | | |
| C.A.S. Paper Co., Ltd. | 50,076 | - | 50,076 | - |
| Charoen Aksorn Holding Group Co., Ltd. | - | 55,675 | - | 54,962 |
| | 50,076 | 55,675 | 50,076 | 54,962 |

23 Bank guarantee

As at 31 March 2020 and 31 December 2019, the Group has letters of guarantee issued by domestic banks on behalf of the Group for the following purposes:

| | Consolidated financial information | | | | | |
|---------------------------------|------------------------------------|-----------------|--------------------------|----------------------------|-----------------|--------------------------|
| | 31 March 2020 (Unaudited) | | | 31 December 2019 (Audited) | | |
| | Currency | Currency amount | Baht and Baht equivalent | Currency | Currency amount | Baht and Baht equivalent |
| Guarantee for electricity usage | THB | 9,041,200 | 9,041,200 | THB | 9,041,200 | 9,041,200 |
| Guarantee for material purchase | THB | 2,500,000 | 2,500,000 | THB | 2,500,000 | 2,500,000 |
| Guarantee for performance | THB | 1,414,370 | 1,414,370 | THB | 1,414,370 | 1,414,370 |
| | USD | 207,528 | 6,813,100 | USD | 195,768 | 5,937,896 |
| | EUR | 72,276 | 2,624,044 | Euro | 72,276 | 2,463,510 |
| | | | 22,392,714 | | | 21,356,976 |

| | Separate financial information | | | | | |
|---------------------------------|--------------------------------|-----------------|--------------------------|----------------------------|-----------------|--------------------------|
| | 31 March 2020 (Unaudited) | | | 31 December 2019 (Audited) | | |
| | Currency | Currency amount | Baht and Baht equivalent | Currency | Currency amount | Baht and Baht equivalent |
| Guarantee for electricity usage | THB | 7,810,200 | 7,810,200 | THB | 7,810,200 | 7,810,200 |
| Guarantee for performance | THB | 1,414,370 | 1,414,370 | THB | 1,414,370 | 1,414,370 |
| | USD | 207,528 | 6,813,100 | USD | 195,768 | 5,937,896 |
| | EUR | 72,276 | 2,624,044 | EUR | 72,276 | 2,463,510 |
| | | | 18,661,714 | | | 17,625,976 |

24 Commitments under unused letter of credits

As at 31 March 2020, the letter of credits provided by banks to guarantee purchase of imported goods issued on behalf of the Group were USD 788,150 equivalent Baht 25,749,794 (2019: USD 458,793 equivalent Baht 13,834,432).

25 Commitments

a) Capital commitments

As at 31 March 2020 and 31 December 2019, the Group has capital commitments relating to purchase of machine, equipment and computer software as follows:

| | Consolidated financial information | | Separate financial information | |
|-----------------------------------|------------------------------------|------------------|--------------------------------|------------------|
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | 31 March 2020 | 31 December 2019 | 31 March 2020 | 31 December 2019 |
| | Baht | Baht | Baht | Baht |
| Purchase of machine and equipment | 5,674,386 | 11,317,062 | 5,674,386 | 11,239,982 |
| Purchase of computer software | 128,800 | 128,800 | 128,800 | 128,800 |
| | 5,803,186 | 11,445,862 | 5,803,186 | 11,368,782 |

b) Operating commitment contracts

As at 31 March 2020, the Group have the non-cancellable lease contract or service agreements which not meet the criteria on TFRS 16 (31 December 2019, the Group leases office equipment and vehicles under cancellable operating lease agreements. The lease terms are between 3 months and 6 years.)

As at 31 March 2020 and 31 December 2019, the future payment under operating commitments in respect of office equipment rental and service fee are as follows:

| | Consolidated financial information | | Separate financial information | |
|-------------------------------|---|--|---|--|
| | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht | (Unaudited) 31 March 2020 Baht | (Audited) 31 December 2019 Baht |
| Due for payable within | | | | |
| 1 year | 2,368,219 | 10,214,380 | 1,938,320 | 9,477,348 |
| 1 year - 5 years | - | 2,591,560 | - | 2,288,578 |
| | 2,368,219 | 12,805,940 | 1,938,320 | 11,765,926 |

26 Financial instruments

Foreign currency exchange rate risk

As at 31 March 2020 and 31 December 2019, the settlement dates on buying and selling forward contracts were ranged 6 months. The local currency amounts to be received and paid and contractual exchange rates of the outstanding contracts were:

| Foreign currency | Consolidated and separate financial information | | | | | |
|---------------------------------|---|------------------|-------------|----------------------------|------------------|-------------|
| | 31 March 2020 (Unaudited) | | | 31 December 2019 (Audited) | | |
| | Contract amount | Exchange rate | Baht | Contract amount | Exchange rate | Baht |
| <u>Buying forward contract</u> | | | | | | |
| USD | 13,777,000 | 30.12 - 32.67 | 418,837,680 | 7,720,000 | 30.12 - 30.26 | 233,278,611 |
| <u>Selling forward contract</u> | | | | | | |
| USD | - | - | - | 317,693 | 30.29 - 30.90 | 9,657,108 |

Interest rate risk

The Company entered into 3 interest rate swap contracts of THB long-term borrowings with a financial institution totalling Baht 320 million to swap interests from floating rate to fixed rate of 3.50% and 3.7% per annum as specified in the contracts. The contracts are effective from May 7, 2018 to December 30, 2022.

Net fair value

The net fair value of the derivative financial instruments as at 31 March 2020 and 31 December 2019 are as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------|----------------------------------|--------------|
| | 2020 Baht | 2019 Baht | 2020 Baht | 2019 Baht |
| Net gain (loss) from fair value of forward foreign currency exchange contracts | (30,976,203) | 446,351 | (30,976,203) | 446,351 |
| Net loss from fair value of interest rate swap contracts | (4,835,723) | (4,352,258) | (4,835,723) | (4,352,258) |

The fair values of financial derivative contracts, which are forward foreign exchange contracts and interest rate swap contracts are determined by the market price of each contract which are calculated by a financial institution of the Group as at 31 March 2020 and 31 December 2019 (Level 2 of fair value hierarchy).