

Rockworth Public Company Limited
Review report and interim financial information
For the three-month and nine-month periods ended
30 September 2020

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Rockworth Public Company Limited

I have reviewed the accompanying statement of financial position in which the equity method is applied of Rockworth Public Company Limited as at 30 September 2020, the related statements of comprehensive income for the three-month and nine-month periods then ended, the related statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the financial statements. I have also reviewed the separate financial information in which the cost method is applied of Rockworth Public Company Limited for the same periods (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim 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*.



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Emphasis of Matter

I draw attention to Note 1.3 to the interim financial statements. Due to the impact of the COVID-19 outbreak, in preparing the interim financial information for the three-month and nine-month periods ended 30 September 2020, the Company has adopted the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic issued by the Federation of Accounting Professions. My conclusion is not modified in respect of this matter.

Chonlaros Suntiasvaraporn

Certified Public Accountant (Thailand) No. 4523

EY Office Limited

Bangkok: 4 November 2020

Rockworth Public Company Limited
Statement of financial position
As at 30 September 2020

(Unit: Thousand Baht)

	Financial statements		Separate financial statements		
	in which the equity method is applied		in which the cost method is applied		
	<u>Note</u>	<u>30 September 2020</u>	<u>31 December 2019</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Assets					
Current assets					
Cash and cash equivalents		27,602	61,514	27,602	61,514
Current investments		-	101,500	-	101,500
Trade and other receivables	4	72,809	216,743	72,809	216,743
Inventories	5	120,711	161,026	120,711	161,026
Other current financial assets	6	86,866	-	86,866	-
Other current assets		6,684	7,232	6,684	7,232
Total current assets		314,672	548,015	314,672	548,015
Non-current assets					
Restricted bank deposits		20,205	20,202	20,205	20,202
Other non-current financial assets	7	4,398	-	4,398	-
Investments in available-for-sale securities		-	59	-	59
Investment in associate	8	-	-	-	-
Other long-term investments		-	1,500	-	1,500
Investment properties	9	69,600	69,600	69,600	69,600
Property, plant and equipment	10	273,613	304,414	273,613	304,414
Right-of-use assets	11	79,513	-	79,513	-
Intangible assets		1,667	1,582	1,667	1,582
Other non-current assets		11,942	5,712	11,942	5,712
Total non-current assets		460,938	403,069	460,938	403,069
Total assets		775,610	951,084	775,610	951,084

The accompanying notes are an integral part of the financial statements.

ROCKWORTH

บริษัท ร็อกเวิร์ธ จำกัด (มหาชน)
Rockworth Public Company Limited

Rockworth Public Company Limited
Statement of financial position (continued)
As at 30 September 2020

(Unit: Thousand Baht)

	Financial statements		Separate financial statements		
	in which the equity method is applied		in which the cost method is applied		
	<u>Note</u>	<u>30 September 2020</u>	<u>31 December 2019</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions		120,000	215,000	120,000	215,000
Trust receipts		2,891	25,460	2,891	25,460
Trade and other payables		36,359	109,132	36,359	109,132
Current portion of long-term loans	12	10,080	10,080	10,080	10,080
Current portion of lease liabilities	13	4,586	3,233	4,586	3,233
Advances received from customers		15,334	18,222	15,334	18,222
Other current liabilities		2,678	11,695	2,678	11,695
Total current liabilities		191,928	392,822	191,928	392,822
Non-current liabilities					
Long-term loans, net of current portion	12	600	8,160	600	8,160
Lease liabilities, net of current portion	13	73,489	14,687	73,489	14,687
Provision for long-term employee benefits	14	73,047	75,994	73,047	75,994
Deferred tax liabilities		3,408	2,283	3,408	2,283
Total non-current liabilities		150,544	101,124	150,544	101,124
Total liabilities		342,472	493,946	342,472	493,946

The accompanying notes are an integral part of the financial statements.

ROCKWORTH
บริษัท รัคเวิธ จำกัด (มหาชน)
Rockworth Public Company Limited

Rockworth Public Company Limited
Statement of financial position (continued)
As at 30 September 2020

(Unit: Thousand Baht)

	Financial statements		Separate financial statements	
	in which the equity method is applied		in which the cost method is applied	
	<u>30 September 2020</u>	<u>31 December 2019</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
20,000,000 ordinary shares of Baht 10 each	200,000	200,000	200,000	200,000
Issued and fully paid				
20,000,000 ordinary shares of Baht 10 each	200,000	200,000	200,000	200,000
Retained earnings				
Appropriated - statutory reserve	13,650	13,650	13,650	13,650
Unappropriated	141,803	163,791	125,830	147,818
Other components of shareholders' equity	77,685	79,697	93,658	95,670
Total shareholders' equity	433,138	457,138	433,138	457,138
Total liabilities and shareholders' equity	775,610	951,084	775,610	951,084

The accompanying notes are an integral part of the financial statements.





Directors

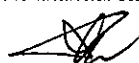
(Unaudited but reviewed)

Rockworth Public Company Limited
Statement of comprehensive income
For the three-month period ended 30 September 2020

(Unit: Thousand Baht, except basic earnings per share expressed in Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements in which the cost method is applied	
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Sales and service income		98,034	149,688	98,034	149,688
Other income		2,119	1,640	2,119	1,640
Total revenues		100,153	151,328	100,153	151,328
Expenses					
Cost of sales and services		71,132	101,271	71,132	101,271
Selling and distribution expenses		17,950	25,056	17,950	25,056
Administrative expenses		21,241	25,016	21,241	25,016
Total expenses		110,323	151,343	110,323	151,343
Loss from operating activities		(10,170)	(15)	(10,170)	(15)
Finance income		50	87	50	87
Finance cost		(2,631)	(2,097)	(2,631)	(2,097)
Impairment loss on financial assets		(2,078)	-	(2,078)	-
Loss before income tax		(14,829)	(2,025)	(14,829)	(2,025)
Income tax benefits	15	122	827	122	827
Loss for the period		(14,707)	(1,198)	(14,707)	(1,198)
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain on changes in value of available-for-sale investments		-	328	-	328
Less: Income tax effect	15	-	(65)	-	(65)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		-	263	-	263
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Gain on investment in equity designated at fair value through other comprehensive income		1	-	1	-
Less: Income tax effect	15	-	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		1	-	1	-
Other comprehensive income for the period		1	263	1	263
Total comprehensive income for the period		(14,706)	(935)	(14,706)	(935)
Basic loss per share					
Loss for the period	16	(0.74)	(0.06)	(0.74)	(0.06)

The accompanying notes are an integral part of the financial statements.



ROCKWORTH
บริษัท ร็อกวิธ จำกัด (มหาชน)
Rockworth Public Company Limited.



(Unaudited but reviewed)

Rockworth Public Company Limited
Statement of comprehensive income
For the nine-month period ended 30 September 2020

(Unit: Thousand Baht, except basic earnings per share expressed in Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements in which the cost method is applied	
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Sales and service income		395,051	462,679	395,051	462,679
Other income		6,180	3,697	6,180	3,697
Total revenues		401,231	466,376	401,231	466,376
Expenses					
Cost of sales and services		270,498	323,351	270,498	323,351
Selling and distribution expenses		61,477	75,595	61,477	75,595
Administrative expenses		73,239	87,683	73,239	87,683
Total expenses		405,214	486,629	405,214	486,629
Loss from operating activities		(3,983)	(20,253)	(3,983)	(20,253)
Finance income		204	268	204	268
Finance cost		(8,949)	(6,369)	(8,949)	(6,369)
Impairment loss on financial assets		(11,009)	-	(11,009)	-
Loss before income tax		(23,737)	(26,354)	(23,737)	(26,354)
Income tax benefits (expense)	15	(557)	5,449	(557)	5,449
Loss for the period		(24,294)	(20,905)	(24,294)	(20,905)
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain on changes in value of available-for-sale investments		-	926	-	926
Less: Income tax effect	15	-	(185)	-	(185)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		-	741	-	741
Other comprehensive income for the period		-	741	-	741
Total comprehensive income for the period		(24,294)	(20,164)	(24,294)	(20,164)
Basic loss per share					
Loss for the period	16	(1.21)	(1.05)	(1.21)	(1.05)

The accompanying notes are an integral part of the financial statements.



ROCKWORTH
บริษัท ร็อกเวิร์ท จำกัด (มหาชน)
Rockworth Public Company Limited



Rockworth Public Company Limited

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2020

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied									
	Other components of shareholders' equity									
	Issued and paid-up share capital	Retained earnings Appropriated - statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Surplus on changes in value of investments in available-for-sale securities	Gain from change in value of investment in equity instruments	Surplus on revaluation of assets	Total other components of shareholders' equity	Total	shareholders' equity
Other comprehensive income										
Balance as at 1 January 2019	200,000	13,650	167,154	(15,973)	3,222	-	91,493	78,742	459,546	
Loss for the period	-	-	(20,905)	-	-	-	-	-	(20,905)	
Other comprehensive income for the period	-	-	-	-	741	-	-	741	741	
Total comprehensive income for the period	-	-	(20,905)	-	741	-	-	741	(20,164)	
Balance as at 30 September 2019	200,000	13,650	146,249	(15,973)	3,963	-	91,493	79,483	439,382	
Balance as at 31 December 2019	200,000	13,650	163,791	(15,973)	4,177	-	91,493	79,697	457,138	
Cumulative effect of change in accounting policy (Note 2)	-	-	2,306	-	(4,177)	2,165	-	(2,012)	294	
Balance as at 1 January 2020 - as restated	200,000	13,650	166,097	(15,973)	-	2,165	91,493	77,685	457,432	
Loss for the period	-	-	(24,294)	-	-	-	-	-	(24,294)	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	(24,294)	-	-	-	-	-	(24,294)	
Balance as at 30 September 2020	200,000	13,650	141,803	(15,973)	-	2,165	91,493	77,685	433,138	

The accompanying notes are an integral part of the financial statements.

ROCKWORTH
 บริษัท ไรทวอร์ท จำกัด (มหาชน)
 Rockworth Public Company Limited.

(Unaudited but reviewed)

Rockworth Public Company Limited

Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2020

(Unit: Thousand Baht)

	Separate financial statements in which the cost method is applied										
	Other components of shareholders' equity										
	Issued and paid-up share capital	Retained earnings	Surplus on changes in value of investments in available-for-sale securities	Gain from change in value of investment in equity instruments	Surplus on revaluation of assets	Total other components of shareholders' equity	Total shareholders' equity				
Balance as at 1 January 2019	200,000	13,650	3,222	-	91,493	94,715	459,546				
Loss for the period	-	-	-	-	-	-	(20,905)				
Other comprehensive income for the period	-	-	741	-	-	741	741				
Total comprehensive income for the period	-	-	741	-	-	741	(20,905)				
Balance as at 30 September 2019	200,000	13,650	3,963	-	91,493	95,456	439,382				
Balance as at 31 December 2019	200,000	13,650	4,177	-	91,493	95,670	457,138				
Cumulative effect of change in accounting policy (Note 2)	-	-	(4,177)	2,306	-	(2,012)	294				
Balance as at 1 January 2020 - as restated	200,000	13,650	-	150,124	91,493	93,658	457,432				
Loss for the period	-	-	-	(24,294)	-	-	(24,294)				
Other comprehensive income for the period	-	-	-	-	-	-	-				
Total comprehensive income for the period	-	-	-	(24,294)	-	-	(24,294)				
Balance as at 30 September 2020	200,000	13,650	-	125,830	91,493	93,658	433,138				

The accompanying notes are an integral part of the financial statements.

ROCKWORTH

บริษัท ไรทวอร์ท จำกัด (มหาชน)
Rockworth Public Company Limited

(Unaudited but reviewed)

Rockworth Public Company Limited

Cash flow statement

For the nine-month period ended 30 September 2020

(Unit: Thousand Baht)

	Financial statements		Separate financial statements	
	in which the equity method is applied	in which the equity method is applied	in which the cost method is applied	in which the cost method is applied
	2020	2019	2020	2019
Cash flows from operating activities				
Loss before tax	(23,737)	(26,354)	(23,737)	(26,354)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Allowance for doubtful accounts (reversal)	11,010	(3,180)	11,010	(3,180)
Reduction of inventory cost to net realisable value (reversal)	2,532	(3,976)	2,532	(3,976)
Depreciation and amortisation	26,655	21,259	26,655	21,259
Gain from disposal of equipment	(562)	(409)	(562)	(409)
Loss on impairment of equipment	-	3,242	-	3,242
Provision for long-term employee benefits	10,881	22,220	10,881	22,220
Gain from change in fair value of financial assets	(366)	-	(366)	-
Unrealised loss (gain) on exchange	(922)	976	(922)	976
Interest expenses	6,410	5,438	6,410	5,438
Profit from operating activities before changes in operating assets and liabilities	31,901	19,216	31,901	19,216
Operating assets (increase) decrease				
Trade and other receivables	131,834	36,332	131,834	36,332
Inventories	37,783	(44,393)	37,783	(44,393)
Other current assets	548	4,101	548	4,101
Other non-current assets	(5,581)	-	(5,581)	-
Operating liabilities increase (decrease)				
Trade and other payables	(73,068)	17,118	(73,068)	17,118
Other current liabilities	(11,824)	(1,153)	(11,824)	(1,153)
Cash flows from operating activities	111,593	31,221	111,593	31,221
Cash paid for long-term employee benefits	(13,828)	(722)	(13,828)	(722)
Cash paid for interest expenses	(6,259)	(5,361)	(6,259)	(5,361)
Cash paid for income tax	(649)	(744)	(649)	(744)
Net cash flows from operating activities	90,857	24,394	90,857	24,394

The accompanying notes are an integral part of the financial statements.

ROCKWORTH
บริษัท ร็อกวอร์ธ จำกัด (มหาชน)
Rockworth Public Company Limited

(Unaudited but reviewed)

Rockworth Public Company Limited

Cash flow statement (continued)

For the nine-month period ended 30 September 2020

(Unit: Thousand Baht)

	Financial statements		Separate financial statements	
	in which the equity method is applied		in which the cost method is applied	
	2020	2019	2020	2019
Cash flows from investing activities				
Proceeds from sales of other current financial assets	15,000	-	15,000	-
Increase (decrease) in restricted bank deposits	(3)	120	(3)	120
Acquisition of building improvement, equipment and intangible assets	(7,852)	(32,621)	(7,852)	(32,621)
Proceeds from disposal of equipment	532	672	532	672
Net cash flows from (used in) investing activities	7,677	(31,829)	7,677	(31,829)
Cash flows from financing activities				
Cash receipt from short-term loans from financial institutions	10,000	15,000	10,000	15,000
Repayment of short-term loans from financial institutions	(105,000)	(25,000)	(105,000)	(25,000)
Increase (decrease) in trust receipts	(22,569)	13,660	(22,569)	13,660
Payment of lease liabilities	(7,317)	(955)	(7,317)	(955)
Repayment of long-term loans	(7,560)	(7,560)	(7,560)	(7,560)
Net cash flows used in financing activities	(132,446)	(4,855)	(132,446)	(4,855)
Net decrease in cash and cash equivalents	(33,912)	(12,290)	(33,912)	(12,290)
Cash and cash equivalents at beginning of period	61,514	40,975	61,514	40,975
Cash and cash equivalents at end of period	27,602	28,685	27,602	28,685

Supplemental cash flows information

Non-cash transactions

Acquisition of building improvement and equipment and intangible assets which cash has not been paid	179	1,833	179	1,833
Assets acquired under lease agreements	6,050	-	6,050	-

The accompanying notes are an integral part of the financial statements.

ROCKWORTH

บริษัท ร็อกเวิร์ท จำกัด (มหาชน)
Rockworth Public Company Limited

Rockworth Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2020

1. General information

1.1 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more.

This situation significantly affects the Company's business activities in terms of decrease in orders from customers, and this is impacting the Company's financial position, operating results, and cash flows at present, and is expected to do so in the future. The Company's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to reasonably estimate.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language interim financial statements.



1.3 New financial reporting standards

a) Financial reporting standards that became effective in the current period

During the period, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The impact of the adoption of these standards on the Company's financial statements is as follows.

- Classification and measurement of investments in equity instruments of non-listed companies - The Company measures investments in equity instruments of non-listed companies at fair value and classifies the investments as financial assets at fair value through other comprehensive income.



- Classification and measurement of investment in available-for-sale securities in units of open-end funds - The Company's available-for-sale investment in units of open-end funds are measured at fair value through other comprehensive income. The Company has decided to classify this investment as financial assets at fair value through profit or loss. The cumulative gains on changes in the value of reclassified available-for-sale investments that were previously presented in other comprehensive income is to be reclassified to retained earnings.
- Recognition of credit losses - The Company recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Company applies the simplified approach to consider impairment of trade receivables.

The Company adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Company adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.



On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Company has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Company uses a simplified approach to determine expected credit losses.
- To measure the fair value of investments in unquoted equity instruments using the fair value as at 1 January 2020.
- Not to use information relating to the COVID-19 situation that may affect financial forecasts used in measuring the fair values of land and investment properties.
- Not to use information relating to the COVID-19 situation in determining whether sufficient taxable profits will be available in future periods against which deferred tax assets can be utilised.

b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

1.4 Significant accounting policies

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019 except the changes in accounting policies related to financial instruments and leases.



1.4.1 Financial instruments

Classification and measurement

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets that are equity instruments are measured at fair value through profit or loss. In certain cases, the Company makes an election to measure them at fair value through other comprehensive income, with no subsequent recycling to profit or loss.

Financial liabilities are classified and measured at amortised cost.

Impairment of financial assets

The Company recognises an allowance for expected credit losses on its financial assets measured at amortised cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Company accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables that do not contain a significant financing component, the Company applies a simplified approach to determine the lifetime expected credit losses.

1.4.2 Leases

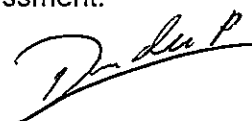
Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Company is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.



Short-term leases and Leases of low-value assets

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 1.3 to the financial statements, during the current period, the Company has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the beginning balance of retained earnings of 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied			1 January 2020
	31 December 2019	The impacts of		
		Financial reporting standards related to financial instruments	TFRS 16	
Statement of financial position				
Assets				
Current assets				
Current investments	101,500	(101,500)	-	-
Trade and other receivables	216,743	(1,977)	-	214,766
Other current financial assets	-	101,500	-	101,500
Non-current assets				
Other non-current financial assets	-	4,398	-	4,398
Investment in available-for-sale securities	59	(59)	-	-
Other long-term investments	1,500	(1,500)	-	-
Property, plant and equipment	304,414	-	(18,191)	286,223
Right-of-use assets	-	-	79,613	79,613
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	3,233	-	8,269	11,502




(Unaudited but reviewed)

(Unit: Thousand Baht)

Financial statements in which the equity method is applied

	The impacts of			1 January 2020
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	
Non-current liabilities				
Lease liabilities, net of current portion	14,687	-	53,153	67,840
Deferred tax liabilities	2,283	568	-	2,851
Shareholders' equity				
Retained earnings - unappropriated	163,791	2,306	-	166,097
Other components of shareholders' equity	79,697	(2,012)	-	77,685

(Unit: Thousand Baht)

Separate financial statements in which the cost method applied

	The impacts of			1 January 2020
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	
Statement of financial position				
Assets				
Current assets				
Current investments	101,500	(101,500)	-	-
Trade and other receivables	216,743	(1,977)	-	214,766
Other current financial assets	-	101,500	-	101,500
Non-current assets				
Other non-current financial assets	-	4,398	-	4,398
Investment in available-for-sale securities	59	(59)	-	-
Other long-term investments	1,500	(1,500)	-	-
Property, plant and equipment	304,414	-	(18,191)	286,223
Right-of-use assets	-	-	79,613	79,613
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	3,233	-	8,269	11,502

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements in which the cost method applied			1 January 2020
	31 December 2019	The impacts of		
		Financial reporting standards related to financial instruments	TFRS 16	
Non-current liabilities				
Lease liabilities, net of current portion	14,687	-	53,153	67,840
Deferred tax liabilities	2,283	568	-	2,851
Shareholders' equity				
Retained earnings - unappropriated	147,818	2,306	-	150,124
Other components of shareholders' equity	95,670	(2,012)	-	93,658

2.1 Financial instruments

- a) Details of the impact on retained earnings as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

(Unit: Thousand Baht)

Classification of available-for-sale investments as financial assets at fair value through profit or loss	4,283
Recognition of an allowance for expected credit losses on financial assets	(1,977)
Impacts on retained earnings due to the adoption of financial reporting standards related to financial instruments	<u>2,306</u>

Details of the impact on other components of shareholders' equity as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

(Unit: Thousand Baht)

Classification of available-for-sale investments as financial assets at fair value through profit or loss	(4,283)
Fair value measurement of investments in equity instruments of non-listed companies	<u>2,271</u>
Impacts on other components of shareholders' equity due to the adoption of financial reporting standards related to financial instruments	<u>(2,012)</u>

(Unaudited but reviewed)

- b) The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9				Total
		Fair value through profit or loss	Fair value through other comprehensive income		Amortised cost	
Financial assets as at 1 January 2020						
Cash and cash equivalents	61,514	-	-	61,514	61,514	
Current investments	101,500	101,500	-	-	101,500	
Trade and other receivables	216,743	-	-	214,766	214,766	
Restricted bank deposits	20,202	-	-	20,202	20,202	
Investment in available-for-sale securities	59	-	59	-	59	
Other long-term investments	1,500	-	4,339	-	4,339	
Total financial assets	414,462	101,500	4,398	309,426	415,324	

As at 1 January 2020, the Company has not designated any financial liabilities at fair value through profit or loss.

2.2 Leases

Upon initial application of TFRS 16 the Company recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Company recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Thousand Baht)
Operating lease commitments as at 31 December 2019	18,107
Add: Option to extend lease term	62,001
Less: Contracts reassessed as service agreements	(2,552)
Less: Deferred interest expenses	(16,134)
Increase in lease liabilities due to TFRS 16 adoption	61,422
Liabilities under finance lease agreements as at 31 December 2019	17,920
Lease liabilities as at 1 January 2020	<u>79,342</u>
Comprise of:	
Current lease liabilities	11,502
Non-current lease liabilities	67,840
	<u>79,342</u>

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Thousand Baht)
Land	61,422
Machineries and equipment	17,439
Office equipment	39
Vehicles	713
Total right-of-use assets	<u>79,613</u>

(Unaudited but reviewed)

3. Related party transactions

During the periods, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	For the three-month period ended		For the nine-month period ended		Transfer pricing policy
	30 September		30 September		
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<u>Transactions with associated company</u>					
Sales of goods	990	6,661	3,700	13,474	Market price
Other income	13	-	13	8	By mutual agreement
Purchases of goods	-	-	53	870	Market price
<u>Transactions with related companies</u>					
Rental income	445	629	1,444	1,835	Contract price
Purchases of equipments	-	-	-	881	Market price

As at 30 September 2020 and 31 December 2019, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	<u>30 September 2020</u>	<u>31 December 2019</u>
<u>Trade and other receivables - related parties (Note 4)</u>		
Associated company		
Rockworth Systems Furniture (India) Private Limited	19,304	37,476
Related companies		
Coffee Properties Plus Company Limited	284	92
Copper Crown Company Limited	27,520	55,685
Crown Innovation Company Limited	153	192
Total	47,261	93,445
Less: Allowance for doubtful accounts	(28,373)	(17,469)
Total trade and other receivables - related parties, net	18,888	75,976
<u>Trade payables - related party</u>		
Associated company		
Rockworth Systems Furniture (India) Private Limited	369	2,048

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Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2020, the Company had employee benefit expenses payable to its directors and management totaling Baht 11 million and Baht 32 million, respectively (2019: Baht 11 million and Baht 33 million, respectively).

4. Trade and other receivables

	(Unit: Thousand Baht)	
	30 September 2020	31 December 2019
<u>Trade receivables - related party (Note 3)</u>		
Aged on the basis of due dates		
Not yet due	1,003	15,051
Past due		
Up to 3 months	-	643
3 - 6 months	-	5
Over 12 months	13,610	13,003
Total	14,613	28,702
Less: Allowance for doubtful accounts	(13,660)	(13,003)
Total trade receivables - related party, net	953	15,699
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	30,181	78,607
Past due		
Up to 3 months	21,813	59,012
3 - 6 months	729	2,827
6 - 12 months	2,606	23
Over 12 months	2,915	2,723
Total	58,244	143,192
Less: Allowance for doubtful accounts	(4,717)	(2,665)
Total trade receivables - unrelated parties, net	53,527	140,527
Total trade receivables - net	54,480	156,226
<u>Other receivables - related parties (Note 3)</u>		
Other receivables - related parties	32,648	64,743
Less: Allowance for doubtful accounts	(14,713)	(4,466)
Total other receivables - related parties, net	17,935	60,277




(Unaudited but reviewed)

(Unit: Thousand Baht)

	30 September 2020	31 December 2019
<u>Other receivables - unrelated parties</u>		
Accrued income	664	479
Less: Allowance for doubtful accounts	(270)	(239)
Total other receivables - unrelated parties, net	394	240
Total other receivables - net	18,329	60,517
Total trade and other receivables - net	72,809	216,743

5. Inventories

Movements in the reduce cost of inventories to net realisable value account during the nine-month period ended 30 September 2020 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2020	25,247
Reduction of inventory cost to realisable value during the period	2,532
Balance as at 30 September 2020	27,779

6. Other current financial assets

As at 30 September 2020, the Company had investment in units of fixed income open-end funds which are financial assets at fair value through profit or loss amounting to Baht 87 million.

7. Other non-current financial assets

As at 30 September 2020, details of other non-current financial assets are as below.

(Unit: Thousand Baht)

Financial assets at fair value through other comprehensive income

Investment in equity instruments of listed company	59
Investment in equity instruments of non-listed company	4,339
Total other non-current financial assets	4,398

8. Investment in associate

Investment in associate represents an investment in Rockworth Systems Furniture (India) Private Limited, which was incorporated in India and was principally engaged in the manufacture and distribution of furniture. The Company holds 41% interest with a value of Baht 113 million at cost. The Company has set full allowance for impairment loss of such investment.



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9. Investment properties

Investment properties are land and building for rent. Its fair value has been determined based on the valuation performed by an accredited independent valuer, using the income approach. The key assumptions used in the valuation are vacancy rate, capitalisation rate, discount rate and rental rate.

10. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 31 December 2019	304,414
Effect of the adoption of TFRS 16	(18,191)
Net book value as at 1 January 2020	<u>286,223</u>
Acquisitions during the period - at cost	7,186
Disposal during the period	(25)
Depreciation for the period	<u>(19,771)</u>
Net book value as at 30 September 2020	<u><u>273,613</u></u>

The Company arranged for an independent professional valuer to appraise the value of land in 2018. The basis of the revaluation was market comparison approach.

11. Right-of-use assets

Movements of the rights-of-use assets account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 31 December 2019	-
Adjustments of right-of-use assets due to TFRS 16 adoption	<u>79,613</u>
Net book value as at 1 January 2020	79,613
Addition	6,050
	(26)
Depreciation for the period	<u>(6,124)</u>
Net book value as at 30 September 2020	<u><u>79,513</u></u>




(Unaudited but reviewed)

12. Long-term loans

Movement of the long-term loan account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2020	18,240
Less: Repayment	<u>(7,560)</u>
Balance as at 30 September 2020	10,680
Less: Current portion	<u>(10,080)</u>
Long-term loans, net of current portion	<u><u>600</u></u>

The loan agreements contain several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

13. Lease liabilities

The carrying amounts of lease liabilities and the movement for the nine-month period ended 30 September 2020 are presented below.

	(Unit: Thousand Baht)
As at 31 December 2019	17,920
Effects of the adoption of TFRS16	<u>61,422</u>
As at 1 January 2020	79,342
Addition	5,334
Accretion of interest	716
Payments	<u>(7,317)</u>
As at 30 September 2020	78,075
Less: current portion	<u>(4,586)</u>
Lease liabilities - net of current portion	<u><u>73,489</u></u>

14. Provision for long-term employee benefits

Movement of the provision for long-term employee benefits account during the nine-month period ended 30 September 2020 was as follows:

	(Unit: Thousand Baht)
Balance as at 1 January 2020	75,994
Current service cost for the period	5,307
Interest cost for the period	880
Termination benefits	4,694
Benefits paid during the period	<u>(13,828)</u>
Balance as at 30 September 2020	<u><u>73,047</u></u>

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15. Income tax

Income tax for the three-month and nine-month periods ended 30 September 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2020	2019	2020	2019
Current income tax:				
Interim corporate income tax charge	-	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	122	827	(557)	5,449
Income tax benefits (expense) reported in the statements of comprehensive income	122	827	(557)	5,449

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2020	2019	2020	2019
Deferred tax relating to gain on changes in value of investment in equity instruments of listed company	-	65	-	185

16. Loss per share

Basic loss per share is calculated by dividing loss for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

17. Credit facilities

The Company has mortgaged/pledged the following assets with financial institutions to secure credit facilities and loans granted by those financial institutions.

- Cash at banks totaling Baht 20 million (31 December 2019: Baht 20 million)
- Investment properties, land with structures thereon, and most of machinery and equipment

In addition, the credit facilities and loans are guaranteed by the directors of the Company.

As at 30 September 2020, there was credit facilities of the Company that had yet to be drawn down of Baht 166 million (31 December 2019: Baht 96 million).




18. Segment information

The one main reportable operating segment of the Company is the manufacturing and distribution of furniture. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits or losses and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment.

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)			
	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2020	2019	2020	2019
Revenues from external customers				
Thailand	93,788	136,832	375,483	433,541
Asia (excluded of Thailand)	4,246	12,856	19,568	29,138
Total	98,034	149,688	395,051	462,679

Major customers

For the three-month and nine-month periods ended 30 September 2020 and 2019, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

19. Commitments and contingent liabilities**19.1 Purchase of raw material commitments and capital commitment**

As at 30 September 2020, the Company had commitments in respect of purchase of finished goods approximately USD 0.01 million (31 December 2019: USD 0.04 million) and had capital commitment in respect of improvement of office building and acquisition of equipment approximately Baht 0.2 million (31 December 2019: Baht 1.4 million).

19.2 Services commitments

The Company has service agreements which the terms of the agreements are generally between 1 - 2 years.

Future minimum payments required under these service contracts were as follows:

	(Unit: Million Baht)	
	<u>30 September 2020</u>	<u>31 December 2019</u>
Payable:		
In up to 1 year	2	3

19.3 Guarantees

19.3.1 As at 30 September 2020, there were outstanding bank guarantees of approximately Baht 19 million (31 December 2019: Baht 34 million) issued by banks on behalf of the Company in respect of electricity use and certain contractual performance guarantees as required in the normal course of its business.

19.3.2 As at 30 September 2020, the Company has guaranteed bank credit facilities of its associated company amounting to INR 228 million (31 December 2019: INR 228 million).

20. Foreign currency risk

The balances of financial assets and financial liabilities denominated in foreign currencies, which are unhedged, as at 30 September 2020 and 31 December 2019 are summarised below.

	Financial assets		Financial liabilities		Average exchange rate	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Foreign currency	(Million)	(Million)	(Million)	(Million)	(Baht per unit of foreign currency)	
US Dollar	0.6	1.2	0.2	1.2	31.1579	30.1540




(Unaudited but reviewed)

21. Fair value hierarchy

The Company had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

As at 30 September 2020

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Other current financial assets				
Investment in units of fixed income				
open-end funds	-	86,866	-	86,866
Other non-current financial assets				
Investment in equity instruments of listed				
company	59	-	-	59
Investment in equity instruments of				
non-listed company	-	-	4,339	4,339
Investment properties	-	-	69,600	69,600
Land	-	-	185,036	185,036

(Unit: Thousand Baht)

As at 31 December 2019

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investment				
Debt instruments - Investment				
in units of fixed income open-end funds	-	101,500	-	101,500
Available-for-sale investments				
Equity instruments	59	-	-	59
Investment properties	-	-	69,600	69,600
Land	-	-	185,036	185,036

During the current period, there were no transfers within the fair value hierarchy.

22. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Audit Committee on 4 November 2020.

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