

INOUE RUBBER (THAILAND) PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND COMPANY
FINANCIAL STATEMENTS (UNAUDITED)**

30 JUNE 2011

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the Shareholders and the Board of Directors of Inoue Rubber (Thailand) Public Company Limited

I have reviewed the accompanying consolidated and company balance sheets of Inoue Rubber (Thailand) Public Company Limited and its subsidiaries and of Inoue Rubber (Thailand) Public Company Limited as at 30 June 2011, the related consolidated and company statements of income for the three-month and nine-month periods ended 30 June 2011 and 2010, and the related consolidated and company statements of changes in shareholders' equity, and cash flows for the nine-month period ended 30 June 2011 and 2010. The Company's management is responsible for the correctness and completeness of information in these interim financial statements. My responsibility is to issue a report on these interim financial statements based on my reviews.

I conducted my reviews in accordance with the standard on auditing applicable to review engagements. This standard requires that I plan and perform a review to obtain moderate assurance as to whether the interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit, and accordingly, I do not express an audit opinion.

Based on my reviews, nothing has come to my attention that causes me to believe that the interim financial statements referred to above are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have audited the consolidated and company financial statements for the year ended 30 September 2010 of Inoue Rubber (Thailand) Public Company Limited and its subsidiaries and of Inoue Rubber (Thailand) Public Company Limited in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in my report dated 23 November 2010. The consolidated and company balance sheets as at 30 September 2010, presented for comparative purposes are part of the aforementioned financial statements that I have audited and on which I issued a report as stated above, and I have not performed any other auditing procedures subsequent to the date of that report.

Nattaporn Phan-Udom
Certified Public Accountant (Thailand) No. 3430
PricewaterhouseCoopers ABAS Limited
Bangkok

11 August 2011

Inoue Rubber (Thailand) Public Company Limited

Balance Sheets

As at 30 June 2011 and 30 September 2010

		Consolidated		Company	
		Unaudited 30 June 2011 Baht'000	Audited 30 September 2010 Baht'000	Unaudited 30 June 2011 Baht'000	Audited 30 September 2010 Baht'000
Assets					
Current assets					
Cash and cash equivalents		69,446	200,026	13,030	175,737
Trade accounts receivable					
- related companies	5, 13	233,564	259,477	233,564	259,477
- other companies, net	5	882,770	778,167	882,770	778,167
Inventories, net	6	688,454	526,546	678,331	520,109
Other current assets		43,434	27,645	42,440	26,145
Total current assets		1,917,668	1,791,861	1,850,135	1,759,635
Non-current assets					
Investments in subsidiaries	9	-	-	20,049	20,049
Other long-term investment	10	30,782	30,782	30,782	30,782
Property, plant and equipment, net	7	1,345,818	1,277,966	1,281,218	1,210,906
Intangible assets, net	8	10,184	8,115	2,104	1,789
Other assets		28,850	27,648	28,850	27,648
Total non-current assets		1,415,634	1,344,511	1,363,003	1,291,174
Total assets		3,333,302	3,136,372	3,213,138	3,050,809

The notes to the interim consolidated and company financial statements on pages 10 to 21 form an integral part of these interim financial statements.

Inoue Rubber (Thailand) Public Company Limited

Balance Sheets (Cont'd)

As at 30 June 2011 and 30 September 2010

		Consolidated		Company	
		Unaudited 30 June 2011 Baht'000	Audited 30 September 2010 Baht'000	Unaudited 30 June 2011 Baht'000	Audited 30 September 2010 Baht'000
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	11	72,000	-	72,000	-
Trade accounts payable					
- related companies	13	312,673	164,391	342,609	195,309
- other companies		746,101	712,153	735,420	704,412
Current portion of long-term loans	11	64,000	68,000	64,000	68,000
Current portion of finance lease obligations		1,878	1,026	1,878	1,026
Accrued income tax		4,416	31,301	2,317	29,160
Accrued expenses		60,198	73,939	54,821	68,195
Other current liabilities		36,499	37,935	35,381	37,084
Total current liabilities		1,297,765	1,088,745	1,308,426	1,103,186
Non-current liabilities					
Finance lease obligations		4,532	2,215	4,532	2,215
Long-term loans from financial institutions	11	-	47,000	-	47,000
Total non-current liabilities		4,532	49,215	4,532	49,215
Total liabilities		1,302,297	1,137,960	1,312,958	1,152,401

The notes to the interim consolidated and company financial statements on pages 10 to 21 form an integral part of these interim financial statements.

Inoue Rubber (Thailand) Public Company Limited

Balance Sheets (Cont'd)

As at 30 June 2011 and 30 September 2010

	Note	Consolidated		Company	
		Unaudited 30 June 2011 Baht'000	Audited 30 September 2010 Baht'000	Unaudited 30 June 2011 Baht'000	Audited 30 September 2010 Baht'000
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital	12				
Registered share capital					
200 million ordinary shares of Baht 1 each		<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Issued and fully paid-up share capital					
200 million ordinary shares of Baht 1 each		200,000	200,000	200,000	200,000
Share premium	12	298,000	298,000	298,000	298,000
Retained earnings	12				
Appropriated - legal reserve		20,000	20,000	20,000	20,000
Unappropriated		<u>1,512,997</u>	<u>1,480,405</u>	<u>1,382,180</u>	<u>1,380,408</u>
Total parent's shareholders' equity		<u>2,030,997</u>	<u>1,998,405</u>	<u>1,900,180</u>	<u>1,898,408</u>
Minority interests		<u>8</u>	<u>7</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>2,031,005</u>	<u>1,998,412</u>	<u>1,900,180</u>	<u>1,898,408</u>
Total liabilities and shareholders' equity		<u>3,333,302</u>	<u>3,136,372</u>	<u>3,213,138</u>	<u>3,050,809</u>

The notes to the interim consolidated and company financial statements on pages 10 to 21 form an integral part of these interim financial statements.

Inoue Rubber (Thailand) Public Company Limited
Statements of Income (Unaudited)
For the three-month periods ended 30 June 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Revenues					
Sales and service income	13	1,411,146	1,341,780	1,409,834	1,341,152
Other income	13	14,442	6,933	14,748	7,943
Total revenues		1,425,588	1,348,713	1,424,582	1,349,095
Expenses					
Cost of sales and service	13	1,329,793	1,222,691	1,341,235	1,227,758
Selling expenses	13	20,593	17,814	20,594	17,814
Administrative expenses		35,138	30,455	33,616	29,019
Other expenses		3,236	2,276	3,229	2,265
Management remuneration	13	7,084	5,595	7,084	5,595
Total expenses		1,395,844	1,278,831	1,405,758	1,282,451
Profit before financial costs and income tax					
Financial costs		(1,353)	(1,487)	(1,355)	(1,485)
Profit before income tax		28,391	68,395	17,469	65,159
Income tax		(4,928)	(13,722)	(2,801)	(12,867)
Profit for the period		23,463	54,673	14,668	52,292
Attributable to:					
Equity holders of the parent		23,463	54,673	14,668	52,292
Minority interest		-	-	-	-
		23,463	54,673	14,668	52,292
Earnings per share for the attributable to the equity holders of the parent					
Basic earnings per share (Baht)		0.12	0.27	0.07	0.26

The notes to the interim consolidated and company financial statements on pages 10 to 21 form an integral part of these interim financial statements.

Inoue Rubber (Thailand) Public Company Limited
Statements of Income (Unaudited)
For the nine-month periods ended 30 June 2011 and 2010

	Note	Consolidated		Company	
		2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Revenues					
Sales and service income	13	4,438,569	3,932,934	4,437,114	3,932,306
Dividend income		1,432	-	1,432	14,999
Other income	13	37,308	24,617	37,972	26,521
Total revenues		4,477,309	3,957,551	4,476,518	3,973,826
Expenses					
Cost of sales and service	13	4,111,889	3,479,189	4,152,825	3,492,912
Selling expenses	13	61,166	53,741	61,166	53,741
Administrative expenses		100,389	85,026	96,411	80,995
Other expenses		10,614	5,467	10,582	4,934
Management remuneration	13	20,318	15,591	20,318	15,591
Total expenses		4,304,376	3,639,014	4,341,302	3,648,173
Profit before financial costs and income tax					
Financial costs		(3,622)	(4,799)	(3,604)	(4,796)
Profit before income tax		169,311	313,738	131,612	320,857
Income tax		(36,718)	(66,402)	(29,840)	(64,724)
Profit for the period		132,593	247,336	101,772	256,133
Attributable to:					
Equity holders of the parent		132,592	247,336	101,772	256,133
Minority interest		1	-	-	-
		132,593	247,336	101,772	256,133
Earnings per share for the attributable to the equity holders of the parent					
Basic earnings per share (Baht)		0.66	1.24	0.51	1.28

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Inoue Rubber (Thailand) Public Company Limited
Statements of Changes in Shareholders' Equity (Unaudited)
For the nine-month periods ended 30 June 2011 and 2010

	Consolidated						
	Equity holders of the Company						
	Issued and fully paid-up share capital Baht'000	Share premium Baht'000	Legal reserve Baht'000	Unappropriated retained earnings Baht'000	Total Baht'000	Minority interest Baht'000	Total Baht'000
Balance as at 30 September 2010	200,000	298,000	20,000	1,480,405	1,998,405	7	1,998,412
Net profit for the period	-	-	-	132,592	132,592	1	132,593
Dividend paid (Note 17)	-	-	-	(100,000)	(100,000)	-	(100,000)
Minority interest	-	-	-	-	-	-	-
Balance as at 30 June 2011	200,000	298,000	20,000	1,512,997	2,030,997	8	2,031,005
Balance as at 30 September 2009	200,000	298,000	20,000	1,255,896	1,773,896	7	1,773,903
Net profit for the period	-	-	-	247,336	247,336	-	247,336
Dividend paid	-	-	-	(84,000)	(84,000)	-	(84,000)
Minority interest	-	-	-	-	-	-	-
Balance as at 30 June 2010	200,000	298,000	20,000	1,419,232	1,937,232	7	1,937,239
	Company						
	Issued and fully paid-up share capital Baht'000	Share premium Baht'000	Legal reserve Baht'000	Unappropriated retained earnings Baht'000	Total Baht'000		Total Baht'000
Balance as at 30 September 2010	200,000	298,000	20,000	1,380,408	1,898,408		1,898,408
Net profit for the period	-	-	-	101,772	101,772		101,772
Dividend paid (Note 17)	-	-	-	(100,000)	(100,000)		(100,000)
Balance as at 30 June 2011	200,000	298,000	20,000	1,382,180	1,900,180		1,900,180
Balance as at 30 September 2009	200,000	298,000	20,000	1,155,170	1,673,170		1,673,170
Net profit for the period	-	-	-	256,133	256,133		256,133
Dividend paid	-	-	-	(84,000)	(84,000)		(84,000)
Balance as at 30 June 2010	200,000	298,000	20,000	1,327,303	1,845,303		1,845,303

The notes to the interim consolidated and company financial statements on pages 10 to 21 form an integral part of these interim financial statements.

Inoue Rubber (Thailand) Public Company Limited
Statements of Cash Flows (Unaudited)
For the nine-month periods ended 30 June 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Cash flows from operating activities					
Net profit before income tax		169,311	313,738	131,612	320,857
Adjustments for:					
Depreciation	7	190,581	175,390	178,798	162,817
Amortisation	8	1,814	3,178	506	750
Reversal of allowance for obsolete inventories		2,439	(2,161)	2,439	(2,161)
Gain on disposals of property, plant and equipment		(1,219)	(1,721)	(1,031)	(2,129)
Dividend receivable		(1,432)	-	(1,432)	(14,999)
Interest income		(1,072)	(610)	(615)	(486)
Interest expenses		3,406	4,439	3,403	4,435
Changes in operating assets and liabilities					
Trade accounts receivable		(78,690)	(190,518)	(78,690)	(190,861)
Inventories		(164,347)	(157,918)	(160,661)	(157,572)
Other current assets		(19,291)	(2,913)	(17,749)	(1,808)
Other assets		(1,202)	3,496	(1,202)	3,426
Trade accounts payable		181,171	249,664	175,926	260,153
Other current liabilities and accrued expenses		(9,873)	(17,434)	(9,773)	(16,922)
Net cash receipts from operating activities		271,596	376,630	221,531	365,500
Interest received		1,159	622	693	498
Interest paid		(4,016)	(5,131)	(4,014)	(5,128)
Income tax paid		(60,187)	(106,831)	(55,307)	(106,647)
Net cash flows from operating activities		208,552	265,290	162,903	254,223

The notes to the interim consolidated and company financial statements on pages 10 to 21 form an integral part of these interim financial statements.

Inoue Rubber (Thailand) Public Company Limited
Statements of Cash Flows (Unaudited) (Cont'd)
For the nine-month periods ended 30 June 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Cash flows from investing activities					
Purchases of property, plant and equipment		(259,529)	(139,834)	(248,870)	(133,717)
Purchases of intangible assets	8	(3,883)	(421)	(821)	(364)
Proceeds from disposals of property, plant and equipment		3,373	3,866	3,174	3,750
Dividend received		1,432	-	1,432	14,999
Net cash flows used in investing activities		(258,607)	(136,389)	(245,085)	(115,332)
Cash flows from financing activities					
Increase(decrease) in bank overdrafts and short-term loans from financial institutions	11	72,000	(904)	72,000	-
Repayment of long-term loans from financial institutions	11	(51,000)	(51,000)	(51,000)	(51,000)
Finance lease obligation		(1,525)	4,063	(1,525)	4,063
Dividend paid	17	(100,000)	(84,000)	(100,000)	(84,000)
Net cash flows used in financing activities		(80,525)	(131,841)	(80,525)	(130,937)
Net (decrease) increase in cash and cash equivalents		(130,580)	(2,940)	(162,707)	7,954
Cash and cash equivalents, beginning balance		200,026	222,618	175,737	196,831
Cash and cash equivalents, ending balance		69,446	219,678	13,030	204,785

Non-cash transactions

Significant non-cash activities for the nine-month periods ended 30 June 2011 and 2010 comprise:

Account payable purchase property, plant and equipment	41,965	46,572	41,825	46,102
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The notes to the interim consolidated and company financial statements on pages 10 to 21 form an integral part of these interim financial statements.

1 General information

Inoue Rubber (Thailand) Public Company Limited is a public limited company (“the Company”) incorporated and resident in Thailand. Its parent company is Inoue Rubber Company Limited, which was incorporated and resident in Japan. The address of the Company’s registered office is as follows:

No. 258, Soi Rangsit-Nakornnayok 49, Prachathipat Sub-district, Thanyaburi District, Pathumthani Province, and another factory at No. 157, Moo 5, Phahoyothin Road, Lamsai, Wangnoi, Ayutthaya Province.

The principal business operations of the Group are summarised below:

The Company is principally engaged in the manufacture and distribution of motorcycle tire and tube and industrial elastomer rubber parts.

A subsidiary, Kin No Hoshi Engineering Company Limited is principally engaged in the manufacture, repair and modification of metal mould and equipment for motorcycle and automotive rubber parts.

A subsidiary, IRC (Asia) Research Limited is principally engaged in the research and development of motorcycle tire and tube and automotive rubber parts.

The Company is listed on the Stock Exchange of Thailand. For reporting purpose, the Company and its subsidiaries are referred to as the Group.

This group interim consolidated and company financial statements were authorised for issue by the Board of Directors on 11 August 2011.

These group interim consolidated and company financial statements have been reviewed, not audited.

2 Basis of preparation

These interim consolidated and company financial statements are prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. The primary financial statements (i.e. balance sheets, statements of income, changes in shareholders’ equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the financial statements are prepared in a condensed format according to Thai Accounting Standard 34 (Revised 2007) “Interim Financial Reporting” and additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

An English version of the consolidated and company interim financial statements have been prepared from the interim financial statements 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 statements shall prevail.

3 Summary of significant accounting policies

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 30 September 2010.

New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards and accounting framework

a) Accounting framework

The amendments of accounting framework is effective on 26 May 2010.

3 Summary of significant accounting policies (Cont'd)

New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards and accounting framework (Cont'd)

b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards

The following new accounting standards, new financial reporting standards and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 January 2011 and 1 January 2013, but the Group has not early adopted them:

Effective for the period beginning on or after 1 January 2011

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 11 (Revised 2009)	Construction Contracts
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
TSIC 31	Revenue - Barter Transactions Involving Advertising Services

Effective for the period beginning on or after 1 January 2013

TAS 12	Income taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Group's management has determined that the new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards will not significantly impact the financial statements being presented except some new accounting standards, new financial reporting standards may impact the group as follow;

3 Summary of significant accounting policies (Cont'd)

New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards and accounting framework (Cont'd)

b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

TAS 1 (Revised 2009), the revised standard will prohibit the presentation of items of income and expenses in the statement of changes in equity. Entities can choose whether to present one statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated statement of financial position as at the beginning comparative period in addition to the current requirement to present statement of financial position at the end of the current period and comparative period. However, for the financial statements which period beginning on or after 1 January 2011 and are the first period apply this standard, an entity can choose to present statement of financial position only two statements without the statement of financial position as at the beginning comparative period. The group will apply TAS 1 (Revised 2009) from 1 October 2011. It is likely that both income statement and statement of comprehensive income will be presented as one statement.

TAS 12 deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured by based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. The group will apply this standard from 1 October 2013 retrospectively with an expected to incur of deferred tax account and changes in retained earnings and income tax expense. The management is currently assessing the impact of applying this standard.

TAS 16 (Revised 2009), the revised standard requires the entity to include in cost of PPE, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has obligation to do. An entity requires that an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The revised standard also requires an entity to review useful life, residual value and depreciation method at least at each financial year-end. The group will apply this standard from 1 October 2011. The management is currently assessing the impact of applying this standard.

TAS 19 deal with accounting for employee benefit. The standard classifies employee benefit into 4 categories: a) short-term employee benefits b) post-employment benefits (including defined contribution plan and defined benefit plan) c) other long-term employee benefits and d) termination benefits. The standard requires the entity to measure the defined benefit plan and other long-term employee benefits by using the Projected Unit Credit method (PUC). An entity can choose to recognise any actuarial gain or loss for defined benefit plan either in other comprehensive income or profit and loss. Actuarial gain or loss for other long-term employee benefit shall recognise in profit and loss. The group will apply this standard from 1 October 2011. The management is currently assessing the impact of applying this standard.

TAS 23 (Revised 2009), the revised standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The group will apply prospectively from 1 October 2011.

TAS 24 (Revised 2009), the definition of related party has been expanded include parties with joint control over the entity, joint venture in which the entity is a venturer and post-employment benefit plan for the benefit of employees of an entity. The group will apply the revised standard from 1 October 2011 which may impact only to the disclosure of related parties information in the notes to financial statements.

Inoue Rubber Public Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 June 2011 and 2010

4 Earnings per share

Earnings per share attributable to equity holders of the parent is calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of common shares in issue during the period (2011: 200 million shares; 2010: 200 million shares).

5 Trade accounts receivable

As at 30 June 2011 and 30 September 2010, the balances of accounts receivable, as classified by aging, were as follows:

	Consolidated		Company	
	30 June 2011 Baht'000	30 September 2010 Baht'000	30 June 2011 Baht'000	30 September 2010 Baht'000
<u>Related companies</u>				
Current	232,680	259,477	232,680	259,477
Overdue not over 3 months	884	-	884	-
Overdue 3 - 6 months	-	-	-	-
Overdue 6 - 12 months	-	-	-	-
Overdue more than 12 months	-	-	-	-
	<u>233,564</u>	<u>259,477</u>	<u>233,564</u>	<u>259,477</u>
<u>Other companies</u>				
Current	878,042	776,997	878,042	776,997
Overdue not over 3 months	4,728	1,082	4,728	1,082
Overdue 3 - 6 months	-	-	-	-
Overdue 6 - 12 months	-	-	-	-
Overdue more than 12 months	2,168	2,256	2,168	2,256
Total	<u>884,938</u>	<u>780,335</u>	<u>884,938</u>	<u>780,335</u>
<u>Less</u> Allowance for doubtful accounts	<u>(2,168)</u>	<u>(2,168)</u>	<u>(2,168)</u>	<u>(2,168)</u>
	<u>882,770</u>	<u>778,167</u>	<u>882,770</u>	<u>778,167</u>
Total trade accounts receivable, net	<u>1,116,334</u>	<u>1,037,644</u>	<u>1,116,334</u>	<u>1,037,644</u>

6 Inventories, net

	Consolidated		Company	
	30 June 2011 Baht'000	30 September 2010 Baht'000	30 June 2011 Baht'000	30 September 2010 Baht'000
Raw materials (net with allowance)	341,187	265,784	341,108	265,601
Work in process	102,368	75,423	94,724	72,133
Finished goods (net with allowance)	162,111	113,040	162,111	113,040
Supplies and spare parts	28,375	26,441	25,975	23,477
Raw materials in transit	54,413	45,858	54,413	45,858
Total inventories, net	<u>688,454</u>	<u>526,546</u>	<u>678,331</u>	<u>520,109</u>

Inoue Rubber Public Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 June 2011 and 2010

7 Property, plant and equipment, net

	Consolidated Baht'000	Company Baht'000
For the nine-month period ended 30 June 2011		
Opening net book value	1,277,966	1,210,906
Additions	260,587	251,253
Disposals	(2,154)	(2,143)
Depreciation charge	(190,581)	(178,798)
Closing net book value	<u>1,345,818</u>	<u>1,281,218</u>

8 Intangible assets, net

	Consolidated Baht'000	Company Baht'000
For the nine-month period ended 30 June 2011		
Opening net book value	8,115	1,789
Additions	3,883	821
Amortisation charge	(1,814)	(506)
Closing net book value	<u>10,184</u>	<u>2,104</u>

9 Investments in subsidiaries

As at 30 June 2011 and 30 September 2010 the Company has investments in subsidiaries in Thailand as follows:

Subsidiaries	Type of business	Registered country	Company 30 June 2011		
			Registered capital Baht	Percentage of holding %	Investment Baht
IRC Asia Reserch Ltd.	Reserch and development of product	Thai	10,050,000	99.99	10,049,930
Ki No Hoshi Engineering Co., Ltd.	Manufacture and repair of mold	Thai	10,000,000	99.99	9,999,300
Investment in subsidiaries					<u>20,049,230</u>

Subsidiaries	Type of business	Registered country	Company 30 September 2010		
			Registered capital Baht	Percentage of holding %	Investment Baht
IRC Asia Reserch Ltd.	Reserch and development of product	Thai	10,050,000	99.99	10,049,930
Ki No Hoshi Engineering Co., Ltd.	Manufacture and repair of mold	Thai	10,000,000	99.99	9,999,300
Investment in subsidiaries					<u>20,049,230</u>

Inoue Rubber Public Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 June 2011 and 2010

10 Other long-term investment

As at 30 June 2011 and 30 September 2010 the Company has other investment are as follows:

		Consolidated			
		30 June 2011			
Subsidiaries	Type of business	Registered country	Registered capital	Percentage of holding %	Investment Baht
Inoue Rubber Vietnam Co., Ltd.	Manufacturing of tires and tubes of motorcycles	Vietnam	US\$ 10 Million	10	30,781,799
					<u>30,781,799</u>
		Consolidated			
		30 September 2010			
Subsidiaries	Type of business	Registered country	Registered capital	Percentage of holding %	Investment Baht
Inoue Rubber Vietnam Co., Ltd.	Manufacturing of tires and tubes of motorcycles	Vietnam	US\$ 10 Million	10	30,781,799
					<u>30,781,799</u>

11 Loans from financial institutions

	Consolidated		Company	
	30 June 2011	30 September 2010	30 June 2011	30 September 2010
	Baht'000	Baht'000	Baht'000	Baht'000
Short-term loan	72,000	-	72,000	-
Long-term loan due within one year	64,000	68,000	64,000	68,000
Long-term loan	-	47,000	-	47,000
Total loans from financial institutions	<u>136,000</u>	<u>115,000</u>	<u>136,000</u>	<u>115,000</u>

The movements in loans from financial institutions for the period ended 30 June 2011 are as follows:

	Consolidated	Company
	Baht'000	Baht'000
Opening balance	115,000	115,000
Additions	72,000	72,000
Repayments	(51,000)	(51,000)
Closing balance	<u>136,000</u>	<u>136,000</u>

Inoue Rubber Public Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 June 2011 and 2010

11 Loans from financial institutions (Cont'd)

Loans from financial institutions represent loans denominated in Baht comprise:

- a) In January 2009, the Company entered into a loan agreement for loan of Baht 100 million with a local branch of a foreign commercial bank which is payable on a semi-annual basis from July 2009 to January 2012 of Baht 17 million each and in January 2012 of Baht 15 million. The loan carries interest at the rate of 4.25 percent per annum. As at 30 June 2011, the outstanding balance of the loan was Baht 32 million.
- b) In April 2009, the Company entered into a loan agreement for loan of Baht 100 million with a local branch of a foreign commercial bank which is payable on a semi-annual basis from November 2009 to May 2011 of Baht 17 million each which the interest rate is of 3.60 percent per annum and from November 2011 to May 2012 of Baht 16 million each which the interest rate will be of 3.65 percent per annum. As at 30 June 2011, the outstanding balance of the loan was Baht 32 million.
- c) In June 2011, the Company entered into a loan agreement for a call loan of Baht 72 millions with a local branch of a foreign commercial bank. The loan carries interest at rate 3.08 percent per annum.

12 Share capital

	Consolidated and company			Total Baht'000
	Number of shares	Ordinary shares Baht'000	Share premium Baht'000	
For the nine-month period ended 30 June 2011				
Opening amount as at 1 October 2010	200,000,000	200,000	298,000	498,000
Closing amount as at 30 June 2011	200,000,000	200,000	298,000	498,000

As at 30 June 2011, the total registered number of ordinary shares is 200 million shares (30 September 2010: 200 million shares) with a par value of Baht 1 per share (30 September 2010: Baht 1 per share) of which are issued and fully paid.

13 Related party transactions

Inoue Rubber Company Limited, which was incorporated and resident in Japan and Sopa-kanok International Company Limited are the major shareholders of the Company which owned 34.3% and 25.3% of the Company's shares, respectively.

During the period, the Group and the Company have entered into a number of transactions with its subsidiaries and related companies. The terms and basis of such transactions are negotiated between the parties in the ordinary course of business and according to normal trade conditions, which are summarised as follows:

	Terms and basis
Sales of goods	Market price or cost plus margin according to type of products
Service income	Cost plus margin
Rental income	Contract price valued by independent appraiser and is in line with market
Purchases of raw materials	Prices which approximate to the price charged from a third party
Technical assistance fee expenses	Prices as agreed in the contract which base on percentage of sales

Inoue Rubber Public Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 June 2011 and 2010

13 Related party transactions

The significant related company transactions for the three-month periods ended 30 June 2011 and 2010 are summarised as follows:

	Consolidated		Company	
	2011	2010	2011	2010
	Baht'000	Baht'000	Baht'000	Baht'000
Sale of goods				
Related companies	307,474	344,973	307,474	344,973
Service and other income				
Related companies	3,229	1,418	3,229	1,418
Rental income				
Subsidiaries	-	-	593	593
Related companies	1,936	1,818	1,936	1,818
	1,936	1,818	2,529	2,411
Purchases of raw materials				
Related companies	207,548	181,010	207,548	181,010
Purchases of equipment				
Subsidiaries	-	-	19,830	13,886
Related companies	-	-	-	-
	-	-	19,830	13,886
Research and development expense				
Subsidiaries	-	-	14,966	12,121
Related companies	47	-	-	-
	47	-	14,966	12,121
Technical assistance fee expenses				
Related companies	18,711	14,230	16,713	14,230
Advertising expenses				
Related companies	2,175	325	2,175	325

The significant related company transactions for the nine-month periods ended 30 June 2011 and 2010 are summarised as follows:

	Consolidated		Company	
	2011	2010	2011	2010
	Baht'000	Baht'000	Baht'000	Baht'000
Sale of goods				
Related companies	1,040,344	1,095,120	1,040,344	1,095,120
Service and other income				
Related companies	9,073	4,199	9,073	4,199
Rental income				
Subsidiaries	-	-	1,779	1,779
Related companies	5,574	5,456	5,574	5,456
	5,574	5,456	7,353	7,235

Inoue Rubber Public Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 June 2011 and 2010

13 Related party transactions (Cont'd)

The significant related company transactions for the nine-month periods ended 30 June 2011 and 2010 are summarised as follows: (Cont'd)

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Dividend income				
Subsidiaries	-	-	-	14,999
Purchases of raw materials				
Related companies	563,684	502,121	563,684	502,121
Purchases of equipment				
Subsidiaries	-	-	64,298	33,586
Related companies	3,836	-	3,836	-
	3,836	-	68,134	33,586
Research and development expense				
Subsidiaries	-	-	44,810	34,976
Related companies	49	-	-	-
	49	-	44,810	34,976
Technical assistance fee expenses				
Related companies	58,416	40,840	52,420	40,840
Advertising expenses				
Related companies	4,350	3,165	4,350	3,165

The Company entered into rental agreements of land, building, and machinery and equipment with two subsidiaries and two related companies at total annual rental income of approximately Baht 9.6 million. The terms of the leases are between 1 - 3 years. These leases are renewable by giving the lessor a notice within 60 days prior to expiry of the agreement.

The Company charged certain utility expenses to certain related companies at cost plus margin.

The Group entered into technical assistance and professional service agreements with an overseas related company. Under those agreements, the Group has obliged to pay technical assistance and service fees to such company at the rates stipulated in the agreements. The agreements have been in effect since April 1994 until cancelled by either party.

The Company entered into a service agreement with a subsidiary to obtain the research and development services for the production. Under this agreement, the Company has obliged to pay service fee to the subsidiary at the rate stipulated in the agreement. The agreement has been in effect since October 1995 until cancelled by either party.

The Company and a subsidiary entered into marketing and sales cooperation and product quality assurance and quality control service agreements with a local related company. Under these agreements the Company and the subsidiary have obliged to pay service fees to such company at the rate as stipulated in the agreements. The agreements have been in effect since May 2009 until cancelled by either party.

13 Related party transactions (Cont'd)

Directors and management's remuneration

The Company and its subsidiaries paid salaries, bonus, meeting allowances and gratuities to their directors and management for the nine-month period ended 30 June 2011 totaling Baht 20.32 million and Baht 20.32 million for the Group and the Company respectively (2010: Baht 15.59 million and Baht 15.59 million respectively).

14 Commitments and contingent liabilities

- a) As at 30 June 2011, there were outstanding bank guarantees of approximately Baht 17.1 million (30 September 2010: Baht 17.1 million) issued by banks to the Provincial Electricity Authority for electricity consumption on behalf of the Company.
- b) As at 30 June 2011, the Company had lease commitments in respect of equipment rental contracts with a period of 1 - 3 years, for which the future minimum charges of approximately Baht 0.12 million (30 September 2010: Baht 0.50 million).

15 Segment information

The Company and its subsidiaries' ("the Group") operations involve principally the manufacture and distribution of rubber and elastomer products mainly for automobile industry with manufacturing facilities in Thailand and operations in both domestic and overseas markets.

Financial information of the Group for the nine-month and periods ended 30 June 2011 and 2010 classified by market are presented as follows:

	Consolidated (Baht'000)		
	Local	Export	Total
For the nine-month period ended 30 June 2011			
Sales	3,491,296	947,273	4,438,569
Cost of sales	(3,241,494)	(870,395)	(4,111,889)
Gross margin	<u>249,802</u>	<u>76,878</u>	326,680
Other income			38,740
Selling expenses			(61,166)
Administrative expenses			(120,707)
Other expenses			(10,614)
Financial costs			(3,622)
Income tax			<u>(36,718)</u>
Net profit			<u>132,593</u>

Inoue Rubber Public Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 June 2011 and 2010

15 Segment information (Cont'd)

	Consolidated (Baht'000)		
	Local	Export	Total
For the nine-month period ended 30 June 2010			
Sales	3,115,281	817,653	3,932,934
Cost of sales	(2,771,204)	(707,985)	(3,479,189)
Gross margin	<u>344,077</u>	<u>109,668</u>	453,745
Other income			24,617
Selling expenses			(53,741)
Administrative expenses			(100,617)
Other expenses			(5,467)
Financial costs			(4,799)
Income tax			(66,402)
Net profit			<u>247,336</u>

16 Promotional privileges

The Company and its subsidiaries received 5 certificates for promotional privileges from the Board of Investment on 30 November 2001 (expired), 29 September 2004 (expired), 16 March 2005, 12 July 2007 and 9 December 2008, in respect of the manufacturing of vehicle component, plastic or plastic coated products, mould and repairing of its own manufacturing of mould and Research and Development. Under these privileges the Company and its subsidiaries are exempted from certain taxes and duties as detailed in the certificates including exemption from corporate income tax for a period of 3 - 8 years from the date that first income is first derived. The Company and its subsidiaries must comply with conditions specified in the promotional certificates.

17 Dividends paid

At the Annual General Meeting of shareholders held on 28 January 2011, the shareholders passed a resolution approving divided payment from its operating results for 2010 at Baht 0.50 per share (from Non-BOI-promoted operations Baht 0.18 per share and BOI-promoted operations Baht 0.32 per share), totaling Baht 100 million. The dividends were distributed on 22 February 2011.