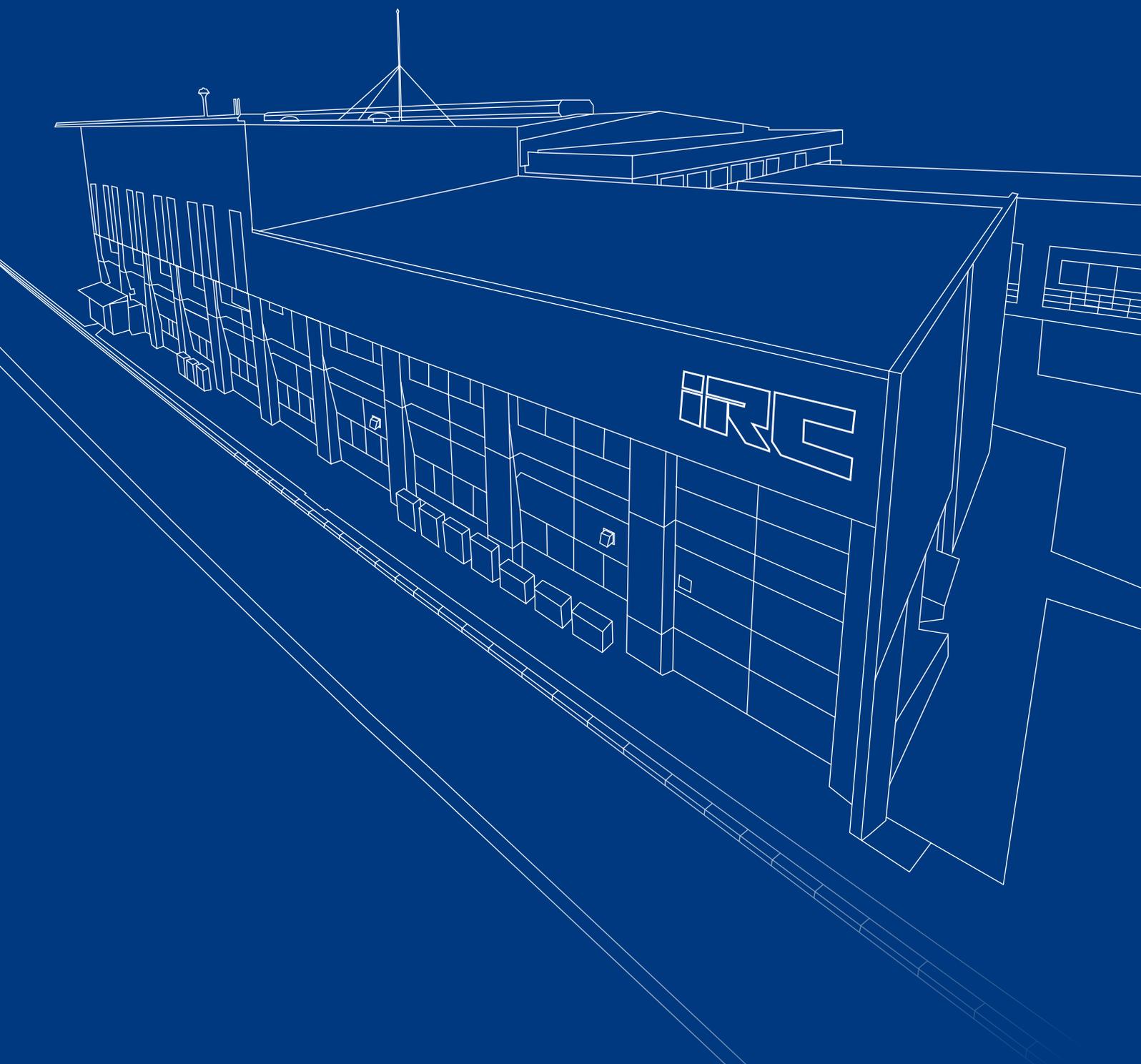


Annual Report 2011



Inoue Rubber (Thailand) Public Company Limited



“at IRC, we treat staff as the most valuable resource.”

“The Company pays highest attention to all employees and treats them as the most valuable resource. Over the past 40 years, the Company invests in our working system and equipment to create safe working environments for staff. Furthermore, we continuously give support to the employees by improving our activities and welfare to suit the need at every challenge situations. The prove of excellence in employees’ care is shown in the “Outstanding Labour Relations and Welfare 2011” we were awarded in 2011.”



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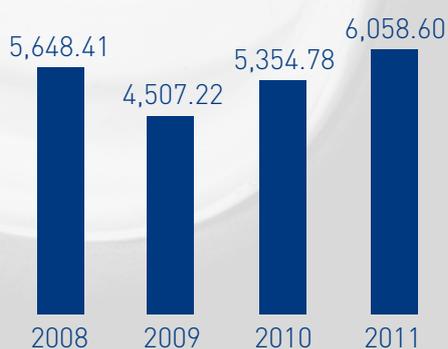
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Financial Highlights

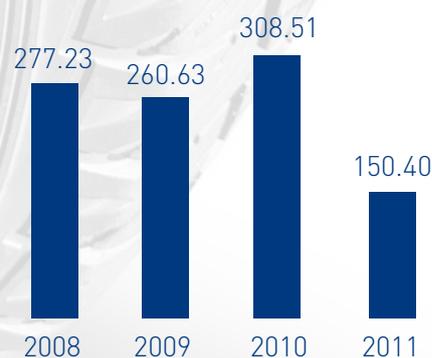


Financial Status	2011	2010	2009	2008
Current Assets	2,143.19	1,791.86	1,491.03	1,839.59
Total Assets	3,687.67	3,136.37	2,848.85	3,217.01
Current Liabilities	1,629.21	1,088.75	959.95	1,613.74
Total Liabilities	1,638.86	1,137.96	1,074.95	1,613.74
Total Shareholders' Equity	2,048.81	1,998.41	1,773.90	1,603.27
Operating Result				
Sales and Service Income	6,058.60	5,354.78	4,507.22	5,648.41
Cost of Sales and Service	5,647.43	4,761.04	3,949.29	5,121.40
Total Revenues	6,106.05	5,389.60	4,539.94	5,694.23
Gross Profit	411.17	593.74	557.93	527.01
Selling and Administrative Expenses	249.73	219.51	216.28	234.73
Profit before Financial Cost and Income Tax	193.61	400.82	358.23	338.11
Financial Costs	6.05	6.13	11.77	52.18
Income Tax	37.16	86.18	85.83	8.70
Net Profit	150.40	308.51	260.63	277.23
Financial Ratio				
Current Ratio (times)	1.32	1.65	1.55	1.14
Assets Turnover (times)	1.79	1.80	1.50	1.95
Net Profit per Share (Baht)	0.75	1.54	1.30	1.39
Book Value per Share (Baht)	10.24	10.00	8.87	8.02

Sales and Service Income



Net Profit





Message from the Board of Directors

In 2011, Asia had faced huge 2 natural disasters which were Tsunami in Japan, and flood in Thailand. For those tragedies, the Company and all staff offered our deepest sympathy and contributed fund to the victims and those who affected. On behalf of the Company and the group, I would like to express our condolences to those who affected and hope that they will rise from these events with strong spirit and resilience to resume normal life and to rebuild their businesses and communities.

In early 2010, we witness a dramatic growth of the global automobile industry, continuously from 2009 which year-end result reported that it was the first year ever the sales growth in emerging market, led by China and India, went beyond that in developed countries, like in the USA and Europe. However, the Tsunami in March 2010 slowed-down the industry globally from shortage of spare-parts from Japan. Moreover when the industry started to recover afterward, the price of natural rubber, which was one of the major raw materials used in the industry, soared up to a highest record due to the high demand during the production acceleration in the recovery time while the supply was shortage because of flood in the Southern part or Thailand where one of the world's largest rubber plantations located.

From various situations which put pressure on both side, sales volume and costs, the Company's operating result was quite significantly affected. However as the management policy has set a great concern on risk management, the Company can still remain stabilities of the financial position. At end of the 2011 fiscal year, the Company has Debt per Equity ratio at 0.8

As the vision to be a leading company in developing and manufacturing of elastomer products and motorcycle tyres and tubes products in ASEAN, during the past year, the Company continued in 3 major developments;

Invest domestically to maintain existing customers and to expand the market to new customers under sustainability concept.

The Company invests continuously in production facilities improvement in both business lines,

Elastomer products, and Motorcycle Tyres and Tubes, with consideration of long-term sustainability of the business and maintain conservative debt policy by keeping Debt per Equity ratio at lower than 1.

Continue the Research and Development to maintain the position of leader of innovation in Motorcycle Tyre and Tube products

From the success of being the only Thai Motorcycle Tyres and Tubes manufacturer that can produce European-standard's non-PAH Motorcycle Tyres and Tubes, in this year, the Company was success to develop a new product which was racing tyre using "Aramid Fibers" that enhanced the tyres' performance at high speed. This model is the largest-size racing tyre ever developed in Thailand.

Conduct the business under good corporate governance and provide pleasant working environments for employees

In late 2010, the Company was proud to be awarded 4 stars from Corporate Governance Assessment assessed by Thai Institute of Directors (IOD). Moreover, on the employee-care side, as the Company continuously provides appropriate activities and welfares for all staff to encourage enthusiasm for their duties. In this year, the Company was awarded "Outstanding Labour Relations and Welfare 2011"

Our company is becoming a leading company in ASEAN by offering international-standard products, conducting the business under reliable management system and consideration of employees' opinions, and keeping business expansion consistently. The Board of Director would like to express a great appreciation to our community including customers, suppliers, staff, and shareholders for all support during this tough year. We determine to conduct the business under good corporate governance and keeping the sustainability development on balances of all stakeholders' interest to achieve the Company's vision of being a leading company in ASEAN.

(Mr. Koji Matsuda)
Vice-Chairman



Message from the Audit Committee

The Board of Directors of Inoue Rubber (Thailand) Public Company Limited consists of three Audit Committee members, namely Associate Professor Dr. Chesada Loha-unchit acting as Chairman and Mr. Vichit Vuthisombut and Ms. Chaovana Viwatpanachati acting as members. All audit committee members are qualified as independent directors according to the definition established by the Securities and Exchange Commission. One member of the Audit Committee, namely Ms. Chaovana Viwatpanachati, possesses adequate expertise and experience to review the credibility of financial reports.

The Audit Committee performs its duty independently in line with its Charter, reporting its performance as well as providing independent opinions to the Board of Directors at each board meeting. In 2011, the Audit Committee held six meetings, with two attended by external auditors and one attended by the independent internal auditor, covering the following activities:

1. Reviewing the Company's quarterly and annual financial statements, before submitting them to the Board of Directors, to ensure that they were prepared in accordance with generally accepted accounting practices and principles as well as correct and adequate information were disclosed.

2. Reviewing the company's internal control system to ensure that it is adequate as well as engaging KPMG Phoomchai Business Advisory Ltd. to conduct an internal audit of "The Human Resource Management Process in Relation to the Remuneration of Workers and Subcontracted Workers". No significant shortcomings were found from the audit.

3. Monitoring compliance of the Securities and Exchange Act, regulations of the Stock Exchange of Thailand, and other relevant laws. No non-compliance issues of substance were found.

4. Selecting and determining the appropriate fee for the independent external auditor before proposing them to the Board of Directors for submission to shareholders' approval at the Annual General Shareholders' Meeting. In 2011, PricewaterhouseCoopers ABAS Ltd. was nominated and selected as the Company's external auditor.

5. Monitoring compliance of good governance practices, as well as the disclosure of connected transactions or transactions with conflicts of interest as required by law and regulations, for the benefit of the Company and shareholders.

The Audit Committee's view is that the Company possesses a proper internal control system and has conducted its business in compliance with the law as well as regulations of Stock Exchange of Thailand. The financial statements, which were reviewed and audited by the external auditor, complied with generally accepted accounting principles. The connected transactions were conducted based on the arm's length principle and were disclosed adequately.

(Assoc.Prof. Dr. Chesada Loha-unchit)
Chairman of Audit Committee



Our Mission

“Be the leading company in development and manufacturing of Elastomer Products and Motorcycle Tires and Tube Products in ASEAN” on the 7 policies of

- (1) Level-up Safety Works and Safe the Environment
- (2) Quality in Each Product with International Quality System
- (3) Enhance Customers Satisfaction in all Dimensions of our Products and Services including:
 - Price/Cost (P) At the Best Competitive Level
 - Quality (Q) At the Best Comparative Quality Rating by Customers
 - Delivery (D) At the Best Comparative Delivery Rating by Customers
 - Service/solutions (S) At the Best Service to Solutions for Customers at all time
- (4) Advance Employees' Development to High Efficiency
- (5) Continue Research & Development for Superior Products and Processes
- (6) Generating Strong Financial Status and Attractive Return to Shareholders
- (7) Participate in Community Development





General Information (as of 30 Sep 2011)

Company Name	Inoue Rubber (Thailand) Public Company Limited
Head Office	258 Soi Rangsit-Nakornnayok 49, Prachatipat Thanyaburi, Pathumthane 12130
Wangnoi Office	157 Moo 5, Phaholyothin Rd., Lamsai, Wangnoi, Ayutthaya 13170
Telephone	(+66) 02 996 0890 (23 Auto Lines)
Fax	(+66) 02 996 1439
Investor Relations	(+66) 02 996 0890 Ext. 212
Website	www.ircthailand.com
E-mail Address	ir@ircthailand.com
Registration No.	0107536001737 (Bor Mor Jor. 247)
Main Business	Manufacturer of Industrial Elastomer Parts, Motorcycle Tires, Motorcycle Tubes, and Wheel Set Assembly
Registered and Paid-up Capital	200,000,000 Baht
Issued Shares	200,000,000 Shares
Par Value per Share	1 Baht

Nature of Business

Inoue Rubber (Thailand) Public Company Limited was established by the Leeissaranukul family from Thailand and Inoue Rubber Co., Ltd. of Japan on 15 December 1969. The family had previously gained extensive experience within the Thai automotive industry, and Inoue Rubber Co., Ltd. is one of the Japan's leading manufacturers of motorcycle tires and tubes. The Company was Thailand's first manufacturer of motorcycle tires and tubes and currently markets its products under the "IRC" brand.

To address diversified customers' needs in the automotive and other industries, the Company further expanded its product line to supply "Industrial Elastomer Parts". Manufacturing of these parts adheres to the strictest of customers' specifications.

On 30 December 1993 the Company registered its conversion into a listed company with the Stock Exchange of Thailand (SET) with a registered and paid-up capital of 200 million Baht and par value of 1 Baht per share.

By focusing on developing core competencies in quality manufacturing and innovative new product development, the Company experienced steady growth during the past 40 years. Over this period, the Company gained recognition as a reliable manufacturer and acquired a number of high profile domestic and international customers.

Inoue Rubber (Thailand) Public Company Limited has been awarded numerous awards and is certified to comply with various quality management standards, including Quality Management System ISO 9001:2008, Quality Management System for the Automotive Industry ISO/TS16949, Thai Industrial Standard (Mor.Or.Kor.), European Standard (E-marK), and Environmental Management System ISO14001:2004.

At present, the Company operates two production facilities in Thailand (Amphur Wangnoi, Ayutthaya province and Amphur Thanyaburi, Pathumthanee province).

Products

1.1 Industrial Elastomer Parts

To meet the high quality requirements of industrial usage, the production of industrial elastomer parts uses a high-end, sophisticated and technology-intensive manufacturing process. The components produced are mainly used by customers in upstream automobile and motorcycle manufacturing. Products include engine mountings, weather strips, door sponges, bumper rubbers, rubber gasket ads, face comp drives, etc. Parts produced for other industries include hose water inlets, rubber insulators, butyl sheets, gasket covers, etc. The production facility is located at Amphur Wangnoi, Ayutthaya province.



1.2 Motorcycle Tires

The Company has been recognized as a pioneer in the market of motorcycle tires and tubes under "IRC" brand which gained a considerable size of domestic market share. Through continuous research and new product development, the Company is able to meet diverse customer demands in terms of design, size, qualification, and performance. The Company produces the following types of motorcycle tires: On Road Tire, Off Road Tire, Scooter Tire and Heavy Duty Tire. The motorcycle tire production facility is located at Amphur Thanyaburi, Pathumthanee province.



1.3 Motorcycle Tubes

Similarly, the motorcycle tubes are manufactured for both domestic and international markets under the same "IRC" brand. Based on a strong commitment to R&D and innovation the Company is able to produce products in anticipation of future demand. One example of this is the Tuff-up or non-puncture tube. This tube remains functional even when pierced by sharp objects due to special chemical substances. This innovative product has been manufacturing base in Thailand. The production facility is located at Amphur Thanyaburi, Pathumthanee province.



1.4 Wheel Set Assembly

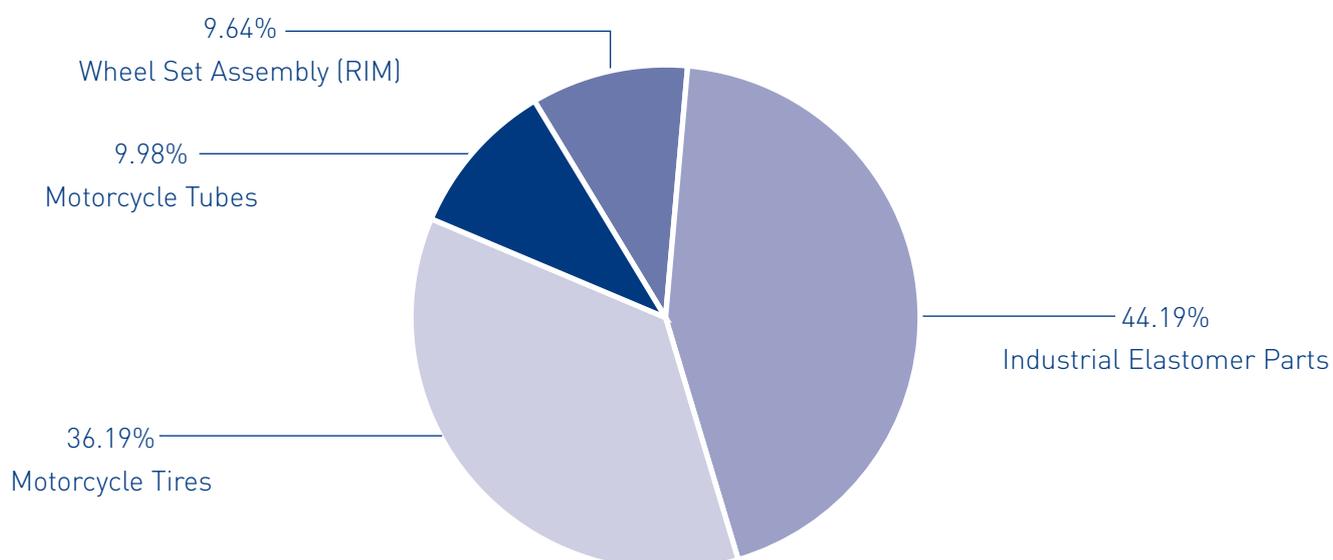
Due to increasing demand, the Company took a new assembly line for the delivery of complete wheel sets into service in 2003. The production includes assembly of motorcycle rims with "IRC" tubes and tires for both type of wheel; Spoke Wheel and Casting Wheel. The manufacturing facility is located at Amphur Thanyaburi, Pathumthanee province. These integrated products are currently produced for two customers: Thai Yamaha Motor Co., Ltd. and Thai Suzuki Motor Co., Ltd.



Revenue Structure

Products	2011		2010		2009	
	mil. Baht	%	mil. Baht	%	mil. Baht	%
Local						
1. Industrial Elastomer Parts	2,245.59	37.07	2,109.94	39.41	1,645.23	36.50
2. Motorcycle Tires	1,588.32	26.22	1,313.11	24.53	1,203.29	26.70
3. Motorcycle Tubes	330.17	5.45	350.39	6.54	332.15	7.37
4. Wheel Set Assembly (RIM)	583.77	9.64	465.93	8.70	250.84	5.56
Total Local	4,747.85	78.39	4,239.36	79.18	3,431.51	76.13
Export						
1. Industrial Elastomer Parts	431.21	7.12	382.96	7.15	251.65	5.58
2. Motorcycle Tires	603.64	9.97	485.63	9.07	561.84	12.47
3. Motorcycle Tubes	274.37	4.53	246.19	4.60	262.22	5.82
4. Wheel Set Assembly (RIM)	-	-	-	-	-	-
Total Export	1,309.23	21.61	1,114.79	20.82	1,075.71	23.87
Total						
1. Industrial Elastomer Parts	2,676.80	44.19	2,492.90	46.56	1,896.88	42.08
2. Motorcycle Tires	2,191.96	36.19	1,798.74	33.60	1,765.13	39.17
3. Motorcycle Tubes	604.55	9.98	596.58	11.14	594.37	13.19
4. Wheel Set Assembly (RIM)	583.77	9.64	465.93	8.70	250.84	5.56
Total Revenue	6,057.08	100.00	5,354.15	100.00	4,507.22	100.00
Increased (Decreased) in Revenue		13.13%		18.79%		(20.20%)

Total Revenue 6,057 million Baht



The Company Structure [as of 30 Sep 2011]



The Company has two wholly owned subsidiaries, holding 99.99% of the total shares, which are IRC (Asia) Research Co., Ltd., and Kinno Hoshi Engineering Co., Ltd., and has one subsidiary, holding 10% of total shares in Inoue Rubber Vietnam Co., Ltd. Details of the subsidiaries are as follows:

1. IRC (Asia) Research Co., Ltd.

The Company has recognized the significant of research and development as the market has commanded for variety of products in terms of type, nature, and quality. Therefore in 18 July 1995, IRC (Asia) Research Co., Ltd. ("IAR") was found in search of the best solution for customers. IAR conducts the service in cooperation with Inoue Rubber Co., Ltd. (Japan) and working closely with customers.

2. Kinno Hoshi Engineering Co., Ltd.

Established on 9 November 2001 as the manufacturer of metal molds and metal parts for automobiles and motorcycles rubber parts, it has been granted the investment promotion privilege from the Board of Investment (BOI). Currently, it manufactures the parts to support the Company.

3. Inoue Rubber Vietnam Co., Ltd.

Inoue Rubber Vietnam Co., Ltd. ("IRV"), or Cong Ty Tnm Cao Su Inoue Vietnam Co., Ltd. was founded in 1996 by three co-founders, the Company, invested USD 1 million (10% of total shares), the Asian Inoue Rubber PTE, Ltd. (Singapore), and Sao Vang Rubber (Vietnam) Co., Ltd. IRV manufactures tires and tubes (for motorcycles, barrows, bicycles, and hand carts to serve emerging market in Vietnam. Currently IRV has total registered capital of USD 10 million.

Risk Factors

1. Financial Risk

Risk from exchange rate

Since the Company imported raw material and exported some finished goods in foreign currencies such as US Dollar, Japanese Yen, and Euro, fluctuations in the exchange rate may affected the Company's cost and revenue. During the Company's fiscal year 2011, the US dollar and Euro depreciated due to the fragile economy, while Japanese Yen appreciated due to high demand from investors. The Company monitored the movement of exchange rate closely and agreed to enter into forward contract to eliminate the risk.

2. Market Risks

Risk from Fluctuation in raw material prices - natural rubber

With extensive amount of natural rubber used in the production processes, more that 75% of total raw materials cost, any changes in the price of the natural rubber will make a considerable effect to the Company's bottom line. During the Company's fiscal year 2011, the price of natural rubber in global market was fluctuated and moving up trend. There were many uncontrollable factors such as rapid economic growth in emerging markets, China and India for example, where car-tires industry is substantial and still growing at fast rate. The production expansion was resulted in a high demand for natural rubber and push up the global natural rubber price, which beside effect the price in future market, Tokyo Community Exchange Market (TOCOM) and Singapore Community Exchange Market (SICOM), and stir-up the speculation in consequence, then end up at a more fluctuation in natural rubber price. Irregular weather condition also a cause to push up the rubber price as it adds a difficulty to rubber tapping, and also make a decline in quality of latex from rubber trees, which then cause a reduction in quality natural rubber feeding into the market.

The fluctuated price of rubber affects the Company's cost-control and put pressure on the Company's capability to make profit. The Company managed the risk by negotiating with customers for price adjustment, making a long-term contract and fix price with rubber suppliers, improving the production processes to reduce waste, and controlling inventory to the appropriated level.

Risk from losing in market share

The free trade agreement among ASEAN results in relocations of some Japanese car and motorcycle manufacturers into Thailand to enhance their export market, and to introduce eco-car to the region. Despite the factors had boosted the demand for supplying parts for Thai Automotive and Motorcycle industry, the market competition is still high among existing players and also new players that trying to take the market share. However, the Company has advantage in technology know-how transferred from Japanese Joint-Venture. Having its own research and development section, the Company uses it as competitive advantage strategy as it allows the Company to develop parts and products under international standards with customers continuously. Beside, the Company's strength on on-time delivery and good relationship with customers are also the other key points in customers' buying decision.

3. Natural Disasters Risk

natural disasters risk that impact to automotive and motorcycle sector

The Company has 2 customer groups in OEM segment - Car manufacturers and Motorcycle manufacturers which account in a large portion in the company's total revenue. During end of 2010 to the beginning of 2011, the automotive and motorcycle industry was in the uptrend due to the recovery from the automotive downturn in 2009. ASEAN free trade agreement which results in relocations of some Japanese car and motorcycle manufacturers into Thailand to enhance their export market and to introduce eco-car to the region also boost the automotive and motorcycle industry in Thailand. However, the Tsunami disaster in Japan in March had caused a stagnant in the industry for more than 4 months then return back to normal in August. During the period, the sales of the Company in automotive sector had been affected but not in the motorcycle sector.

Having customers in 2 sectors, the Company has a diversification in revenue and don't rely only on one of the sectors. Although more than 60% of the Company's revenue comes from motorcycle sector, it has a plan to increase the production capacity to serve the expanding automotive industry. The production line enhancement is expected to be online in 2012 and that will help the Company's portfolio to be more balance. In addition, the Company also has a number of potential customers in automotive and motorcycle replacement market. In case the orders from OEM customers slow by any unpredictable events, the Company is able to adjust the production for replacement customers.

natural disasters risk that impact the Company's assets and operations

The Company has entered into all risk insurance agreement under sum insured of about 4 billion Baht, which cover property damages and business interruption (subject to terms and conditions).

Market and Competition

To aid the outline of market conditions and competitive factors, the Company's operational activities can be classified into three output categories: 1) Industrial Elastomer parts 2) Motorcycle Tires and Tubes, and 3) Motorcycle wheels assembly. A summary background is given on each underlying market.

1. Industrial Elastomer Parts

1.1 Automotive market

The Thai automotive market continued to grow from late 2010 to early 2011. Due to natural disasters in Japan and the resulting effects on the global supply chain, the car production output decreased by 27 per cent during the period of April and June 2011. Production volumes increased thereafter to recover the lost volumes. As a result, the volume of car production in Thailand during the company's fiscal year 2011 (Oct 2010 - Sep 2011) still increased by 12 per cent compared to same period in the previous year¹. During this fiscal period, the level of competition in the automotive industry did not increase due to the industry's expansion into new markets i.e. energy efficient cars, new car model launches and relocation of production facilities to Thailand. The expansion of the industry resulted in increased demand for automotive parts. The release of several energy efficient cars i.e. Mazda-3, Honda-Brio, Nissan-March and a general market direction towards affordability in this segment points to potential future increase in price-based competition amongst rubber-parts automotive suppliers.

1.2 Motorcycle market

The Thai motorcycle market expanded in line with the direction of an economic recovery. During the first half of the Company's fiscal year (Oct 2010-Mar 2011) production volumes increased by 15 per cent compared to the same period in the previous year. This is due to a general economic recovery, increased political stability and higher prices of agricultural crops.

Motorcycle makers used a dual strategy of rolling out new models and additional promotional activity on existing models. The market saw a strong demand in fuel-efficient A.T. Type and fuel injection type models. One of the Company's customers - Honda dominates the market for these types of motorcycles. Growing demand for Elastomer parts also derives from the relocation of motorcycle manufacturing facilities to Thailand by major manufacturers and the use of Thailand as global motorcycle export base.

1.3 Sub Auto & Sub Motorcycle market

In 2011, the Thai auto-parts industry continued to grow in line with the expansion of the local automotive manufacturing industry. This is mainly due to the relocation of production lines by Japanese car makers resulting in additional demand for locally produced auto-parts. Similarly, the year saw a growth of auto-parts volumes produced for export. The export value, by car-makers in Thailand, during January and September 2011 increased by 7 per cent compared to the same period in the previous year. The export value of was 140 billion Baht¹. The department of Trade Negotiations reported that during the same period, overall export value for Thailand's auto-parts was 309 billion Baht, a 16% increase from the previous. From the amount, it divided into car-parts 293 billion Baht, and motorcycle-parts of 16 billion Baht.

¹Data source : Automotive Information Center, Thailand Automotive Institute

The Company maintained its market share through focusing on quality product output, effective serving of its existing customer base and their needs; as well as accompanying their expansion into new products and markets.

1.4 Non-Automotive Market

Due to economic instability the non-automotive market remained stable throughout 2011. Main segments in this market include agribusiness, agricultural machinery, air-conditioned business, water valve business, and furniture business. Main influencing negative factors were the debt crisis in Europe, the economic slow-down in the USA, and the tsunami in Japan. Positive factors were the comparatively high economic growth in China, and the climate change.

China's 9 per cent GDP growth rate in 2011 spurs the increase of disposable income. The climate change and global warming had triggered a new trend for European and other cold-weather countries to install air-conditioned in their households and offices, so as accelerated number of air-conditioned installation in hot-weather countries. Therefore there is a higher demand for rubber-parts for air-conditioned as a result. The competition in this sector is high as there is many big and small manufacturers in this market. However, the parts that the Company produces are mainly sophisticate and delicate parts which used in high safety application so the parts must pass a high quality control. Therefore, the Company don't use price-competition strategy in this sector but compete with products quality and customers confidence.

2. Motorcycle Tires and Tubes

2.1 OEM Market

The overall Thai motorcycle market expanded significantly during 2011 Company's fiscal year due to wider economic recovery and migration of overseas production facilities to the country. The migration of the additional production capacities stimulated the related businesses in Thailand and stimulated the demand for OEM tire and tube products. Motorcycle-makers also stimulate the market by launching new products and new models to suit requirement of current living condition. Therefore a new market was open-up from customers who has just started using motorcycle.

Overall, the competition was still concerning on quality, price, and on-demand on-time delivery. The Company has always focused on these aspects and therefore the Company still maintains its leadership in this sector.

2.2 Replacement Market

In line with increasing numbers of motorcycles users in Thailand the tire and tube replacement market expanded. The Company's sale in consumer segment was stable due to the effects of higher raw material prices on the final end-consumer price, particularly the natural rubber which 40 per cent increase in the average price since 2010. To mitigate these effects the Company focuses on supplying less price-sensitive premium customer segments. To emphasize its product leadership, the Company uses promotional brand awareness campaigns. In addition, the Company participates in educational road safety campaigns on its own and in co-operation with motorcycle dealerships (Honda, Suzuki, Kawasaki) as well as the Association of Thai Motorcycle Machinists. As part of this the Company sponsored a motorcycle racing campaign "IRC-D.I.D RIDE FOR LIFE" which was held in ten cities across Thailand. Further marketing activities included consumer product education events on tire purchase and usage; and country-wide seminars for mechanics. The Company also serves niche segments such

as customers looking for more fashionable tires or tires with a higher performance. One example of this is the IRC “IZ-R IZ003” a new 17” model of high-performance motorcycle tires suitable only for smooth surface racing.

2.3 Export Market

Whilst the global economy is recovering slowly, growth in the US and Europe remains vulnerable. The Company has hence made adjustments to its global distribution plans with aim to increase sales in less affected regions i.e. Southeast Asia and South America. This strategy includes geographic expansion into economies with long-term growth prospects i.e. market evaluation on India. Despite the direct affects of the US Dollar depreciation on the Company since late last year, the Company later was able to adjust distribution plan and pricing negotiation aligned with the currency movements.

3. Motorcycle wheel assembly

3.1. OEM

Carrying on from the tires and tube production, motorcycle wheel assembly has the same customer group which therefore, there is no competition for the Company in this segment.

Shareholding Structure & Dividend Payment

1. Major shareholders

List of the first 15 major shareholders (Book Closure date on 2 Dec 2011)

Shareholders	Number of Shares	%
1. Inoue Rubber Company Limited (Japan)	68,600,000	34.30
2. Sopa-kanok International Co., Ltd.	50,666,000	25.33
3. Mrs. Porndee Leeissaranukul	6,500,000	3.25
4. CITIGROUP GLOBAL MARKETS LIMITED-CUSTOMER SAFEKEEP ACCOUNT	6,235,000	3.12
5. Mrs. Powpirach Hemvachiravarakorn	5,400,000	2.70
6. Mr. Wirat Chawal-amporn	5,208,100	2.60
7. Mrs. Pimjai Laochinda	4,363,275	2.18
8. Mr. Niti Osathanugrah	3,840,500	1.92
9. Mrs. Porntip Sethiwan	3,321,275	1.66
10. Ms. Vanida Khomthongsatit	3,318,800	1.66
11. Mr. Thanong Leeissaranukul	3,283,000	1.64
12. Mr. Apichart Leeissaranukul	3,283,000	1.64
13. Mr. Viriya Trangadisaiikul	3,134,000	1.57
14. Mr. Wichai Jiracharenrnkitkul	1,777,200	0.89
15. Muang Thai Insurance Plc.	1,500,000	0.75

2. Dividend payout (as of 30 Sep 2011)

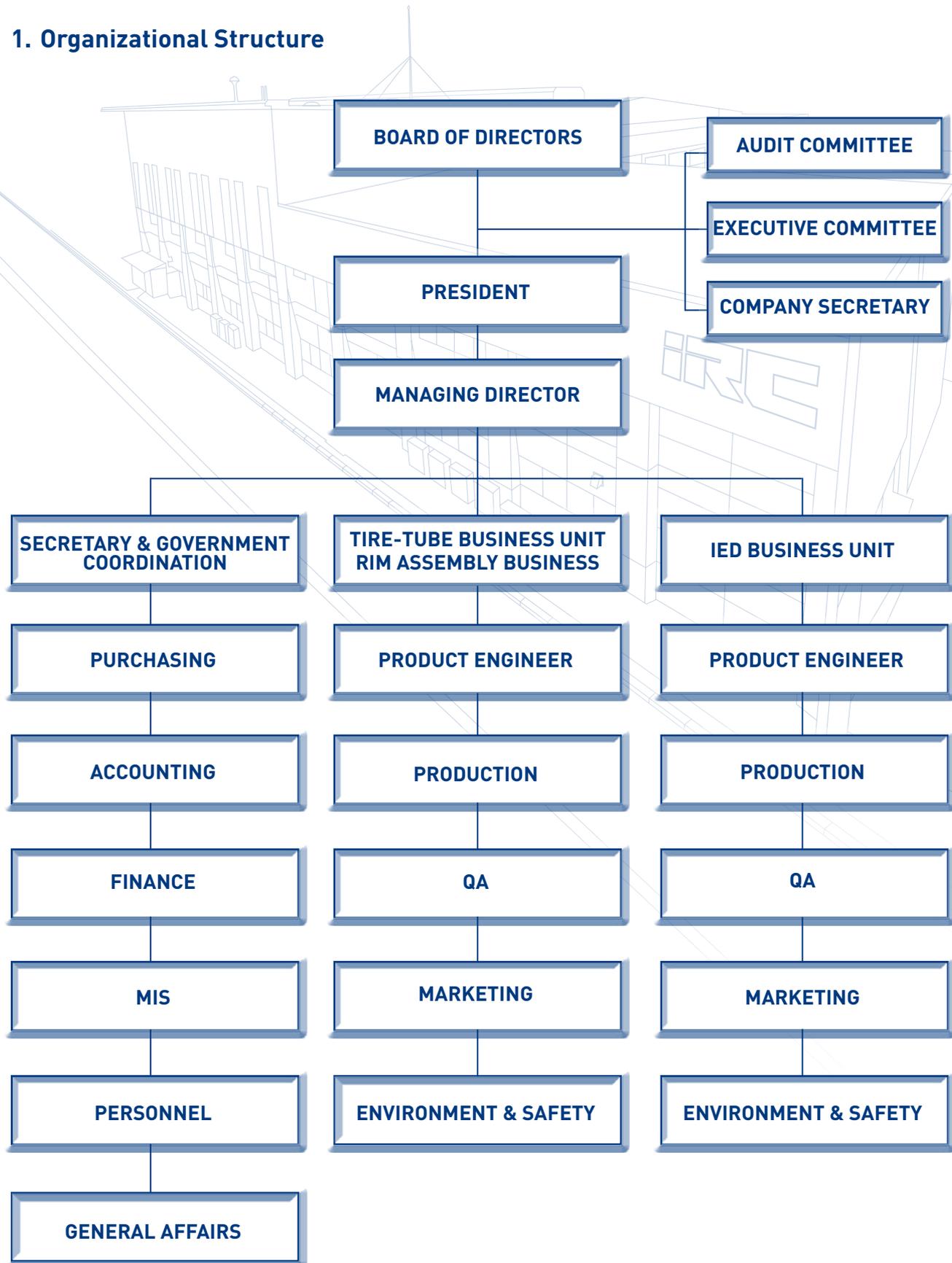
The Company has the dividend policy to pay dividend not more than 65% of net profit of the consolidated financial statements after deducting corporate income tax and legal reserve. The dividend will be considered based on the Company's annual operating results. The subsidiaries will pay the dividend to the Company according to their performances. Comparison of the dividend payment in the preceding years is as follows:

Details of Dividend Payment	2011*	2010	2009
Net profit (Million Baht)	150.40	308.51	260.63
Number of Share (Million Shares)	200	200	200
Dividend Payment (Baht per Share)	0.2436	0.5000	0.4200
Total Dividend Amount (Million Baht)	48.72	100.00	84.00
Dividend Payout Ratio (%)	32.40	32.41	32.23

* Proposed the dividend to be approved by the AGM 1/2012

Management Structure

1. Organizational Structure



2. Management

The Company's management consists of Board of Directors, Audit Committee, and Executive Committee. The highest ranking management is the President who will exercise the managerial powers through the Managing Director and the Executive Director. Below are details of the Management structure.

2.1 Board of Directors

The Board of Directors consists of twelve members. This includes nine non-executive directors (four independent directors, three of whom are audit committees) and three executive directors (see details in the Directors' profiles).

	Name	Non-ED	ED	ID	AC	Position
1.	Mr. Koji Matsuda		/			Vice-Chairman
2.	Mr. Soichi Inoue	/				Director
3.	Mrs. Pimjai Laochinda		/			Director / President
4.	Mr. Takeshi Arakawa		/			Director / Managing Director (resigned at 10 Feb 2011)
5.	Mr. Atsushi Imamura		/			Director / Managing Director (Appointed at 10 Feb 2011 to replace Mr. Takeshi Arakawa)
6.	Mr. Masayuki Inoue	/				Director
7.	Mr. Thanong Leeissaranukul	/				Director
8.	Mr. Apichart Leeissaranukul	/				Director
9.	Mrs. Porntip Sethiwan	/				Director
10.	Mr. Yasumi Kawasaki	/		/		Independent Director (Resigned at 12 May 2011)
11.	Mr. Narumi Saitsu	/		/		Independent Director (Appointed at 12 May 2011 to replace Mr. Yasumi Kawasaki)
12.	Assoc. Prof. Dr. Chesada Loha-unchit	/		/	/	Independent Director / Chairman of Audit Committee
13.	Mr. Vichit Vuthisombut	/		/	/	Independent Director / Audit Committee
14.	Ms. Chaovana Viwatpanachati	/		/	/	Independent Director / Audit Committee

Remark * The Company has not yet appointed a Chairman since Mr. Vitya Leeissaranukul, former Chairman, passed away on January 31, 2006. Mrs. Avika Powintara, Chief of Finance, Investor Relations section, is the Company Secretary (Resigned at 16 Sep 2011. The Board of Directors therefore assigned Mrs. Pimjai Laochinda, the President, to perform the duty during vacant period.)

Directors Authorized to Sign and Bind the Company

The authority to bind the Company must be signatures of Mr. Thanong Leeissaranukul, or Mrs. Pimjai Laochinda, together with Mr. Masayuki Inoue, or Mr. Koji Matsuda, or Mr. Atsushi Imamura, in total of 2 person and affix the Company's seal.

Authority of the Board of Directors

1. To undertake the duties in accordance with laws, objectives and requirements of the company and resolutions of the shareholders with due care and integrity and to look after the interest of the company.
2. To set the business policies and direct the operations of the company and supervise the management to ensure efficiency, effectiveness and compliance with the prescribed policies and to maximize the economic value of the business and to provide maximum business stability to shareholders.

3. Arrange a reliable accounting system, financial reports and auditing and to set up internal control procedures and suitable internal audit system with consistent follow-up.
4. To approve the quarterly and annually financial reports and the annual investment budget and to monitor the operating results of the company, including the major progress in various aspects.
5. To provide advice/suggestions and make a decision with due care on the agenda proposed in the meeting of the board of directors.
6. To appoint/remove the subcommittee on specific matters as deemed suitable.
7. An independent director is ready to provide his independent judgment on the issues and to oppose any act of other directors or the management if there is any conflict significant to the company and the shareholders.
8. To arrange a policy on business supervision, business ethics and employee ethics as a guideline on business conducts and to arrange and supervise the administrative work in accordance with the good governance principles consistently.
9. To approve the key transactions of the company such as acquisition or disposal of assets, expansion of the investment projects, determination of the authority to be assigned and any action required by laws and to look after the conflict of interest among stakeholders of the company.
10. To approve and/or grant consent on the inter-company transactions between the company and its subsidiaries in accordance with related notifications, requirements and guidelines of the Stock Exchange of Thailand.
11. To suspend sale or purchase of shares of the company one month before public disclosure of the financial reports.
12. To report any shareholding by himself/herself and his/her spouse and children in the meeting of the board of directors every quarter and to immediately inform the company if there is any purchase or sale of shares (securities) of the company.
13. To arrange a self assessment of the director annually.

Nomination of the Board of Directors

Although the Company does not have the Nomination Committee, a director nominee shall meet qualifications according to selection criteria and qualification outlined in its Articles of Association. Each director shall not be a person who commits any offence against rules and regulations of the Stock Exchange of Thailand. His/her knowledge, ability, skill, experience, honesty, good working record shall also take into consideration. A majority of the Company's directors has more than twenty years of experiences in the automotive industry.

2.2 Audit Committee

The Audit Committee appointed by the Board of Directors consists of three independent directors, one of whom has adequate expertise and experience to review credibility of the financial reports, as stated below.

- | | | |
|--------------------------|----------------|---|
| 1. Asso.Prof.Dr. Chesada | Loha-unchit | Independent Director / Chairman of Audit Committee |
| 2. Mr. Vichit | Vuthisombut | Independent Director / Audit Committee |
| 3. Ms. Chaovana | Viwatpanachati | Independent Director/Audit Committee
(Who possess the direct knowledge and experiences in accounting, as shown in the Directors' profiles) |

Mrs. Avika Powintara, Chief of Finance, Investor Relations section, is the Secretary to the Audit Committee (Resigned at 16 Sep 2011).

Authority of the Audit Committee

The scope of duties of the Audit Committee has been made in accordance with the notifications issued by the Stock Exchange of Thailand:

1. To verify in assuring that the Company's financial report is correct and accurate and sufficiently disclosed.
2. To verify in assuring that the Company shall have the appropriated effective internal control and internal audit systems on cooperation with the internal auditor and internal controller and to consider the independence of the internal audit agency as well as to provide the approval for the appointment, transfer, termination of the chief of the internal audit agency or any other agencies responsible for the internal audit.
3. To verify in assuring that the Company has acted in compliance with the law on Securities and Exchange, requirements of the Stock Exchange and the laws relating to the Company's business.
4. To consider, select, propose to appoint the independent person or persons to perform the duty as the Company's auditor and to propose the remuneration for such person/persons, considering the reliability, resources adequacy, workloads and personnel's experiences as well as participating in the meeting with the auditor without the involvement of the Management for at least once a year.
5. To consider the related items or the items that would have the conflict of interest to meet the requirement of law or the provision of the Stock exchange to assure that such items are reasonable and resulted in the maximum benefit to the Company.
6. To prepare the report of the Audit Committee's activities, consisting of the opinions about the preparation process and the disclosure of the Company's accurate, complete and reliable financial report, including the opinions relating to the adequacy of the Company's internal control system by disclosing it in the Company's annual report. Such report must be signed by the Chairman of the Audit Committee and must consist of at least the following information:
 - 6.1 The opinions about the accuracy, completion and reliability of the Company's financial report.
 - 6.2 The opinions about the adequacy of the Company's internal control system.
 - 6.3 The opinions about the act in compliance with law on Securities and Stock Exchange, provisions of Stock Exchange or the laws relating to the Company's business.
 - 6.4 The opinions about the appropriateness of the auditor.
 - 6.5 The opinions about the items that may post the conflict of interest.
 - 6.6 The number of the meeting of the Audit Committee and each member's meeting participation.
 - 6.7 The overall opinions or the observations obtained by the Audit Committee from the operation as required in the charter.
 - 6.8 Other items as deemed to be known by shareholders and general investors under the scope and responsibility assigned to them by the Company's Board of Directors.
7. Any other operations as assigned by the Company's Board of Directors with the approval of the Audit Committee who directly responsible for the Company's Board of Directors who shall remain to be responsible for the Company's operation against the third party.
8. To verify and amend the Audit Committee charter to be up to date and to suit with the Company's environmental conditions and circumstances.

2.3 Independent Director

The Company has four independent directors who qualified with the definition of independent director under the Notification of the Capital Market Supervisory Board No. TorChor. 4/2552 dated 20 February 2009.

Name	Position	Remark
1. Assoc.Prof.Dr.Chesada Loha-unchit	Independent Director / Chairman of Audit Committee	
2. Mr. Vichit Vuthisombut	Independent Director / Audit Committee	
3. Ms. Chaovana Viwatpanachati	Independent Director / Audit Committee	
4. Mr. Narumi Zaitso	Independent Director	Replaced Mr. Yasumi Kawasaki, who resigned on 12 May 2011

Qualification of Independent Directors

1. Holding shares not exceeding one percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate, major shareholder or a controlling person of the Company, including the shares held by related persons of the independent director;
2. Neither being nor having been an executive director, employee, staff, advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company unless the foregoing status has ended not less than two years prior to the date of application filing with the Office. Such disqualifications shall not apply to the case that an independent director used to be government officer or advisor of government office who is a major shareholder or controlling person of the Company;
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, of executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;
4. Not having a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder, or controlling person, in the manner which may interfere with his independent judgment, and neither being nor having been a principle shareholder, or controlling person of any person having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder, or controlling person of the Company unless the foregoing relationship has ended not less than two years prior to the date of application filing with the Office.

The term 'business transaction' aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or his counterpart being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification

of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Act of Listed Companies Concerning the Connected Transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

5. Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder, or controlling person of the Company, and not being a principle shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholder, or controlling person of the Company unless the foregoing relationship has ended not less than two years prior to the date of application filing with the Office;
6. Not being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiary, affiliate, major shareholder, or controlling person of the Company, and not being a principle shareholder, controlling person, and partner of such professional advisor unless the foregoing relationship has ended not less than two years prior to the date of application filing with the Office;
7. Not being a director who has been appointed as a representative of the Company's director, major shareholder, or shareholders who are related to the Company's major shareholder;
8. Not operate any business which has the same nature as and is in principle competition with the business of the Company or subsidiary, or not being a principle partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary, or holding shares not exceeding one percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or subsidiary;
9. Not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

After having been appointed as independent director with qualifications complying with the criteria under the above (1) to (9), the independent director may be assigned by the Board of Directors to take part in the business decision of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company on the condition that such decision must be a collective one.

The provision under subparagraph (2), (4), (5), and (6) regarding the qualification of independent director of the Company during two years prior to the date of application filing with the Office, shall apply to applications filed with the Office as from 1 July 2010 onwards;

In case a person whom the Company appointed to be independent director is an individual who has or used to have business relationship or professional service exceeding the cost provided in clause 1 (4) or (6) herein, a respite should be given to the Company on prohibition of such cost exceeding business relationship or professional service aforementioned. Until the Company has revealed the viewpoints of the company's board of directors showing the matter has already been considered according to the principle in Article 89/7 that the appointment of such individual has no impact to duty performing and free speech, and also arranged a disclosure of following information in a notification of the shareholders' meeting on an agenda of independent committee appointment.

- (a) Characteristic of business relationship or professional service which makes such individual disqualified.
- (b) Reasons or necessity on insisting such individual to be an independent director.
- (c) Opinion of the Company's committee on appointing such individual to be independent director For the benefit according to clause 1 (5) and (6), the word "partner" means an individual assigned from the audit office or a professional provider to be the authorized person whose signature shall be in an audit report or professional service report (as the case may vary) in the name of such juristic person.

2.4 Executive Committee

The Executive Committee is appointed by the Board of Directors. The Committee consists of the following 10 members as shown below:

Name		
1.	Mr. Koji	Matsuda
2.	Mrs. Pimjai	Laochinda
3.	Mr. Atsushi	Imamura
4.	Mr. Koji	Yamauchi
5.	Mr. Hiroyuki	Hibi
6.	Mr. Kazuhisa	Usami
7.	Mr. Michio	Nishitani
8.	Mr. Shigeru	Uno
9.	Mr. Nareothai	Boothong
10.	Mr. Jatupol	Lawhachainam

Authority of the Executive Committee

1. To perform its duties in accordance with policy, action plan, target, requirement, or regulation of the Company prescribed by the Board of Directors.
2. To meet with the Board of Directors every quarter for reviewing the operating results.
3. To perform its duties in accordance with the good governance principles prescribed as a guideline by the Board of Directors.
4. To suspend sale or purchase of shares of the Company one month before public disclosure of the financial reports.
5. To report the annual conflict of interest to the Company.
6. To occasionally take other actions as assigned by the Board.

2.5 The First Four Executives

An executive under the definition prescribed by the Capital Market Supervisory Board means a manager or a person in the first four executives after a chief executive or in similar positions (after the President who is regarded as the highest position of the executive), accounting or finance department managers or above. As of 30 September 2011, the first four executives consisted of the following six members (details shown in the Directors' Profiles).

	Name		Position
1.	Mrs. Pimjai	Laochinda	Director / President
2.	Mr. Atsushi	Imamura	Managing Director
3.	Mr. Koji	Yamauchi	Executive Director
4.	Mr. Nareothai	Boothong	Executive Director
5.	Mr. Jatupol	Lawhachainam	Executive Director
6.	Mrs. Sopa	Lumlerdvoravith	Senior Manager of Accounting

2.6 Criminal Record

All directors and executives have no criminal record in the past year.

2.7 Remuneration Paid to Directors and Executives

Remuneration Paid to the Directors

The remuneration for the directors approved by the Annual General Meeting on 28 January 2011 were as follow; non-executive director Baht 120,000 /person/year, executive director Baht 80,000 /person/year, chairman of the Audit Committee Baht 300,000 /person/year, the Audit Committee Baht 220,000 /person/year, and transportation expenses 2,000 Baht /person/meeting.

Total remuneration paid to the Directors and the Audit Committees in 2011 fiscal year (between 1 October 2010 to 30 September 2011) was Baht 1,789,872 detailed as follows:

	Name		Position	Remuneration (Baht)
1.	Mr. Koji	Matsuda	Vice-chairman	84,000
2.	Mr. Soichi	Inoue	Director	122,000
3.	Mrs. Pimjai	Laochinda	Director / President	88,000
4.	Mr. Takeshi	Arakawa	Director / Managing Director (resigned at 10 Feb 2011)	33,011
5.	Mr. Atsushi	Imamura	Director / Managing Director (Appointed at 10 Feb 2011 to replace Mr. Takeshi Arakawa)	54,989
6.	Mr. Masayuki	Inoue	Director	124,000
7.	Mr. Thanong	Leeissaranukul	Director	128,000
8.	Mr. Apichart	Leeissaranukul	Director	124,000
9.	Mrs. Porntip	Sethiwan	Director	128,000
10.	Mr. Yasumi	Kawasaki	Independent Director (Resigned at 12 May 2011)	73,315
11.	Mr. Narumi	Zaitso	Independent Director (Appointed at 12 May 2011 to replace Mr. Yasumi Kawasaki)	46,557
12.	Assoc.Prof.Dr.Chesada	Loha-unchit	Independent Director / Chairman of the Audit Committee	316,000
13.	Mr. Vichit	Vuthisombut	Independent Director / the Audit Committee	232,000
14.	Ms. Chaovana	Viwatpanachati	Independent Director/ the Audit Committee	236,000
Total remuneration (1 October 2010 to 30 September 2011)				1,789,872

Remuneration Paid to the Executives

The remuneration paid to the Executives, under the definition, in fiscal year 2011 (1 October 2010 to 30 September 2011) was 25.59 million Baht including salary and bonus.

2.8 Number of Employee

As of 30 September 2011, the Company had 1,734 employees, which are male 1,070 persons, and female 663 persons, and foreigner 1 person.

2.9 Remuneration for Employee

The Company has remuneration for employees' policy to pay the employees in form of salary, bonus, provident fund, and welfares such as medical treatment, grants for marriage, grants for Buddhist ordination, etc. The Company and the employees had jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530 which the Company and the employees monthly contribute to the fund at the rate of 3-6 percent of basic salary. The fund is managed by Bualuang Securities Public Company Limited. The employees will receive the fund upon terminations in accordance with the fund's rules.

The total remuneration for employees in 2011 fiscal year was Baht 457.51 million, which comprised of salary, overtime, bonus, and welfares, amount Baht 449.89 million, and provident fund, amount Baht 7.63 million.

There was no significant change in number of employees or labor controversy in the past three years.

2.10 Employee Development Policy

The Company always supports and develops knowledge and capability of employees in many areas. This is to enhance effective work and create readiness for improvement among each department and to drive the employees to perform their roles toward the Company's goals. Details are shown in the Corporate Governance Section.

2.11 Inside Information Control

Details are mentioned in the Corporate Governance Section in a subject of "Equitable Treatment of Shareholders".

Activities on Safety, Social, and Environment



Zero Accident Campaign is a campaign from Ministry of Labor to encourage business operators to enhance occupational safety and health management systems for prevention and control of occupational accidents. The Department of Labor Protection, Ministry of Labor had approved that the Company is certified for “Bronze Level”, and IRC (Asia) Research Co., Ltd. the Company’s subsidiary is certified for “Commemorative Certificate”. The honor certificates were given to the Company by the Minister of Ministry of Labor.

Training on safety such as

- Procedure for working safety for workers, subcontractors, and other related parties
- How to use individual safety equipment
- How to drive forklift safely
- Using crane legally
- Risk Assessment on safety
- How to use mixing roll safely
- Training for Safety Officer at Supervisory Level
- Working procedure analysis for safety
- How to handle hazardous chemicals

Establish working procedures and Install equipments for working safety purposes such as

- Install SCBA Rescue Equipment in the area that the air-flow is insufficient and in the hazardous areas.
- Install new emergency backup power which Efficient lighting is last longer, and install emergency exit light box in more places to indicate exit .
- Working instruction for checking and improving fire extinguisher cabinets and fire hose to be ready for use , including the annual Basic Fire Fighting and Evacuation Fire Drill Training.
- Organised activities to encourage working safety awareness such as 5S, KYT, and put sign post

CCCF Activity has the core purpose to be a tool and working control to reduce accident in work place. The activity encourages employee to contribute their efforts in seeking for weak point in working process where can be risks for accidents, and find the way to eliminate the risks. This activity helps to persuade the employees to be enthusiasm about controlling and preventing accidents in workplace.



Monthly "Safety Talk" for encouraging safety consciousness is set to be as a stage or signboard or center for communicate and broadcast news and movement in safety in workplace. Every month, a representative from safety department will report a summary as well as details and analysis about situations and accidents that occur through out the month, and also provide preventing solutions for the situations or accidents. The news and information are also consistently published through internal broadcast, and signboard.

Annual safety week activity is another activity to encourage employees to join safety activities and create safety awareness of safety in working place.

IRC Safety Ride for Life 2011 is the Company's serial ongoing project which organized annually in all regions of Thailand. The activities will instruct motorcycle users on how to ride safely and encourage them to abide the traffic regulations to prevent accident and loss of lives and property. The local polices is joining the activities as the instructors and at the event, the Company also support motorcycle tires and helmets for the polices used in their duties.

Environmental system The Company has established safety, occupational health and environmental committee to control and study for alternatives of waste and pollutant management to prevent its effect on society, employees and environment as well as study analysis methods of energy consumption in all production parts to gain the most economic benefits. In 2011, the Company carried out the concrete environmental and social projects as follows.

- Install air treatment system before release to environment
- Installed water-reuse system to make use of reuse water for household washing, machine cooling system, air treatment system that filtration by water, and water plants. There is regular procedure to check the quality of reuse water before bringing back into the system.
- Installed smell filtration system, Mist collector, Dust and CO₂ collector to protect the community near by from air-pollution and smell pollution
- Engaged an agency to evaluate environment and pollution regularly in surrounding area to prevent effect that may have to the communities, such as sound measurement, temperature measurement, dust density





measurement, drinking water quality measurement, and water in surrounding area measurement to be according to the safety regulations.

Donate fund, necessary, and give support to social activities

- Blood donation to Thai Red Cross, Thummasat University, and Pranakhorn Sri Ayudhaya Hospital to encourage employees to contribute to the social support activity.
- Supported scholarships educational supplies for students with financial needs
- Supported educational supplies and sport equipments for students at Wat Siwaram School, Wat Sri Pracha School, Lamsai municipal at Amphur Wangnoi Pranakhorn Sri Ayudhaya

province, and Provided computer facilities to Wat Suan Keaw

- Supported fund for landscape improvement of The Federation of Thai Industries in Pathum Thani province, and Supported fund for Red Cross Fair arranged by The Federation.
- Organised low-cost market activity to bring in quality goods at factory-price to local community
- Made a donation for "Ren Nam Jai" project to help flood victims in the Southern part of Thailand

In 2011, the Company donated fund and necessary items to communities around the company's area where flooded, and also established "IRCT GROUP for Flood Relief" to be an official representative for collecting fund and necessary items to give to flood victims.



Corporate Governance

The Company operates under supervision of Board of Directors with intention to operate with good governance, integrity, and responsibility to shareholders and all stakeholders. The employees and directors are reminded that the Company has corporate governance policy in written, and has code of conduct which include business ethics. Throughout the years, the Company applies good governance practices and the Principles of Corporate Governance set by Securities and Exchange Commission as guidelines as well as integrating to Company's operation to increase the efficiency of management system.

As a result, the Institute of Directors working in conjunction with the Stock Exchange of Thailand rated the 2010 Corporate Good Governance survey result for the Company as "Very Good" or four stars. Moreover, the Company was evaluated by the Securities Exchange Commission working in conjunction with the Thai Listed Companies Association and Thai Investors Association, with respect to way in which a listed company organized shareholders' meeting or the Annual General Meeting (AGM) for year 2011, at rating "Very Good".

In 2011, the Company practices good corporate governance according to the procedures of the Stock Exchange of Thailand which covered in five categories as follows:

1. Rights of Shareholders

The Company recognizes the important of rights of all shareholders by complying with the principles prescribed by law. In 2011, the Company held the Annual General Meeting on 28 January 2011. The Company put the shareholders' rights as priority and therefore, facilitated the shareholders to exercise their rights, as follows:

- 1.1 The Company proposed significant agenda items to the shareholders for their approval. The agenda items included the appointment of directors, the approval of director's compensation, the appointment of auditor and approval of auditor's remuneration fee, and the approval of dividend payment, etc. In each agenda, the Company provided facts along with reasons and opinions of the Board of Directors to support the shareholders' decision-making in voting. Moreover, no additional meeting agenda without prior notice was brought into this shareholders' meeting.
- 1.2 The Company assigned Thailand Securities Depository Co., Ltd., its securities registrar, to mail the invitation letter to the shareholders at least 14 days prior to the meeting date. The letter was also made available on the Company's website 30 days ahead of the meeting date. In case a shareholder cannot attend the meeting, the Company allowed the shareholder to authorize someone as a proxy to participate the meeting on his/her behalf by using a proxy form which also provided together with the invitation letter, or can be downloaded on the Company's website.
- 1.3 Prior to the meeting commencement, the Chairman of the meeting announced the number of shareholders presenting in person or by proxy as well as the number of shares represented in the meeting, and clarified to the shareholders of voting and vote count procedures. The Chairman also provided adequate time for the shareholders to express opinions and raise questions.

- 1.4 The Company prepared minute of the shareholders' meeting which included meaningful questions and answers during the meeting. This for allowing the absent shareholders to receive all details of the meeting. Moreover, the minute were clearly recorded resolutions of the meeting, together with votes to agree, disagree and abstain on all agenda items, and were published on the Company's website.

2. Equitable Treatment to Shareholders

The Company has carried out its business by maintaining the rights and benefits of all groups of shareholders on equitable basis. In the past shareholders' meetings, the Company gave the rights to the shareholders in voting of one share for one vote, mailed the invitation letters together with agenda items and supporting information to the shareholders prior to the meetings, as well as notified the shareholders through its website both in Thai and English. In each agenda, opinions of the Board of Directors were provided to support the shareholders' decisions in their voting, and no additional agenda item without prior notice was brought into the meetings. The Company also called for the meeting through daily newspaper for a minimum of three consecutive days, and three days before the meeting day, to allow time for alarming the shareholders of the incoming meeting. For those shareholders who are not convenient to attend the meeting by themselves, the Company allowed the shareholders to authorize someone as a proxy to participate the meeting on his/her behalf by using the attached proxy Form A and Form B which the shareholders were able to decide their directions of voting.

The Company has a written policy to prevent the usage of insider's information, which has been stipulated in the Employee's Code of Conduct that "the executives and employees in the same unit who are informed and learned about the internal information are prohibited from buying and selling the Company's securities during one month prior to the disclosure of financial statements to the public." Throughout the past year, there was no violation of the requirement that occurred. When the directors and executives buy or sell the Company's securities, before or after such prohibited period, they are required to report their changes of stock ownership to the Securities and Exchange Commission as stipulated under the Section 59 of the Securities Exchange Act B.E. 2535. The matter of securities holding by the directors has always been added into the agenda items of the Board of Directors' regular meeting.

The Board of Directors has required all executives and employees in departments, which might concern on the conflict of interest, such as Purchasing Department, Marketing Department, and Personal Department, to make the annual conflict of interest reports to their supervisors and to file with the Company Secretary. In the year 2009, the Board of Directors approved the Form of Conflict of Interest and required all directors and executives report on their interests within 30 September of every year. The Company Secretary then submits the report on interest to the Vice-Chairman (the Company has not yet appointed a Chairman since Mr. Vitya Leeissaranukul, former Chairman, passed away on 31 January 2006) and the Chairman of Audit Committee within seven business days from the date on which the Company had received such report.

3. Roles of Stakeholders

The Company operates the business with intention to operate with responsibility toward all stakeholders for sustainable benefits. The Company therefore establishes guidelines in written for addressing the needs of each group, and announced the Business Morality to all executives and employees for their acknowledgements. In the past year, the Company accounted for the stakeholders' rights as follows:

3.1 Shareholders

As the Company is the representative of shareholders, it aims to maximize the shareholders' satisfaction by placing emphasis on long-term sustainable and favorable profit growth. The sufficient information was disclosed in compliance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. In addition, the Company was respectful of the right of ownership of the shareholders as mentioned in sections of "Rights of Shareholders" and "Equitable Treatment to Shareholders"

3.2 Employees

The Company gives high concern about creating safety and good health to employees at all level since employee is the most valuable asset and the most important factor contributed to Company's success. The Company sets an explicit policy about safety, occupational health and environment management in compliance with international standards and regulations. In addition, the Company promotes and develops a good labor relation system for employees to have a better quality of lives leading to a better cooperation among employees.

As a result, the Company received many awarded from the Ministry of Labor such as "An Excellent Enterprise in Thailand for Safety, Occupational Health and Environmental Workplace", "Outstanding Labour Relations and Welfare 2011", and "Bronze Level" in Zero Accident Campaign from the Department of Labor Protection and Welfare. Moreover the Company's subsidiary also received "Commemorative Certificate" in the Zero Accident Campaign from the same government organization mentioned above.

Throughout 2011, the Company was in action on the employees' responsibility as summarized below:

● Safety

The Company formed a Safety Committee to set guidelines and monitor safety conditions in every department. In 2011, safety trainings were provided in order to control hazardous substances in the workplace such as How to use individual safety equipment, how to drive forklift safely, Using crane legally, Risk Assessment on safety, How to use mixing

roll safely, Basic Fire Fighting and Evacuation Fire Drill Training, Training for Safety Officer at Supervisory Level, How to handle hazardous chemicals, Riding motorcycle safely, Basic First Aid, Working procedure analysis for safety, Monthly "Safety Talk" for encouraging safety consciousness, and CCCF Activity.



● Welfare

The Company has a clear policy to provide employees with good and adequate welfares for their livelihoods. In 2011 the Company arranged "Mother Corner" as and extra welfares for new mother to be concerned of the value of breast feeding. Also the Company arrange monthly birthday party for the employees whose birthday within each month. Apart from those, the Company still provides basic welfares as usual such as leisure centre which include canteen, gym, library, and internet center at "Vitya Memorial Hall" at Wangnoi site, annual health check, transportation to work, free rice, shift wage, overtime wage, and provident fund. Other grants for employees' special occasion are also still available, same as the previous year, such as grant for marriage, child delivery, etc. There is a nursing room available in the company. Moreover, medical treatment fee can be reimbursed. The said welfares have been announced and disclosed on the Company's internal website and in the Company's regulations in section of employee welfares. The Human Resource department is instructed to inform a new employee about the work regulations upon orientation.

During this year, the Company arranged recreation activities such as Karaoke Singing Contest, Internal Sport event, and benefaction on Buddhist special occasion. The Company has policy to upgrade the employees' welfare and benefit to be complied with the Thai Labour Standard TLS 8001:2010 (Beginning of Complete Level). The policies that have been in practice in 2011 were Prevention of sexual harassment policy, and Non-discrimination policy.



● Training and development

The Company has long-term plan for employees to be able to move up in their career part. By setting training plans for new employees and existing employees in each level, the employees can be most efficient in their position at the same time as they develop their own competency. Every year, employees and their supervisors will consider together productive and effective courses that can develop both, each individual's competency and the Company's benefit as a whole. The employees will be assessment annually by using KPI.

The training courses in 2011 included introduction to ISO/TS16949,9000, Requirements on ISO 14001, Basic knowledge on 5S, working safely, Basic knowledge to QCC, Basic knowledge to TPS / KAIZEN, How to use SAP, New Proactive Leadership Skills Workshop, Knowledge on Labour law, Introduction to applied statistic, Value Added Tax regulations, Change Management, Approval Authorities, Quality Awareness. The Company also sent the investor relations officer and the company secretary to attend seminars in order to ensure that the Company has complied with all regulations and good corporate governance practices.



3.3 Customers

The Company places great emphasis to create satisfactions to clients in all dimensions of the products, price and cost in competitive level; goods quality in the best level comparing to the criteria of goods quality set forth by customers; goods deliveries in the best level comparing to the criteria of deliveries set forth by customers and the best successful services to clients at all times. The Company conducts clients' satisfactory assessment from the clients' evaluation results every month for reviews and continuing improvements and that the results of the evaluations which the Company received were in consistently good level. In addition, the Company has carried out its business operations in faithful and equity manner; safeguarding customers' data and not disclosing it without permission of the customers unless it is the data necessarily required to be disclosed to the third party involved in accordance with the provisions of the law.

3.4 Business partners and creditors

Any business operations in conjunction with trading counterparts shall not bring the impairment to the Company's reputation or otherwise contradiction to any laws; equity in the carrying out of business operations and mutual benefits with trading counterparts shall be taken into account; selections of trading counterparts shall be conducted in equity and equal manner without any concealing benefits and the rights in offering the prices shall be equally and perpetually given. The Company holds fast to the contracts or agreements and complies with conditions with creditors as material matter in making back payments on the principals and interests where the Company's reputation in this regard has never been impaired. The Company, in the past year, had none of any disputes in connection with the trading counterparts and creditors.

3.5 Competitors

The Company aims to support free and fair competition and will not try to monopolize the industry or use any illegal and immorality manners. Last year, there was no any dispute against the competitors.

3.6 Society and environment

The Company has always given top priority to society and environment by establishing safety, occupational health and environmental committee to control and study for alternatives of waste and pollutant management to prevent its effect on society, employees and environment as well as study analysis methods of energy consumption in all production parts to gain the most economic benefits. In 2011, the Company carried out the concrete environmental and social projects as follows.

● Society

- Carried on the project of "IRC Safety Ride for Life" annually in every part of Thailand to educate the motorcycle drivers about traffic regulations and safety riding.
- Supported scholarships educational supplies for students with financial needs
- Supported fund for Red Cross event arranged by The Federation of Thai Industries in Pathum Thani province
- Provided computer facilities to Wat Suan Keaw
- Blood donation to Thai Red Cross, Thummasat University, and Pranakhorn Sri Ayudhaya Hospital
- Made a donation to help flood victims around the Company's area
- Supported the Red Cross Fair organized by Federation of Thai Industries, Pathumthani Province

- Organised low-cost market activity to bring in quality goods at factory-price to local community
- Supported educational supplies and sport equipments for students at Wat Siwaram School, Wat Sri Pracha School, Lamsai municipal at Amphur Wangnoi Pranakhorn Sri Ayudhaya province
- Supported fund for landscape improvement of The Federation of Thai Industries in Pathum Thani province
- Made a donation for "Ren Nam Jai" project to help flood victims in the Southern part of Thailand

- **Environment**

- Installed water-reuse system to make use of reuse water for household washing, machine cooling system, air treatment system that filtration by water, and water plants. There is regular procedure to check the quality of reuse water before bringing back into the system.
- Installed smell filtration system, Mist collector, Dust and CO₂ collector to protect the community near by from air-pollution and smell pollution
- Engaged an agency to evaluate environment and pollution regularly in surrounding area to prevent effect that may have to the communities.

4. Disclosure and Transparency

The Company is aware of the importance on the disclosure of the Company's information, both financial and non-financial, for such information would effect the decisions of shareholders, investors and interested persons of all groups, the Company, therefore, has held fast to the principle in disclosing information with accuracy sufficiency and transparency.

- 4.1 The Company made available the disseminations of the Company's various information which include information on financial statements in an accurate, complete and timely manner through the Securities and Exchange channel, Annual Information List Form (Form 56-1) and Annual Report including other reports in compatibility with related regulations of the Securities and Exchange Commission and Stock Exchange of Thailand and that, over the past years, the Company had no history of any delay in submission of financial statements.
- 4.2 The Company updated website data in compatibility with a good way of information disclosure which is the disclosure of important information: such as; the Company's shareholding structures, business group structures, financial statements, annual report, prepared in both Thai and English which can be downloaded from Company's website www.ircthailand.com.
- 4.3 The Company has formed the Investor Relations Section to be as a channel in maintaining direct communication contacts with shareholders, investors, both small and institutional, analysts including and other related entities, such as the Securities Exchange Commission and the Stock Exchange of Thailand. The Company Investor Relations Office can be reached at Telephone 02-996-0890 Ext. 212. The Investor Relations' main activities in 2011 can be concluded as follows:
 - Coordinated conference calls between President and analysts.
 - Coordinated conference calls and personal interviews between President and local and foreign reporters.
 - Gathered and summarized the Company's analyst reports and reported to President

- Gathered related news and information and reported to President
 - Reported importance information through SET system in accordance with the notifications and principle of good corporate governance.
 - Gathered questioned raised by shareholders to President, and answered the questions to the shareholders and investors via phone and e-mail ir@ircthailand.com.
 - Disclosed and updated significant information in the Company website.
- 4.4 The Company is mindful of the importance of quality of financial information in order to make the financial statements accurate, complete and in accordance with the generally accepted accounting standard by having such financial statements audited by independent certified accountant and verified by the Audit Committee, an independent Committee. Over the past year, the Company financial statements, both quarterly and yearly, were certified unconditionally by the independent certified accountant.
- 4.5 The Company is caused to disclose the authorities and duties of the Company Board of Directors and the Audit Committee, the details of which appear on the subject of Management including the number of the meetings and number of meetings attended by each Director, the details of which appear on the subject of Corporate Governance in section "Responsibility of Board of Directors," including the disclosure on the payments of remunerations to Directors and the first four Executives next level down from the Managers, in details on the subject of the management Structure.

5. Responsibilities of the Board

5.1 Director Structure

According to the Articles of Association of the Company, the Board of Directors consist at least five directors and at least half of the directors are required to have a domicile in the Kingdom. The director shall be appointed and removed by the meeting of shareholders. As of 30 September 2011, the Board of Directors consisted of twelve directors, including 9 non-executive directors (four of whom are independent directors) and 3 executive directors (names were shown in the organizational structure)

In the past year, none of director of the Company was appointed as director of other listed company over five companies and had no record of offence against rules and regulations of the Securities Exchange Commission and the Stock Exchange of Thailand.

5.2 Sub-committee

The Company only has one sub-committee; namely the Audit Committee. The Committee consists of independent directors who are neither executives nor employees of the Company. Moreover, they are independent from main shareholders and have no direct or indirect financial interest in the Company. The Chairman of Audit Committee serves tenure of 3 years per term and 2 years per term for other Audit Committees.

In 2011, the Audit Committee held a total of 6 meetings (attendance of the directors is detailed under the "Board of Directors' Meeting" section). The Audit Committee performed its duties in accordance with the Charter of Audit Committee and reported its performance to the Board of Directors in every meeting as well as in the annual report under the message of audit committee.

5.3 Duties and Responsibilities of the Board of Directors

The Board of Directors of the Company had clearly determined and separated duties and responsibilities on the work performed by the Board of Directors and the management (details provided in the management structure) and the work to be performed is clearly classified into different levels of authority and such roles, duties and responsibilities have been clearly communicated to the related persons on regular basis.

5.4 The Board of Directors Meeting

The Company sets the Board of Directors' meeting and notified each director on a meeting calendar in advance in order to enable the directors to attend the meeting. The Board of Directors shall conduct the meeting at least one meeting per quarter and hold special meeting as necessary. The President and the Managing Director jointly consider the meeting agenda, which each director is permitted to propose any matter in the meeting as needed. In 2011, the Board of Directors held a total of 5 meetings and the Audit Committee held a total of 6 meetings. The details of directors' attendance are as follows:

	Name	Board of Directors	Audit Committee	Remark
1	Mr. Koji Matsuda	2/5		
2	Mr. Soichi Inoue	1/5		
3	Mrs. Pimjai Laochinda	5/5		
4	Mr. Takeshi Arakawa	2/5		Resigned on 10 February 2011
5	Mr. Atsushi Imamura	3/5		Appointed as a director on 10 February 2011 to replace Mr. Takeshi Arakawa
6	Mr. Masayuki Inoue	2/5		
7	Mr. Thanong Leeissaranukul	5/5		
8	Mr. Apichart Leeissaranukul	3/5		
9	Mrs. Porntip Sethiwan	5/5		
10	Mr. Yasumi Kawasaki	0/5		Resigned on 12 May 2011
11	Mr. Narumi Saito	0/5		Appointed as independent director on 12 May 2011 to replace Mr. Yasumi Kawasaki
12	Assoc.Prof.Dr.Chesada Loha-unchit	5/5	6/6	
13	Mr. Vichit Vuthisombut	4/5	5/6	
14	Ms. Chaovana Viwatpanachati	5/5	6/6	

Remark : The Company has not yet appointed a Chairman since Mr. Vitya Leeissaranukul, former Chairman passed away on 30 January 2006.

5.5 Board of Directors' Self-Assessment

The Board of Directors has established an annual Board of Directors' self assessment for the purpose of evaluation the performance of the Board as a whole. The result of evaluation can be used to improve the performance of the Board.

5.6 Remuneration

Remuneration of the Board of Directors is determined on a yearly basis, and the total remuneration of each year will be submitted to the meeting of shareholders for approval. Even though the Remuneration Committee has not been formed, the Company has clearly and transparently determined the remuneration as follows. Remuneration for non-executive director is 120,000 baht per year, executive director is 80,000 baht per year, chairman of audit committee is 300,000 baht per year and audit committee is 220,000 Baht per year, and for attendances in each meeting, there will be transportation allowance for 2,000 Baht per person. Such remuneration is mainly determined with consideration on the overall remuneration of the entrepreneur in the same industry and the operating results of the Company. The remuneration of the management is made in accordance with principle and policy of the Board of Directors formulated in connection with the operating results of the Company and the performance of each manager.

5.7 Development for Directors and Executives

The Company has promoted and facilitated training and educating to the Board of Directors, and executives. The Directors who attended the director courses conducted by Thai Institute of Directors (IOD) are as follows:

Name	Position	Training Course
1. Koji Matsuda	Vice-chairman	Director Accreditation Program # 83/2010
2. Mrs. Pimjai Laochinda	Director / President	Director Certification Program # 37/2003
3. Mr. Apichart Leeissaranukul	Director	Director Certification Program # 8/2001
4. Mrs. Porntip Sethiwan	Director	Director Accreditation Program # 5/2003
5. Mr. Masayuki Inoue	Director	Director Accreditation Program # 65/2007
6. Assoc.Prof.Dr.Chesada Loha-unchit	Independent Director / Chairman of Audit Committee	Director Accreditation Program # 82/2010
7. Mr. Vichit Vuthisombut	Independent Director / Audit Committee	Director Accreditation Program # 27/2004 Director Certification Program # 51/2004
8. Ms. Chaovana Viwatpanachati	Independent Director / Audit Committee	Director Accreditation Program # 2/2003 Director Certification Program # 58/2005 Audit Committee Program # 14/2006

Connected Transactions

1. Connected Transaction with Parties with Possible Conflict of Interest

During the year 2011, the Company and the subsidiaries entered into connected transactions with the parties or persons who might have conflict of interest with the Company. Most of the transactions were related to sales and purchases of raw materials and products, assets short-term lease, and services rendered/received. The said transactions were engaged in accordance with the conditions mutually agreed between the Company and the related parties, which relied on the normal business conditions on the Arm's length basis. The Company already disclosed information on such connected transaction, such as description of transaction, transaction value, and pricing policy in note 18 in the financial statements.

2. Necessity and Reasonableness

Most of the connected transactions are the transactions undertaken continuously to support normal business of the Company, which are most beneficial to the Company and enable the Company to achieve a sustainable growth. To enter into each transaction, the Company always makes a decision based on the utmost good faith for the Company's benefits without any conflict of interests.

3. Procedures for Connected Transaction

The Company has clearly stated the procedures for connected transaction in an authorized manual of the Company and the subsidiary companies which aligns with the regulations of the Stock Exchange of Thailand.

4. Policy and Possibility in Conducting the Connected Transaction in Future

All the connected transactions are necessary transactions for normal business operation and/or are conducted based on the normal business conditions. Without more attractive offers of business conditions and trading prices from non-related parties who have no conflict of interest with the Company, the Company would continue such related transactions. However, the Company shall assign the Audit Committee or the external auditor or independent specialists to consider an appropriate value, and disclose type of transaction, value, and rational in conducting the transactions to the shareholders as required by the notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Management Discussions and Analysis

In 2011, economic growth in Thailand has slowed down. The downturn in the global economy, the debt crisis in the Euro zone, and the Tsunami in Japan caused a dropped in Thailand's GDP growth rate during January - September 2011 at 3.1% (it was the period before the flood at the industrial estates in Ayudhaya), while that of the same period in 2010 the growth rate was at 9.3%. Despite the slow down in economy, Thailand's automotive industry continued to grow. Automotive and motorcycle production in Thailand during the Company's fiscal year (October 2010 – September 2011) grew 12% and 17%, respectively, from the previous year.

The Company, as a manufacturer of supplying parts to Automotive and Motorcycle Industry, had its revenue in 2011 fiscal year recorded at 6,059 million Baht, increased by 704 million Baht, or 13% from that of the previous year. The revenue consisted of 2,677 million Baht from industrial elastomer parts, 2,192 million Baht from tire, 605 million Baht from tube for motorcycle tire, and 584 million Baht from wheel set assembly.

In fiscal year 2011, the Company had cost of goods sold of 5,647 million Baht, increase 886 million Baht, or 19% increased from the same period, Gross profit equals to 411 million Baht, decreased 183 million Baht, and Gross Profit Margin was at 7%, decreased 4% compare to that of the previous year.

The significant increase in cost of goods sold was from the higher price of raw materials, majority from natural rubber price which more than 45% increase from that of the previous year, and synthetic rubber which more than 20% increase from that of the previous year. Other raw materials which related to the demand in Automotive industry were in the same direction and also affected by the level-up in the crude oil price, and the high demands for the raw materials in emerging markets, especially China and India. The increasing in direct-labour cost due to the shortage of highly-skill labours. Moreover, the loss of revenue as a result of the Automotive sector slow-down after the Tsunami disaster in March 2011.

Selling and administrative expenses was amounted to 265 million Baht increased by 37 million Baht, or 16% increased comparing to the same period last year. This was mainly resulted from increase in staff cost. Corporate income tax was amounted to 37 million Baht, decreased from the same period last year by 49 million Baht ,or 57% decreased, due to the decrease in net profit.

For the year ended 30 September 2011, the Company and its subsidiaries have net profit of 150 million Baht decreased by 158 million Baht, or 51% decreased comparing to that of last year.

Financial Status

As of 30 September 2011, the Company and its subsidiaries have total assets amounted to 3,688 million Baht increased by 551 million Baht, or 18% increased. The result was mainly from the increase in trade account receivable and inventory in accordance with production growth, and investment in fixed assets.

Total liability was amounted to 1,638 million Baht increased by 501 million Baht or 44% mainly due to increase in trade account payable and short-term loans from financial institutions. Shareholder' equity was amounted to 2,049 million Baht, increased by 50 million Baht, or 3%. Debt to Equity ratio (D/E ratio) for consolidated financial statements as of 30 September 2011 was equal to 0.80 while as of 30 September 2010 was equal to 0.57.

For cash flows statement for the year ended 30 September 2011, the Company and its subsidiaries has net cash and cash equivalents amounted of 85 million Baht, reduced by 115 million Baht. This consisted of net cash from operating activities of 313 million Baht, net cash spent on investing activities was 414 million Baht, and net cash spent on financing activities was 14 million Baht.

Liquidity ratio was equal to 1.32 times and quick ratio equals to 0.85 times, decreased from last year. Collection period of 70 days, and asset turnover ratio remains at 1.79, almost unchanged from last year.

Auditor's Report

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

I have audited the accompanying consolidated and company balance sheet as at 30 September 2011 and 2010, the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the years then ended of Inoue Rubber (Thailand) Public Company Limited and its subsidiaries, and of Inoue Rubber (Thailand) Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 30 September 2011 and 2010 and the consolidated and company results of its operations, and cash flows for the years then ended of Inoue Rubber (Thailand) Public Company Limited and its subsidiaries and of Inoue Rubber (Thailand) Public Company Limited, respectively, in accordance with generally accepted accounting principles.



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

13 December 2011

Balance Sheets

Inoue Rubber (Thailand) Public Company Limited

As at 30 September 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
Assets					
Current assets					
Cash and cash equivalents	5	84,880,246	200,025,831	17,278,735	175,737,018
Trade accounts receivable					
- related companies	6, 18	280,265,477	259,476,916	280,191,507	259,476,916
- other companies, net	6	1,019,433,913	778,166,918	1,019,433,913	778,166,918
Inventories, net	7	711,636,025	526,546,440	699,432,373	520,108,928
Other current assets		46,971,223	27,645,529	46,397,299	26,145,362
Total current assets		2,143,186,884	1,791,861,634	2,062,733,827	1,759,635,142
Non-current assets					
Investments in subsidiaries	10	-	-	20,049,230	20,049,230
Other long-term investment	11	30,781,799	30,781,799	30,781,799	30,781,799
Property, plant and equipment, net	8	1,468,495,888	1,277,966,191	1,406,771,671	1,210,906,177
Intangible assets, net	9	9,801,422	8,114,893	2,068,051	1,788,523
Other assets		35,406,498	27,647,556	35,406,299	27,647,355
Total non-current assets		1,544,485,607	1,344,510,439	1,495,077,050	1,291,173,084
Total assets		3,687,672,491	3,136,372,073	3,557,810,877	3,050,808,226

The notes to the consolidated and company financial statements on pages 48 to 73 form an integral part of these financial statements.

Balance Sheets (Cont'd)

Inoue Rubber (Thailand) Public Company Limited

As at 30 September 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	12	156,000,000	-	156,000,000	-
Trade accounts payable					
- related companies	18	398,360,777	164,391,254	430,033,028	195,308,876
- other companies		897,209,559	712,153,329	883,968,102	704,411,733
Current portion of long-term loans	12	47,000,000	68,000,000	47,000,000	68,000,000
Current portion of finance lease obligations	12	3,866,062	1,026,084	3,866,062	1,026,084
Accrued income tax		3,644,732	31,300,752	691,600	29,159,664
Accrued expenses		84,654,513	73,939,156	76,911,159	68,194,966
Other current liabilities		38,473,819	37,935,139	37,312,329	37,084,220
Total current liabilities		1,629,209,462	1,088,745,714	1,635,782,280	1,103,185,543
Non-current liabilities					
Finance lease obligations	12	9,651,874	2,214,706	9,651,874	2,214,706
Long-term loans from financial institutions	12	-	47,000,000	-	47,000,000
Total non-current liabilities		9,651,874	49,214,706	9,651,874	49,214,706
Total liabilities		1,638,861,336	1,137,960,420	1,645,434,154	1,152,400,249

The notes to the consolidated and company financial statements on pages 48 to 73 form an integral part of these financial statements.

Balance Sheets (Cont'd)

Inoue Rubber (Thailand) Public Company Limited

As at 30 September 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital	13				
Registered share capital		200,000,000	200,000,000	200,000,000	200,000,000
Issued and fully paid-up share capital		200,000,000	200,000,000	200,000,000	200,000,000
Share premium	13	298,000,000	298,000,000	298,000,000	298,000,000
Retained earnings					
Appropriated - legal reserve	14	20,000,000	20,000,000	20,000,000	20,000,000
Unappropriated		1,530,802,476	1,480,404,692	1,394,376,723	1,380,407,977
Total parent's shareholders' equity		2,048,802,476	1,998,404,692	1,912,376,723	1,898,407,977
Minority interests		8,679	6,961	-	-
Total shareholders' equity		2,048,811,155	1,998,411,653	1,912,376,723	1,898,407,977
Total liabilities and shareholders' equity		3,687,672,491	3,136,372,073	3,557,810,877	3,050,808,226

The notes to the consolidated and company financial statements on pages 48 to 73 form an integral part of these financial statements.

Statements of Income

Inoue Rubber (Thailand) Public Company Limited

For the years ended 30 September 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
Revenues					
Sales and service income	20	6,058,600,134	5,354,782,149	6,057,075,777	5,354,154,132
Dividend income	10, 11	1,432,500	-	1,432,500	14,998,950
Other income		46,015,676	34,818,891	46,950,782	35,995,825
Total revenues		6,106,048,310	5,389,601,040	6,105,459,059	5,405,148,907
Expenses					
Cost of sales and service	20	5,647,430,159	4,761,036,293	5,697,385,541	4,786,620,442
Selling expenses	20	78,771,273	74,949,546	78,771,273	74,949,546
Administrative expenses		143,556,104	123,491,950	137,938,545	117,158,106
Managements remuneration	18	27,402,815	21,066,782	27,402,815	21,066,782
Other expenses		15,276,627	8,232,395	15,216,692	8,122,372
Total expenses		5,912,436,978	4,988,776,966	5,956,714,866	5,007,917,248
Profit before financial costs and income tax					
Financial costs	15	193,611,332	400,824,074	148,744,193	397,231,659
	17	(6,052,565)	(6,130,927)	(6,028,588)	(6,095,601)
Profit before income tax		187,558,767	394,693,147	142,715,605	391,136,058
Income tax		(37,159,265)	(86,183,978)	(28,746,859)	(81,898,428)
Profit for the year		150,399,502	308,509,169	113,968,746	309,237,630
Attributable to:					
Equity holders of the parent		150,397,784	308,508,334	113,968,746	309,237,630
Minority interest		1,718	835	-	-
		150,399,502	308,509,169	113,968,746	309,237,630
Earnings per share for the attributable to the equity holders of the parent					
Basic earnings per share (Baht)	16	0.75	1.54	0.57	1.55

The notes to the consolidated and company financial statements on pages 48 to 73 form an integral part of these financial statements.

Statements of Changes in Shareholders' Equity

Inoue Rubber (Thailand) Public Company Limited

For the years ended 30 September 2011 and 2010

	Consolidated						
	Equity holders of the Company				Total Baht	Minority interest Baht	Total Baht
	Issued and fully paid-up share capital Baht	Share premium Baht	Legal reserve Baht	Unappropriated retained earnings Baht			
Balance as at 30 September 2010	200,000,000	298,000,000	20,000,000	1,480,404,692	1,998,404,692	6,961	1,998,411,653
Net profit for the year	-	-	-	150,397,784	150,397,784	1,718	150,399,502
Dividend paid (Note 23)	-	-	-	(100,000,000)	(100,000,000)	-	(100,000,000)
Balance as at 30 September 2011	<u>200,000,000</u>	<u>298,000,000</u>	<u>20,000,000</u>	<u>1,530,802,476</u>	<u>2,048,802,476</u>	<u>8,679</u>	<u>2,048,811,155</u>
Balance as at 30 September 2009	200,000,000	298,000,000	20,000,000	1,255,896,358	1,773,896,358	7,177	1,773,903,535
Net profit for the year	-	-	-	308,508,334	308,508,334	835	308,509,169
Dividend paid	-	-	-	(84,000,000)	(84,000,000)	(1,051)	(84,001,051)
Balance as at 30 September 2010	<u>200,000,000</u>	<u>298,000,000</u>	<u>20,000,000</u>	<u>1,480,404,692</u>	<u>1,998,404,692</u>	<u>6,961</u>	<u>1,998,411,653</u>

The notes to the consolidated and company financial statements on pages 48 to 73 form an integral part of these financial statements.

Inoue Rubber (Thailand) Public Company Limited

For the years ended 30 September 2011 and 2010

	Company				Total Baht
	Issued and fully paid-up share capital Baht	Share premium Baht	Legal reserve Baht	Unappropriated retained earnings Baht	
Balance as at 30 September 2010	200,000,000	298,000,000	20,000,000	1,380,407,977	1,898,407,977
Net profit for the year	-	-	-	113,968,746	113,968,746
Dividend paid (Note 23)	-	-	-	(100,000,000)	(100,000,000)
Balance as at 30 September 2011	<u>200,000,000</u>	<u>298,000,000</u>	<u>20,000,000</u>	<u>1,394,376,723</u>	<u>1,912,376,723</u>
Balance as at 30 September 2009	200,000,000	298,000,000	20,000,000	1,155,170,347	1,673,170,347
Net profit for the year	-	-	-	309,237,630	309,237,630
Dividend paid	-	-	-	(84,000,000)	(84,000,000)
Balance as at 30 September 2010	<u>200,000,000</u>	<u>298,000,000</u>	<u>20,000,000</u>	<u>1,380,407,977</u>	<u>1,898,407,977</u>

The notes to the consolidated and company financial statements on pages 48 to 73 form an integral part of these financial statements.

Statements of Cash Flows

Inoue Rubber (Thailand) Public Company Limited

For the years ended 30 September 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
Cash flows from operating activities					
Net profit before income tax		187,558,767	394,693,147	142,715,605	391,136,058
Adjustments for:					
Depreciation	8	254,834,063	235,409,697	239,112,678	218,714,205
Amortisation	9	2,314,980	4,049,507	660,031	1,002,029
Reversal of allowance for doubtful debts		-	(504,516)	-	(504,516)
Allowance for obsolete inventories (reversal)		215,428	(2,707,607)	215,428	(2,707,607)
Gain on disposals of property, plant and equipment		(704,419)	(2,120,077)	(516,420)	(2,528,052)
Dividend income		(1,432,500)	-	(1,432,500)	(14,998,950)
Interest income		(1,547,950)	(753,945)	(664,239)	(587,841)
Interest expenses		5,773,103	5,668,566	5,769,941	5,664,452
Changes in operating assets and liabilities					
Trade accounts receivable		(262,055,556)	(182,872,324)	(261,981,586)	(183,395,326)
Inventories		(185,305,014)	(150,126,002)	(179,538,873)	(151,939,767)
Other current assets		(22,574,560)	10,379,722	(20,809,318)	10,270,750
Other assets		(7,758,943)	222,944	(7,758,944)	152,944
Trade accounts payable		397,104,812	144,571,723	391,525,843	162,409,478
Other current liabilities and accrued expenses		11,186,161	(3,476,173)	8,876,429	(2,791,957)
Net cash receipts from operating activities		377,608,372	452,434,662	316,174,075	429,895,900
Interest received		1,600,807	685,288	746,192	527,599
Interest paid		(5,705,230)	(6,592,325)	(5,702,069)	(6,588,211)
Income tax paid		(60,186,774)	(106,831,187)	(55,306,996)	(106,646,764)
Net cash flows from operating activities		313,317,175	339,696,438	255,911,202	317,188,524

The notes to the consolidated and company financial statements on pages 48 to 73 form an integral part of these financial statements.

Statements of Cash Flows (Cont'd)

Inoue Rubber (Thailand) Public Company Limited

For the years ended 30 September 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
Cash flows from investing activities					
Purchases of property, plant and equipment	8	(414,735,276)	(211,454,617)	(403,504,687)	(204,558,295)
Purchases of intangible assets	9	(4,001,509)	(1,839,913)	(939,559)	(668,450)
Dividend received from subsidiary		-	-	-	14,998,950
Proceeds from disposals of property, plant and equipment		4,569,074	4,490,807	4,369,810	4,375,082
Net cash flows from investing activities		(414,167,711)	(208,803,723)	(400,074,436)	(185,852,713)
Cash flows from financing activities					
Increase (decrease) in bank overdrafts and short-term loans from financial institutions		156,000,000	(1,054,572)	156,000,000	-
Repayment of long-term loans	12	(68,000,000)	(68,000,000)	(68,000,000)	(68,000,000)
Finance lease obligations	12	(2,295,049)	(429,300)	(2,295,049)	(429,300)
Dividend paid	23	(100,000,000)	(84,000,000)	(100,000,000)	(84,000,000)
Dividend paid by subsidiary to minority interests		-	(1,051)	-	-
Net cash flows from financing activities		(14,295,049)	(153,484,923)	(14,295,049)	(152,429,300)
Net decrease in cash and cash equivalents		(115,145,585)	(22,592,208)	(158,458,283)	(21,093,489)
Cash and cash equivalents, beginning balance		200,025,831	222,618,039	175,737,018	196,830,507
Cash and cash equivalents, ending balance		84,880,246	200,025,831	17,278,735	175,737,018
Non-cash transactions					
Significant non-cash activities for the years ended 30 September 2011 and 2010 comprise:					
- Accounts payable - Property, plant and equipment		62,828,630	40,907,689	62,196,721	39,442,043
- Dividend receivable		1,432,500	-	1,432,500	-

The notes to the consolidated and company financial statements on pages 48 to 73 form an integral part of these financial statements.

Notes to the Consolidated and Company Financial Statements

Inoue Rubber (Thailand) Public Company Limited

For the years ended 30 September 2011 and 2010

1 General information

Inoue Rubber (Thailand) Public Company Limited (“the Company”) is a public limited 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 and another factory at No. 157, Moo 5, Phahoyothin Road, Lamsai, Wangnoi, Ayutthaya.

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

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.

These consolidated and company financial statements were authorised for issue by the Board of Directors on 13 December 2011.

2 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below.

2.1 Basis for preparation

The consolidated and company financial statements have been 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 under the Securities and Exchange Act B.E. 2535.

The consolidated and company financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

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

2 Accounting policies (Cont'd)

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

a) Accounting framework

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

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 periods 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

2 Accounting policies (Cont'd)

2.2 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)

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;

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 2011 retrospectively with an expected deferred tax account incurred and changes in retained earnings and income tax expense.

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.

2 Accounting policies (Cont'd)

2.2 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 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.

2.3 Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of income.

2.4 Financial instruments

The Group is party to derivative financial instruments, which is foreign currency forward contracts. Such instrument is not recognised in the financial statements on inception.

Foreign currency forward contracts protect the group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the forward exchange contract. The gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes and are not recognised in the financial statements. The fee incurred in establishing each agreement is amortised over the contract period, if any.

Disclosures related to financial instruments to which the Group is a party are provided in Note 24.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from the date of acquisition and bank overdrafts are included in current liabilities on the balance sheet.

2.6 Trade accounts receivable

Trade accounts receivable are recognised initially at the original invoice amount and subsequently measured at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the statements of income.

2 Accounting policies (Cont'd)

2.7 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.8 Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered.

In the Company's separate financial statements, investments in subsidiaries are reported by using cost method.

A list of the Group's principal subsidiaries is set out in Note 10.

2.9 Investment in other company

The Group has classified its investments other than investments in subsidiaries as investment in other company which is investment in non-marketable equity securities. Investment in other company which the Group classified as non-current assets, are stated at cost less impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income.

2 Accounting policies (Cont'd)

2.10 Property, plant and equipment

Land is stated at cost, plant and equipment are carried at cost less accumulated depreciation.

Depreciation is calculated on the straight line basis to write off the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

Land improvements	10 years
Building and building improvement	10 - 20 years
Machinery	5 - 10 years
Tools and factory equipment	5 years
Furniture, fixtures and office equipment	3 - 5 years
Motor vehicles	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repairs and maintenance are charged to the statements of income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statements of income.

2.11 Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives 3 - 10 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Development costs of new product recognised as assets are amortised using the straight line basis over their useful lives, not exceeding a period of 5 years.

2.12 Impairment of assets

Property, plant and equipment and other non-current assets, including intangible assets that are subject to amortisation are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Assets that suffered impairment are reversed for possible impairment loss when the estimation of the recoverable amount was changed in subsequent period after the Company's recognition of impairment.

2 Accounting policies (Cont'd)

2.13 Leases - where a Group company is the lessee

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period.

2.14 Leases - where a Group company is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.15 Income taxes

The Group does not recognise income taxes payable or receivable in future periods in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation of property, plant and equipment, allowance for doubtful accounts and obsolete and defective inventories.

2.16 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.17 Provident fund

The Group operates a provident fund, being a defined benefit contribution plan the assets of which are held in a separate trustee-administered fund. The provident fund is funded by payments from employees and by the relevant group companies. The Group's contributions to the provident fund are charged to the statement of income in the year to which they relate.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2 Accounting policies (Cont'd)

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service net of output tax, rebates and discounts, and after eliminating sales within the Group for the consolidated financial statements. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Revenue from rendering services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

Rental income is recognised on the accrual basis at the amount as specified under each lease agreement.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Dividend income is recognised when the right to receive payment is established.

2.20 Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

Segment information is presented by business segment of the Group's operations in Note 20.

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Impairment of receivable

The Group maintains an allowance for doubtful accounts to reflect impairment of trade receivables relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Group's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends.

b) Plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's plant and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

c) Allowance for inventories

Allowance for obsolescence and diminution in value of inventories are intended to adjust the value of inventories for probable losses. The management uses judgement to establish allowances for estimated losses for each outstanding inventories. The allowances for obsolescence and diminution in value of inventories are determined through a combination of analysis of inventories aging.

4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

5 Cash and cash equivalents

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Cash on hand	65,000	65,000	50,000	50,000
Deposits held at call with banks	84,815,246	199,960,831	17,228,735	175,687,018
	<u>84,880,246</u>	<u>200,025,831</u>	<u>17,278,735</u>	<u>175,737,018</u>

The effective interest rate of deposits held at call with banks was varying from 0.75 - 3.35 percent per annum (2010: 0.75 - 1.65 percent per annum).

6 Trade accounts receivable, net

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

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
<u>Related companies</u>				
Current	280,187,815	259,476,916	280,113,845	259,476,916
Overdue not over 3 months	77,662	-	77,662	-
Overdue 3-6 months	-	-	-	-
Overdue 6-12 months	-	-	-	-
Overdue more than 12 months	-	-	-	-
	<u>280,265,477</u>	<u>259,476,916</u>	<u>280,191,507</u>	<u>259,476,916</u>
<u>Other companies</u>				
Current	1,013,002,618	776,997,039	1,013,002,618	776,997,039
Overdue not over 3 months	6,431,295	1,082,192	6,431,295	1,082,192
Overdue 3-6 months	-	-	-	-
Overdue 6-12 months	-	-	-	-
Overdue more than 12 months	2,167,775	2,255,462	2,167,775	2,255,462
Total	<u>1,021,601,688</u>	<u>780,334,693</u>	<u>1,021,601,688</u>	<u>780,334,693</u>
<u>Less</u> Allowance for doubtful accounts	<u>(2,167,775)</u>	<u>(2,167,775)</u>	<u>(2,167,775)</u>	<u>(2,167,775)</u>
	<u>1,019,433,913</u>	<u>778,166,918</u>	<u>1,019,433,913</u>	<u>778,166,918</u>
Total trade accounts receivable, net	<u>1,299,699,390</u>	<u>1,037,643,834</u>	<u>1,299,625,420</u>	<u>1,037,643,834</u>

7 Inventories, net

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Raw materials (net with allowance)	348,886,333	265,784,025	348,813,359	265,600,868
Work in process	99,216,241	75,423,443	89,642,947	72,132,933
Finished goods (net with allowance)	158,652,034	113,040,094	158,652,034	113,040,094
Supplies and spare parts	30,942,072	26,441,286	28,384,688	23,477,442
Raw materials in transit	73,939,345	45,857,592	73,939,345	45,857,591
Total inventories, net	711,636,025	526,546,440	699,432,373	520,108,928

During 2011, the Group and the Company reversed their allowance for diminution value of inventories to net realisable value and obsolete inventories to the statement of income amounting to Baht 215,428 (2010: allowance for diminution value of inventories to net realisable value and obsolete inventories was charged to the statement of income amounting to Baht 2,707,607).

8 Property, plant, and equipment, net

	Consolidated							Total Baht
	Land and land improvement Baht	Building and building improvement Baht	Machinery Baht	Tools and factory equipment Baht	Furniture, fixture and office equipment Baht	Motor vehicle Baht	Construction in progress Baht	
As at 30 September 2009								
Cost	134,958,236	611,445,171	1,672,179,137	1,113,198,033	72,672,879	20,830,903	20,384,495	3,645,668,854
Less Accumulated depreciation	(14,426,730)	(353,266,853)	(996,894,342)	(922,802,481)	(59,332,115)	(10,103,281)	-	(2,356,825,802)
Net book amount	<u>120,531,506</u>	<u>258,178,318</u>	<u>675,284,795</u>	<u>190,395,552</u>	<u>13,340,764</u>	<u>10,727,622</u>	<u>20,384,495</u>	<u>1,288,843,052</u>
For the year ended 30 September 2010								
Opening net book value	120,531,506	258,178,318	675,284,795	190,395,552	13,340,764	10,727,622	20,384,495	1,288,843,052
Additions	384,000	16,237,477	38,080,384	115,753,389	5,202,945	6,503,415	44,741,955	226,903,565
Disposals	-	-	(349,861)	(1,612,584)	(47,202)	(262,098)	-	(2,271,745)
Write off	-	-	(66,717)	-	(32,267)	-	-	(98,984)
Transfers	-	-	11,453,136	1,734,161	-	-	(13,187,297)	-
Depreciation charge	(1,370,897)	(31,096,511)	(107,247,794)	(84,717,611)	(6,871,904)	(4,104,980)	-	(235,409,697)
Closing net book amount	<u>119,544,609</u>	<u>243,319,284</u>	<u>617,153,943</u>	<u>221,552,907</u>	<u>11,592,336</u>	<u>12,863,959</u>	<u>51,939,153</u>	<u>1,277,966,191</u>
As at 30 September 2010								
Cost	135,342,235	627,682,648	1,701,945,679	1,215,219,008	75,247,884	26,788,917	51,939,153	3,834,165,524
Less Accumulated depreciation	(15,797,626)	(384,363,364)	(1,084,791,736)	(993,666,101)	(63,655,548)	(13,924,958)	-	(2,556,199,333)
Net book amount	<u>119,544,609</u>	<u>243,319,284</u>	<u>617,153,943</u>	<u>221,552,907</u>	<u>11,592,336</u>	<u>12,863,959</u>	<u>51,939,153</u>	<u>1,277,966,191</u>
For the year ended 30 September 2011								
Opening net book value	119,544,609	243,319,284	617,153,943	221,552,907	11,592,336	12,863,959	51,939,153	1,277,966,191
Additions	2,479,500	12,745,143	73,958,252	133,967,525	9,631,426	14,657,396	201,789,172	449,228,414
Disposals	-	-	(1,254,237)	(1,355,903)	(185,507)	(474,114)	-	(3,269,761)
Write off	-	-	(124,903)	(20,407)	(67,111)	(382,472)	-	(594,893)
Transfers	1,050,000	3,758,337	58,815,354	2,556,470	-	182,000	(66,362,161)	-
Depreciation charge	(1,517,396)	(31,514,419)	(114,912,599)	(95,059,308)	(6,547,658)	(5,282,683)	-	(254,834,063)
Closing net book amount	<u>121,556,713</u>	<u>228,308,345</u>	<u>633,635,810</u>	<u>261,641,284</u>	<u>14,423,486</u>	<u>21,564,086</u>	<u>187,366,164</u>	<u>1,468,495,888</u>
As at 30 September 2011								
Cost	138,871,735	644,077,127	1,817,261,937	1,346,025,178	81,647,744	37,382,927	187,366,164	4,252,632,812
Less Accumulated depreciation	(17,315,022)	(415,768,782)	(1,183,626,127)	(1,084,383,894)	(67,224,258)	(15,818,841)	-	(2,784,136,924)
Net book amount	<u>121,556,713</u>	<u>228,308,345</u>	<u>633,635,810</u>	<u>261,641,284</u>	<u>14,423,486</u>	<u>21,564,086</u>	<u>187,366,164</u>	<u>1,468,495,888</u>

8 Property, plant, and equipment, net (Cont'd)

	Company							Total Baht
	Land and land improvement Baht	Building and building improvement Baht	Machinery Baht	Tools and factory equipment Baht	Furniture, fixture and office equipment Baht	Motor vehicle Baht	Construction in progress Baht	
As at 30 September 2009								
Cost	134,958,236	607,175,419	1,545,009,786	1,085,525,827	55,529,056	20,480,048	19,141,655	3,467,820,027
<u>Less</u> Accumulated depreciation	(14,426,730)	(350,992,535)	(930,524,925)	(905,042,039)	(44,899,476)	(9,899,970)	-	(2,255,785,675)
Net book amount	<u>120,531,506</u>	<u>256,182,884</u>	<u>614,484,861</u>	<u>180,483,788</u>	<u>10,629,580</u>	<u>10,580,078</u>	<u>19,141,655</u>	<u>1,212,034,352</u>
Year ended 30 September 2010								
Opening net book value	120,531,506	256,182,884	614,484,861	180,483,788	10,629,580	10,580,078	19,141,655	1,212,034,352
Additions	384,000	15,770,333	37,901,779	114,387,960	4,187,463	6,429,416	40,372,111	219,433,062
Disposals	-	-	(349,860)	(1,133,027)	(3,068)	(262,098)	-	(1,748,053)
Write off	-	-	(66,717)	-	(32,262)	-	-	(98,979)
Transfers	-	-	9,894,297	1,564,081	-	-	(11,458,378)	-
Depreciation charge	(1,370,897)	(30,190,107)	(96,471,986)	(81,136,721)	(5,483,205)	(4,061,289)	-	(218,714,205)
Closing net book amount	<u>119,544,609</u>	<u>241,763,110</u>	<u>565,392,374</u>	<u>214,166,081</u>	<u>9,298,508</u>	<u>12,686,107</u>	<u>48,055,388</u>	<u>1,210,906,177</u>
As at 30 September 2010								
Cost	135,342,236	622,945,752	1,573,661,063	1,188,022,134	57,304,081	26,364,064	48,055,388	3,651,694,718
<u>Less</u> Accumulated depreciation	(15,797,627)	(381,182,642)	(1,008,268,689)	(973,856,053)	(48,005,573)	(13,677,957)	-	(2,440,788,541)
Net book amount	<u>119,544,609</u>	<u>241,763,110</u>	<u>565,392,374</u>	<u>214,166,081</u>	<u>9,298,508</u>	<u>12,686,107</u>	<u>48,055,388</u>	<u>1,210,906,177</u>
Year ended 30 September 2011								
Opening net book value	119,544,609	241,763,110	565,392,374	214,166,081	9,298,508	12,686,107	48,055,388	1,210,906,177
Additions	2,479,500	11,342,528	73,688,253	131,662,164	8,387,567	14,567,696	196,703,854	438,831,562
Disposals	-	-	(1,254,235)	(1,353,486)	(176,676)	(474,114)	-	(3,258,511)
Write off	-	-	(124,903)	(20,407)	(67,097)	(382,472)	-	(594,879)
Transfers	1,050,000	3,758,337	56,467,758	2,345,684	-	182,000	(63,803,779)	-
Depreciation charge	(1,517,396)	(30,845,408)	(104,474,943)	(91,850,465)	(5,200,817)	(5,223,649)	-	(239,112,678)
Closing net book amount	<u>121,556,713</u>	<u>226,018,567</u>	<u>589,694,304</u>	<u>254,949,571</u>	<u>12,241,485</u>	<u>21,355,568</u>	<u>180,955,463</u>	<u>1,406,771,671</u>
As at 30 September 2011								
Cost	138,871,735	638,046,617	1,687,253,131	1,316,764,185	62,779,414	36,868,371	180,955,463	4,061,538,916
<u>Less</u> Accumulated depreciation	(17,315,022)	(412,028,050)	(1,097,558,827)	(1,061,814,614)	(50,537,929)	(15,512,803)	-	(2,654,767,245)
Net book amount	<u>121,556,713</u>	<u>226,018,567</u>	<u>589,694,304</u>	<u>254,949,571</u>	<u>12,241,485</u>	<u>21,355,568</u>	<u>180,955,463</u>	<u>1,406,771,671</u>

9 Intangible assets, net

	Consolidated		
	Computer software Baht	Golf membership Baht	Total Baht
As at 30 September 2009			
Cost	46,136,386	1,015,050	47,151,436
<u>Less</u> Accumulated amortisation	(36,000,549)	(826,400)	(36,826,949)
Net book value	10,135,837	188,650	10,324,487
Year ended 30 September 2010			
Opening net book value	10,135,837	188,650	10,324,487
Additions	1,839,913	-	1,839,913
Amortisation charge	(3,860,857)	(188,650)	(4,049,507)
Closing net book value	8,114,893	-	8,114,893
As at 30 September 2010			
Cost	47,976,299	1,015,050	48,991,349
<u>Less</u> Accumulated amortisation	(39,861,406)	(1,015,050)	(40,876,456)
Net book value	8,114,893	-	8,114,893
Year ended 30 September 2011			
Opening net book value	8,114,893	-	8,114,893
Additions	4,001,509	-	4,001,509
Amortisation charge	(2,314,980)	-	(2,314,980)
Closing net book value	9,801,422	-	9,801,422
As at 30 September 2011			
Cost	51,977,808	-	51,977,808
<u>Less</u> Accumulated amortisation	(42,176,386)	-	(42,176,386)
Net book value	9,801,422	-	9,801,422

9 Intangible assets, net (Cont'd)

	Company		
	Computer software Baht	Golf membership Baht	Total Baht
As at 30 September 2009			
Cost	24,686,066	1,015,050	25,701,116
<u>Less</u> Accumulated amortisation	(22,752,614)	(826,400)	(23,579,014)
Net book value	<u>1,933,452</u>	<u>188,650</u>	<u>2,122,102</u>
Year ended 30 September 2010			
Opening net book value	1,933,452	188,650	2,122,102
Additions	668,450	-	668,450
Amortisation charge	(813,379)	(188,650)	(1,002,029)
Closing net book value	<u>1,788,523</u>	<u>-</u>	<u>1,788,523</u>
As at 30 September 2010			
Cost	25,354,516	1,015,050	26,369,566
<u>Less</u> Accumulated amortisation	(23,565,993)	(1,015,050)	(24,581,043)
Net book value	<u>1,788,523</u>	<u>-</u>	<u>1,788,523</u>
Year ended 30 September 2011			
Opening net book value	1,788,523	-	1,788,523
Additions	939,559	-	939,559
Amortisation charge	(660,031)	-	(660,031)
Closing net book value	<u>2,068,051</u>	<u>-</u>	<u>2,068,051</u>
As at 30 September 2011			
Cost	26,294,075	-	26,294,075
<u>Less</u> Accumulated amortisation	(24,226,024)	-	(24,226,024)
Net book value	<u>2,068,051</u>	<u>-</u>	<u>2,068,051</u>

10 Investments in subsidiaries

As at 30 September the Company has investments in subsidiaries in Thailand as follows:

Company	Type of business	Registered country	Company		
			30 September 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, net					<u>20,049,230</u>

10 Investments in subsidiaries (Cont'd)

Company	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
Kin No Hoshi Engineering Co., Ltd.	Manufacture and repair of mold	Thai	10,000,000	99.99	9,999,300
Investment in subsidiaries, net					20,049,230

At the Annual General Meeting of shareholders of Kinno Hoshi Engineering Company Limited, held on 28 January 2010, the shareholders passed a resolution approving divided payment from its operating results for 2009 at Baht 150 per share, totaling Baht 15 million. The dividend was distributed on 14 June 2010.

11 Other long-term investment

As at 30 September the Group has other investment are as follows:

Company	Type of business	Registered country	Consolidated and company		
			30 September 2011		
			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
Total					30,781,799

Company	Type of business	Registered country	Consolidated and company		
			30 September 2010		
			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
Total					30,781,799

During the year, Inoue Rubber Vietnam Company Limited declared the dividend payment from its operating results for the year ended 31 December 2009 at totaling Baht 1.43 million. The dividend has not been received.

12 Borrowings

12.1 Loans from financial institutions

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Short-term loans	156,000,000	-	156,000,000	-
Long-term loan due within 1 year	47,000,000	68,000,000	47,000,000	68,000,000
Long-term loan	-	47,000,000	-	47,000,000
Total loans from financial institutions	<u>203,000,000</u>	<u>115,000,000</u>	<u>203,000,000</u>	<u>115,000,000</u>

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

	Consolidated Baht	Company Baht
Opening balance	115,000,000	115,000,000
Additions	237,000,000	237,000,000
Repayments	<u>(149,000,000)</u>	<u>(149,000,000)</u>
Closing balance	<u>203,000,000</u>	<u>203,000,000</u>

Loans from financial institutions represent loans denominated in Baht comprise:

- 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 September 2011, the outstanding balance of the loan was Baht 15 million.
- 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 September 2011, the outstanding balance of the loan was Baht 32 million.
- In July 2011, the Company entered into a loan agreement for short term loan of Baht 100 million with a local branch of a foreign commercial bank which is payable in July 2012. The loan carries interest at rate 3.62 percent per annum.
- In September 2011, the Company entered into a loan agreement for a call loan of Baht 56 million with a local branch of a foreign commercial bank. The loan carries interest at rate 3.55 percent per annum.

12 Borrowings (Cont'd)

12.2 Finance lease

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Finance lease liabilities - minimum lease payments:				
Not later than 1 year	4,802,439	1,266,590	4,802,439	1,266,590
Later than 1 year	11,093,417	2,503,940	11,093,417	2,503,940
Future finance charges on finance leases	(2,377,920)	(529,740)	(2,377,920)	(529,740)
Present value of finance lease liabilities	13,517,936	3,240,790	13,517,936	3,240,790
Representing lease liabilities:				
- current	3,866,062	1,026,084	3,866,062	1,026,084
- non current	9,651,874	2,214,706	9,651,874	2,214,706
	13,517,936	3,240,790	13,517,936	3,240,790

Movement in finance lease obligations for the year ended 30 September 2011 is as follows:

	Consolidated Baht	Company Baht
Opening balance	3,240,790	3,240,790
Additions	12,572,195	12,572,195
Repayments	(2,295,049)	(2,295,049)
Closing balance	13,517,936	13,517,936

13 Share capital and premium on share

	Consolidated and company			
	Number of shares	Ordinary shares Baht	Share premium Baht	Total Baht
As at 30 September 2010	200,000,000	200,000,000	298,000,000	498,000,000
As at 30 September 2011	200,000,000	200,000,000	298,000,000	498,000,000

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

14 Legal reserve

Under the Public Companies Act, B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of profit arisen from the business of the Company after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered share capital. This reserve is non-distributable.

15 Expense by nature

The following expenditure items, classified by nature, have been charged in arriving at the operating profit:

	Consolidated	
	2011 Baht	2010 Baht
Raw materials and consumables used	3,872,123,870	3,174,055,676
Changes in inventories of finished goods and work in progress	70,453,661	24,927,950
Depreciation on property, plant and equipment (Note 8)	254,834,063	235,409,697
Staff costs	496,503,968	419,425,206
Advertising and promotion expenses	14,556,863	17,013,090
Amortisation (Note 9)	2,314,980	4,049,507
Gain (loss) on exchange	(100,511)	4,731,398
Rental expenses	1,582,824	2,861,809
	Company	
	2011 Baht	2010 Baht
Raw materials and consumables used	3,845,052,722	3,160,521,506
Changes in inventories of finished goods and work in progress	64,170,876	25,133,941
Depreciation on property, plant and equipment (Note 8)	239,112,678	218,714,205
Staff costs	457,514,194	387,775,486
Advertising and promotion expenses	14,556,863	17,013,080
Amortisation (Note 9)	660,031	1,002,029
Gain (loss) on exchange	(44,999)	4,681,111
Rental expenses	1,582,824	2,861,809

16 Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

	Consolidated	
	2011	2010
Net profit attributable to equity holders of the parent (Baht)	150,399,502	308,509,169
Weighted average of issued ordinary shares during the year (Shares)	200,000,000	200,000,000
Basic earnings per share (Baht)	0.75	1.54
	Company	
	2011	2010
Net profit attributable to equity holders of the parent (Baht)	113,968,746	309,237,630
Weighted average of issued ordinary shares during the year (Shares)	200,000,000	200,000,000
Basic earnings per share (Baht)	0.57	1.55

There are no dilutive potential ordinary shares in issue during the years presented.

17 Financial costs

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Interest expenses	5,773,103	5,667,645	5,769,941	5,664,452
Bank charge	279,462	463,282	258,647	431,149
Financial costs	6,052,565	6,130,927	6,028,588	6,095,601

18 Related party transactions

During the year, 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 to a third party
Technical assistance fee expenses	Prices as agreed in the contract which base on percentage of sales

The significant related company transactions for the years ended 30 September are summarised as follows:

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Sale of goods				
Related companies	1,320,535	1,346,064	1,320,535	1,346,064
Service and other income				
Related companies	13,455	6,040	13,455	6,040
Rental income				
Subsidiaries	-	-	2,372	2,372
Related companies	7,436	7,275	7,436	7,275
	7,436	7,275	9,808	9,647
Dividend income				
Subsidiary	-	-	-	14,998,950
Related company	1,432,500	-	1,432,500	-
	1,432,500	-	1,432,500	14,998,950
Purchases of raw materials				
Related companies	800,157	651,242	800,157	651,242
Purchases of equipment				
Subsidiaries	-	-	87,324	56,580
Related companies	3,835	-	3,835	-
	3,835	-	91,159	56,580

18 **Related party transactions (Cont'd)**

	Consolidated		Company	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Research and development expense				
Subsidiaries	-	-	60,161	47,974
Technical assistance fee expenses				
Related companies	79,112	57,164	71,118	55,167
Advertising expenses				
Related companies	4,575	3,390	4,575	3,390

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 lease 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 Company entered into technical assistance and professional service agreements with an overseas related company. Under those agreements, the Group have 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.

The outstanding balances as at 30 September between the Company and those related companies are summarised as follows:

	Consolidated		Company	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Trade accounts receivable				
Related companies:				
The Sittipol (1919) Co., Ltd.	81,313,421	101,495,404	81,313,421	101,495,404
Inoac Tokai (Thailand) Co., Ltd.	140,334,837	118,472,344	140,334,837	118,472,344
Inoue Rubber Co., Ltd. - Japan	20,936,049	16,616,472	20,936,049	16,616,472
SK Rubber Product Co., Ltd.	11,604,434	10,033,863	11,604,434	10,033,863
Thai Stanley Public Co., Ltd.	5,067,268	4,291,207	5,067,268	4,291,207
Inoac International Co., Ltd.	126,688	125,965	126,688	125,965
Inoue Rubber Vietnam Co., Ltd.	11,919,396	2,066,545	11,919,396	2,066,545
Sirivit-Stanley Co., Ltd.	4,164,170	3,037,748	4,164,170	3,037,748
Asian Stanley International	1,444	-	1,444	-
Inoac Thailand Co., Ltd.	1,974,932	-	1,900,962	-
Toei - Inoac Limited	1,259,563	1,402,586	1,259,563	1,402,586
Asian Rubber Parts Co., Ltd.	38,283	-	38,283	-
Inoac Vietnam Co., Ltd.	1,524,992	1,934,782	1,524,992	1,934,782
Total trade accounts receivable				
- related companies	280,265,477	259,476,916	280,191,507	259,476,916

18 Related party transactions (Cont'd)

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Trade accounts payable				
Subsidiaries:				
IRC (Asia) Research Ltd.	-	-	10,874,019	9,327,010
Kin No Hoshi Engineering Co., Ltd.	-	-	24,638,088	24,021,955
	-	-	35,512,107	33,348,965
Related companies:				
Inoac International Co., Ltd.	268,163,394	54,733,284	268,163,394	54,490,805
Inoac Tokai (Thailand) Co., Ltd.	62,837,076	55,912,612	62,837,076	55,912,612
Pacific Industries (Thailand) Co., Ltd.	11,649,609	14,103,245	11,649,609	14,103,245
SK Rubber Product Co., Ltd.	18,530,302	16,016,762	18,530,302	16,016,762
Inoue Rubber Co., Ltd. - Japan	24,257,584	11,712,384	22,415,553	11,531,451
Inoac Thailand Co., Ltd.	11,980,925	10,688,900	9,983,100	8,691,075
Inoue Rubber Vietnam Co., Ltd.	246,387	-	246,387	-
Total Oil (Thailand) Co., Ltd.	695,500	1,084,472	695,500	1,084,472
Inoac Corporation Co., Ltd.	-	139,595	-	129,489
	398,360,777	164,391,254	394,520,921	161,959,911
Total trade accounts payable				
- related companies	398,360,777	164,391,254	430,033,028	195,308,876

Directors and management's remuneration

The Company and its subsidiaries paid salaries, bonus, meeting allowances and gratuities to their directors and management for year ended 30 September 2011 totaling Baht 27.40 million and Baht 27.40 million for the Group and the Company, respectively (2010: Baht 21.07 million and Baht 21.07 million, respectively).

19 Commitments and contingent liabilities

- a) As at 30 September 2011, there were outstanding bank guarantees of approximately Baht 17.1 million (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 September 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 (2010: Baht 0.50 million).

20 Segment information

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 years ended 30 September 2011 and 2010 classified by market are presented as follows:

	Consolidated (Baht)		
	Local	Export	Total
For the year ended 30 September 2011			
Sales	4,748,128,335	1,310,471,799	6,058,600,134
Cost of sales	(4,443,740,439)	(1,203,689,720)	(5,647,430,159)
Gross margin	<u>304,387,896</u>	<u>106,782,079</u>	411,169,975
Other income			47,448,176
Selling expenses			(78,771,273)
Administrative expenses			(170,958,919)
Other expenses			(15,276,627)
Financial costs			(6,052,565)
Income tax			(37,159,265)
Income of minority interest			(1,718)
Net profit			<u>150,397,784</u>
	Consolidated (Baht)		
	Local	Export	Total
For the year ended 30 September 2010			
Sales	4,239,529,990	1,115,252,159	5,354,782,149
Cost of sales	(3,787,291,029)	(973,745,264)	(4,761,036,293)
Gross margin	<u>452,283,961</u>	<u>141,506,895</u>	593,745,856
Other income			34,818,891
Selling expenses			(74,949,546)
Administrative expenses			(144,558,732)
Other expenses			(8,232,395)
Financial costs			(6,130,927)
Income tax			(86,183,978)
Income of minority interest			(835)
Net profit			<u>308,508,334</u>

21 Promotional privileges

The Company and its subsidiaries have been granted promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment. Under certain significant conditions, significant privileges are as follow:

Details	Inoue Rubber (Thailand) Public Company Limited	Kin No Hoshi Engineering Company Limited	IRC (Asia) Research Limited
1. Certificate No. Dated	1119(2)/2009 9 December 2008	1682(2)/2007 12 July 2007	1211(4)/2005 16 March 2005
2. Promotional privileges for	Manufacturing of vehicle component, plastic or plastic coated products	Manufacturing of mould and repairing of its own manufacturing of mould	Research and Development
3. The significant privileges are			
3.1 Exemption of corporate income tax for net income from promotional operations and exemption of income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.	3 years	8 years	8 years
3.2 Allowance for carry-forward of annual loss from operations incurred during the exemption of corporate income tax on net income to offset with net income for a period of 5 years, after exemption period in 3.1.	Granted	Granted	Granted
3.3 Exemption/Reduction of import duty on machinery as approved by the Board.	Granted	Granted	Granted
3.4 Exemption of import duty on raw materials and significant supplies used in export production from the first import date.	Granted	Granted	-
4. Date of first earning operating income	August 2009	May 2010	October 2011

21 Promotional privileges (Cont'd)

Sales of the Group are both export and local sales which could be separated between promoted and non-promoted operations as follows:

	Consolidated					
	BOI		Non-BOI		Total	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Sales						
Export	189,716,133	170,733,017	1,120,755,665	944,228,232	1,310,471,798	1,114,961,249
Local	591,444,238	533,006,370	4,156,684,098	3,706,814,530	4,748,128,336	4,239,820,900
Total sales	<u>781,160,371</u>	<u>703,739,387</u>	<u>5,277,439,763</u>	<u>4,651,042,762</u>	<u>6,058,600,134</u>	<u>5,354,782,149</u>

	Company					
	BOI		Non - BOI		Total	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Sales						
Export	189,716,133	170,733,017	1,119,459,194	944,059,679	1,309,175,327	1,114,792,696
Local	591,405,738	533,006,370	4,156,494,712	3,706,355,066	4,747,900,450	4,239,361,436
	<u>781,121,871</u>	<u>703,739,387</u>	<u>5,275,953,906</u>	<u>4,650,414,745</u>	<u>6,057,075,777</u>	<u>5,354,154,132</u>

22 Provident fund

The Group operates a registered provident fund, which is a defined contribution plan, the assets of which are held in a separate fund which is managed by the external fund manager. The provident fund is funded by payments from employees and by the Company. The Company's contributions to the provident fund were charged to the statement of income for the year ended 30 September 2011 amounting to Baht 8.4 million (2010: Baht 7.6 million).

23 Dividends paid

At the Annual General Meeting of shareholders held on 28 January 2011, the shareholders passed a resolution approving dividend 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.

24 Financial instruments

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain exposures.

In order to minimise potential effects on the unpredictability fluctuations of financial markets, the Group makes use of the following derivative financial instruments:

24 Financial instruments (Cont'd)

Foreign exchange risk

Forward foreign exchange contracts are entered into to manage exposure to fluctuations in foreign currency exchange rates on specific transactions.

Forward foreign exchange contracts outstanding at 30 September are summarised as follows:

Foreign currency	2011		2010	
	Sold amount million	Bought amount million	Sold amount million	Bought amount million
US Dollars	5.87	2.03	1.53	1.59
Japanese Yen	379.04	92.73	-	42.14
Euro	0.18	-	0.14	-

Net fair values

The net fair values of the open forward foreign exchange contracts as at 30 September are:

	Consolidated	
	2011 Baht	2010 Baht
Favourable forward foreign exchange contracts	918,994	1,375,292
Unfavourable forward foreign exchange contracts	(3,822,452)	(2,311,889)
Net	(2,903,458)	(956,597)

The fair values of forward foreign exchange contracts have been calculated using market price rates quoted by the Group's banks to terminate the contracts at the balance sheet date.

At 30 September the Group had outstanding foreign currency assets and liabilities as follows:

	Consolidated		Company	
	2011 million	2010 million	2011 million	2010 million
Assets				
US Dollars	2.92	1.99	2.92	1.99
Japanese Yen	43.41	36.40	43.41	36.40
Euro	0.18	0.11	0.18	0.11
Liabilities				
US Dollars	5.47	2.40	5.47	2.40
Japanese Yen	443.65	82.33	443.65	81.15

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of operations and cash flows of the Group. The Group has normal exposure to interest rate risk relating primarily to deposits with banks, bank overdrafts, loans from financial institutions and finance lease liabilities. However, the Company also has certain loans from financial institutions and finance lease liabilities with fixed interest rates. The majority of these financial assets are short-term and financial liabilities are both short-term and long-term. The Group considers that it is not necessary to use derivative financial instruments to hedge such risk since management believes that future movements in market interest rates will not materially affect the Group's operating results.

24 Financial instruments (Cont'd)

Credit risk

The Group has normal exposure to credit risk primarily with respect to trade accounts receivable. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group does not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade account receivables as stated in the balance sheet.

Fair values

The carrying amounts of the following financial assets approximate to their fair values: cash and cash equivalents, trade accounts receivable, amounts due from related companies and some items of other current assets.

The carrying amounts of the following financial liabilities approximate to their fair values: bank overdrafts carrying variable rates of interest, trade accounts payable, amounts due to related companies, accrued expenses and some items of other current liabilities. Loans from financial institutions carrying rates of interest which are close to the market rate; the carrying amounts approximate to their fair values.

25 Event after balance sheet date

On 13 December 2011, the Board of Directors' Meeting of the Company No. 5/2011 pass a resolution approving the proposed dividend payment from its operating results for 2011 at Baht 0.2436 per share (from BOI - promoted operations), totaling Baht 48.72 million. The dividend payment will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

During October and November 2011 severe flooding affected in many districts in the Bangkok Metropolitan areas and related provinces. The Group has continued monitoring and taken caution measures for the situation. Currently, the situation is not finished and the Group has been impacted by the disaster of floods. The Group's management anticipates that certain Group's inventories, building and equipment may damage from this event. However, the management is currently assessing such impact and impacts over other operations.

Board of Directors and Executives Profiles

Name	Age (years)	%Shareholding As of 13 Dec 11	Families with executives	Educational Qualification/ Training Program		Experience	
1. Mr. Koji Matsuda Vice-Chairman	61	-	-	Bachelor's degree in Engineering, Osaka Prefecture University, Japan Certificate DAP # 83/2010 from IOD	2000 - 2005 2005 - 2008 2008 - Present 2010 - Present	Executive Director, Personnel and Administration and Marketing of Industrial Product Division President Director Vice-Chairman	Inoac Corporation Inoac Corporation Inoac Corporation Inoue Rubber (Thailand) PLC.
2. Mr. Soichi Inoue Director	82	-	Father of Mr. Masayuki Inoue	Bachelor's degree in Economic, Kobe University, Japan	Feb. 2010 - Present 1969 - Feb 2010 1973 - Present 1975 - Present 1986 - Present 2000 - Present	Director Vice-Chairman President President President Chairman & CEO	Inoue Rubber (Thailand) PLC. Inoue Rubber (Thailand) PLC. Inoue Rubber Co., Ltd., Japan Inoac International Co., Ltd. Inoac Technical Center Co., Ltd. Inoac Corporation Co., Ltd.
3. Mrs. Pimjai Laochinda President	50	2.18	Sister of Mr. Thanong, Mr. Apichart, Mrs. Porntip	Bachelor's Degree in Engineering, Chulalongkorn University Master's Degree in Business Administration, Drexel University, USA Certificate DCP#37/2003 From IOD Capital Market Academy Leadership Program class 10, from Capital Market (CMA)	1983 - Present 2007 - Present 1993 - May 2007 1993 - Present 1995 - Present 2001 - Present 2003 - Present 2006 - Present 2010 - Present	Director Director & President Vice President & Managing Director Director President Executive Director Executive Director Executive Director Director Global Advisory Board Member Executive Board as external advisory expert	Thai Stanley Electric PLC. Inoue Rubber (Thailand) PLC Inoue Rubber (Thailand) PLC. Sopa-Kanok International Co., Ltd. Toei-Inoac Co., Ltd. IRC (Asia) Research Co., Ltd. Sungold Holding Co., Ltd. Kinno Hoshi Engineering Co., Ltd. S.K. Rubber Co., Ltd. Dido Sittipol Co., Ltd. Babson College, MA, USA Faculty of Engineering, Chulalongkorn University
4. Mr. Atsushi Imamura Managing Director	53	-	-	Bachelor's degree in Engineering, Ritsumeikan University, Japan	2004 - 2006 2006 - 2011 2011 - Present	Executive Director Vice President and President Managing Director	Inoue Rubber (Thailand) PLC. Bridgestone IRC Manufacturing Co., Ltd. Inoue Rubber (Thailand) PLC.
5. Mr. Thanong Leeissaranukul Director	51	1.64	Brother of Mrs. Pimjai, Mr. Apichart, Mrs. Pornthip	Bachelor's degree in Business Administration, Nansan University, Japan	1983 - Present 1986 - Present 1993 - Present 1995 - Present 1996 - Present 1998 - Present 2001 - Present 2003 - Present 2007 - Present	Director Managing Director Director Director Executive Director Executive Director Director Director President Vice President Executive Director Director President Director President	Thai Stanley Electric PLC. Sittipol 1919 Co., Ltd Inoue Rubber (Thailand) PLC. Sopa - Kanok International Co., Ltd Total Oil (Thailand) Co., Ltd Toei-Inoac Co., Ltd. IRC (Asia) Research Co., Ltd Sungold Holding Co., Ltd Bike Clinic Co., Ltd Dido Sittipol Co., Ltd Seng Guan Hong Co., Ltd The Studio Production Co., Ltd Smart Sport Promotion Co., Ltd S.K. Rubber Co., Ltd. Kanok - Sopa Foundation

Name	Age (years)	%Shareholding As of 13 Dec 11	Families with executives	Educational Qualification/ Training Program		Experience	
6. Mr. Apichart Leeissaranukul Director	48	1.65	Brother of Mr. Thanong, Mrs. Pimjai, Mrs. Pornthip	Bachelor's degree in Business Administration, University of the Thai Chamber of Commerce Master's degree in Business Administration, Oklahoma University, USA Certificate DCP # 8/2001 from IOD	1987 - Present 1991 - Present 1992 - Present 1993 - Present 1996 - Present 1997 - Present 1999 - Present 2000 - Present 2002 - Present 2003 - Present 2004 - Present 2005 - 2007 2006 - Present	Director Director Executive Vice-President Director Director Executive Vice-President Director Director Chairman Director Director Executive Director Director Director Director Director	Rocket Steel Industry Co., Ltd. Inoue Rubber (Thailand) PLC. Thai Stanley Electric PLC. Sopa-Kanok International Co., Ltd. Pacific Industry (Thailand) Co., Ltd. Asian Stanley International Co., Ltd. Sirivit Stanley Co., Ltd. Daido Sittipol Co., Ltd. Lao Stanley Co., Ltd. Vietnam Stanley Electric Co., Ltd. Investor Club Association S.K. Rubber Co., Ltd. Investor Club Association Thai Listed Companies Association Total Oil (Thailand) Co., Ltd. PT. Indonesia Stanley Electric Sungold Holding Co., Ltd.
7. Mrs. Pornthip Sethiwan Director	44	1.68	Sister of Mr. Thanong, Mrs. Pimjai, Mr. Apichart	Bachelor's degree in Business Administration Chulalongkorn University Certificate DAP # 5/2003 from IOD	1980 - Present 1986 - Present 1990 - Present 1991 - Present 1993 - Present 1996 - Present 2003 - Present 2006 - Present	Director Director Executive Director Managing Director Director Director Vice-President Director Director	Thai Stanley Electric PLC. Seng Guan Hong Co., Ltd. Sittipol 1919 Co., Ltd Pacific Industry (Thailand) Co., Ltd. Inoue Rubber(Thailand) PLC. Sopa - Kanok International Co., Ltd. Bike Clinic Co., Ltd Daido Sittipol Co., Ltd. S.K. Rubber Co., Ltd. IRC (Asia) Research Co., Ltd.
8. Mr. Masayuki Inoue Director	46	-	Son of Mr. Soichi Inoue	Master's degree in International Management, Aoyama Gakuin Graduate School, Japan Certificate DAP #65/2007 from IOD	1991 - Apr. 2004 Apr. 2004 - Present 1991- Present 1993 - Mar. 2007 Apr. 2007 - Present 1995 - Present	Director & General Manager Executive Vice President Director Director Managing Executive Officer Director	Inoue Rubber Co., Ltd, Japan Inoue Rubber Co., Ltd, Japan Inoue Rubber (Thailand) PLC. Inoac Corporation Co., Ltd. Inoac Corporation Co., Ltd. Sungold Holding Co., Ltd.
9. Assoc.Prof. Dr.Chesada Loha-unchit Independent Director/ Chairman of Audit Committee	63	-	-	Bachelor's degree in Economics, Thammasat University Master's degree in Economics, Princeton University, USA Doctor of Philosophy (Economics), Princeton University, Certificate DAP # 82/2010 from IOD	2005 - 2009 2007 - 2009 2003 - Present 2006 - Present 2009 - Present Feb. 2010 - Present	Associate Professor Director Columnist Director Audit Committee Member Independent Director and Chairman of Audit Committee	School of Management, Walailak University. Financial and Economic Information Center School of Management, Walailak University Krungthep Turakit business newspaper Asset Plus Fund Management. Co., Ltd. Asset Plus Fund Management. Co., Ltd. Inoue Rubber (Thailand) PLC.
10. Mr. Vichit Vuthisombut Independent Director/ Audit Committee	70	-	-	Bachelor's degree in Economics, Thammasat University Certificate DAP # 27/2004 DCP # 51/2004 from IOD	2000 - Present 2002 - Present 2006 - Present 2009 - Present	The Committee & Subcommittee Consultant Consultant Independent Director and Audit Committee Independent Director Independent Director and Audit Committee	The Investor Club Association (IC) Jongsathit Co., Ltd. A J Plast PLC. Inoue Rubber (Thailand) PLC. Thai-German products PLC. Siam Steel Service Center PLC.

Name	Age (years)	%Shareholding As of 13 Dec 11	Families with executives	Educational Qualification/ Training Program		Experience	
11. Ms. Chaovana Viwatpanachati Independent Director/ Audit Committee	50	-	-	Bachelor's degree in Accounting, Chulalongkorn University	1994 - Present	Director	Moore Stephens Asia Pacific Limited (Hong Kong)
				Diploma of Management University of Newcastle, NSW Australia	1995 - Present	Director Independent Director and Audit Committee Independent Director and Audit Committee Managing Partner	Moore Stephens DIA Sevi Limited Inoue Rubber (Thailand) PLC. Food and Drink PLC. Pitisevi & Company (A member of Moore Stephens International Limited Group of Independent Firms)
				Diploma in Auditing, 1994, Thammasat University	2001 - 2007	Liquidator (Appointed by the Ministry of Finance) Managing Director	Tanapat Credit Fancier Limited (2003) Saving Assets Management Co., Ltd. (2001)
				Master of Management University of Wollongong, NSW Australia	2005 - Present	Member of the subcommittee of Articles Drafting	Federation Accounting Professions.
				Master's Degree in Accounting, Chulalongkorn University DAP # 2/2003 DCP # 58/2005 ACP # 14/2006 from IOD	2008 - Present	Auditing Standards Committee Member and Professional Ethics Subcommittee Member The Committee of the Alumni Association of the Faculty of Commerce and Accountancy	Federation Accounting Professions. Chulalongkorn University Alumni Association
12. Mr. Narumi Zaitzu Independent Director	61	-	-	Bachelor's degree in Engineering, Kumamoto University, Japan	2006	Vice President and Officer Tire Production Technology Development	Bridgestone Corporation
					2007	Vice President and Officer Vice Chairman	Bridgestone Americas Holding, Inc.
					2009	Vice President and Officer Vice Chairman	Bridgestone Americas, Inc.
					2010	Vice President and Senior Officer Responsible for Production Technology	Bridgestone Corporation
					2011	Vice President and Senior Officer Responsible for Global Logistics Center	Bridgestone Corporation
					2011 - Present	Independent Director	Inoue Rubber (Thailand) PLC.
13. Mr. Koji Yamauchi Executive	51	-	-	Bachelor's degree in Engineering, Toyama University, Japan	1997 - Present	Manager of Technical Section	Inoac Elastomer, Japan
					2009 - Present	Executive Director	Inoue Rubber (Thailand) PLC.
					2009 - May 2010	Director Director	Kinno Hoshi Engineering Co., Ltd. IRC (Asia) Research Co., Ltd.

Name	Age (years)	%Shareholding As of 13 Dec 11	Familities with executives	Educational Qualification/ Training Program		Experience	
14. Mr. Nareothai Boothong Executive	54	-	-	Bachelor's degree in Rubber Chemical and Technology, Prince of Songkla University M.A. NIDA Certificate DAP #11/2004 From IOD	1992 - Present 1995 - Nov 2009 2001 - Present 2005 - Present	Executive Director Director Director Director	Inoue Rubber (Thailand) PLC. Inoue Rubber (Thailand) PLC. Kinno Hoshi Engineering Co., Ltd. Toei Inoac Co., Ltd.
15. Mr. Jatupol Lawhachainam Executive	52	-	-	Bachelor's degree in Management, Bangkok University	Feb 1992 Oct 1992 1996 2010 - Present	Assistant Manager of Marketing Marketing Manager Deputy Executive Executive Director	Inoue Rubber (Thailand) PLC.
16. Mrs. Sopa Lumlerdvoravith Executive	46	-	-	Bachelor's Degree in Mathematics - Science, King Mongkut's Institute of Technology Thonburi Master's Degree in Business Administration, Kasetsart University.	2000 - 2003 2004 - 2006 2007 - Present	Manager of M.I.S. Senior Manager of M.I.S. & Finance Senior Manager of Accounting	Inoue Rubber (Thailand) PLC. Inoue Rubber (Thailand) PLC. Inoue Rubber (Thailand) PLC. IRC (Asia) Research Co., Ltd. Kinno Hoshi Engineering Co., Ltd.