

# Annual Report 2020



***DRIVE***  
The Creative  
***Innovation***



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## Remarks

- 1) Social Responsibility data appears in the Sustainability Report 2020 at the backside of Annual Report
- 2) Investors can find more information of Inoue Rubber Public Company Limited from the Annual Registration Statement (Report 56-1) posted on the Securities and Exchange Commission' website at [www.sec.or.th](http://www.sec.or.th) or on the Company's website at [www.ircthailand.com](http://www.ircthailand.com)







## About IRC

Inoue Rubber (Thailand) Public Co., Ltd.

“IRC” is a joint-venture company, established on December 15, 1969 with the aim to manufacture elastomer products for automotive and other industries, and motorcycle tires and tubes with high quality at the international standard. Those quality products are manufactured from Rangsit, Pathumthani and Wangnoi, Ayutthaya plants.

Throughout **50 years** of our business history, “IRC” has managed to achieve sustainable growth with the commitment to create innovation together with production capacity enhancement in order to control product quality at reliable and trustful level as well as maximize customers’ satisfaction both locally and internationally.





# Vision & Mission



## Vision

“ To be an Innovative Driven and Sustainable Company for Highly Reliable and Quality Elastomer Products and Rubber Tires in comply with Environmental Social and Governance (ESG) ”

### On the ground of 7 policies

1. Sustainability in Safety and Environment
2. Quality in Each Product with International Quality Systems
3. Best Satisfaction to Customers in 4 Product-Dimensions
  - **Price/Cost:** At the Best Competitive Level for Customers
  - **Quality:** At the Best Competitive Quality Rating by Customers
  - **Delivery:** At the Best Competitive Delivery Rating by Customers
  - **Services/ Solutions:** At the Best Service to Solutions for Customers at All Time
4. Create the Opportunities of Human Resource Improvement to Achieve Competencies in All Levels
5. Continuous Research and Development for New Innovations, Products, Processes and Market and Keep Generating the Outputs of Existing Business
6. Generating Strong Financial Status and Attractive Return to Shareholders
7. Supporting the Good Corporate Governance and Corporate Social Responsibility



1. Our Company Our Home



2. Corporate Culture



3. Competency Development and Career path



# Mission

1



Focusing on Product, Production and Marketing Innovation



2



Selecting Technology and Enhancing the Ability to Use Technology

3



Aiming to Strengthen Human Resource at All Levels



4



Improving the Efficiency of

- Usage of Production Resources (4M)
- Effective Communication
- Enable Data and Data Management
- Marketing and Service Team

5



Create Economic Sustainability



6



Create Ecological Sustainability



## Corporate Core Values and cultures



Inspiration & Creativity



Respect for Society



Care & Accountability



Team Spirit



Green Culture





# Financial Highlight

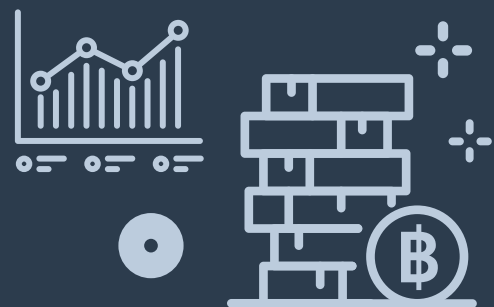
Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

As of September 30th, 2020

	2018	2019	2020
<b>Statement of Comprehensive Income</b>			
Sales and services income	5,562,408	5,429,643	4,364,109
Costs of sales and services	4,788,679	4,865,662	3,799,050
EBIT	432,473	196,934	264,324
Net Profit	358,616	166,542	219,063
Total Assets	5,058,055	4,848,781	4,588,567
Total Liabilities	1,461,757	1,267,701	1,039,569
Total Equity	3,596,299	3,581,080	3,548,998

Unit: Thousand Baht

<b>Financial Ratios</b>			
Net Profit Margin (%)	6.45	3.07	5.02
Return on Assets (ROA) (%)	7.09	3.43	4.77
Return on Equity (ROE) (%)	9.97	4.65	6.17
Debt to Equity (D/E)	0.41	0.35	0.29
Earnings per share (THB)	1.79	0.83	1.12
Book Value per share (THB)	17.98	17.91	17.74







## Message from the Chairman

**IRC** aims to become an organization with sustainable growth contributing to enhance awareness toward economy, society and environment under the vision

“**To Be an Innovative Driven and Sustainable Company for Highly Reliable and Quality Elastomer Products and Rubber Tires in comply with Environmental Social and Governance (ESG)**” by having strong initiatives of **‘IRC DNA’**”

(Mrs. Pimjai Leeissaranukul)  
The Chairman/ The Executive Chairman

### Dear All Shareholders,

In FY 2020, Inoue Rubber (Thailand) Public Company Limited, “IRC”, has encountered many challenges from changing in various dimensions, from both internal and external economic dimensions, social and environmental dimensions, leading to challenges in adapting ourselves to changes and further development of our potentials for sustainability. In overview, the Company’s business operation in this fiscal year was affected by the significant downturn of global economy and Thai economy due to the US-China trade war, the force majeure of the coronavirus outbreak (COVID-19) that leading to the New Normal, and the climate change affecting agriculture. These are challenges to the Company in maintaining a balanced and sustainable performance. However, the automotive industry is still one of the driving mechanisms of Thai industrial sector as a whole. Overall, the total car production for this fiscal year was approximately 1.4 million units, decreasing 34.27% compared to previous fiscal year, which the production volume is mainly for domestic sale. The total motorcycle production was at 1.6 million units, decreasing 18.16% compared to previous fiscal year, due to the effect of force majeure from the outbreak of Coronavirus Disease (COVID-19), resulting in a sharp drop of purchasing power hanging upon economic conditions. The abovementioned factors have resulted in the Company’s total revenues in FY2020 to be 4,433.89 Baht, decreasing 19.11% compared to previous fiscal year. The Company has closely managed costs and expenses, as well as was paid of dividends from the affiliate, therefore, the Company had EBIT at 264.32 million baht and a net profit of 219.06 million baht, increasing 31.54% from the previous fiscal year, or equivalent to 1.12 baht in earnings per share. The Company still maintains its market share and stably expands to other industries.

# Message from the Chairman



## Vision and Mission

along with the Concept of Sustainable Growth

### Economic Aspect

Despite facing the crisis of the COVID-19 outbreak, IRC is committed to invention, research and development of innovations in products and production technology, as well as automation, to maintain and develop IRC's strengths for sustainable growth. Finally IRC was granted of the Factory Improvement Award from INOAC Corporation, Japan. We have strengthened our competitiveness under the Quality Policy adhering to "Quality First, Delivery on Time and Customer Satisfaction", leading to the reliability on quality and safe products guaranteed by many quality awards from our customers and business partners. At the same time, we maintain our market shares, expand channels to new markets, as well as make research and develop for new products for maintaining our status as **'an Innovative Driven and Sustainable Company for Highly Reliable and Quality Elastomer Products and Rubber Tires'** as targeted.

### Social Aspect

IRC aims to create shared value to bring the maximum benefits to all people in the society. We have continued and launched several corporate social responsibility (CSR) projects in certain communities, for example, **'HAI-ARCHEEP HAI-CHEEVIT'**, which initiated based on the concept of **"returning good citizens back to the society"**. For seven years consecutively since founded, the Company introduced ethics, morality, positive attitude building and vocational training program to female prisoners. Moreover, we have the **'Klongpang Cooperative Trang province'** project, which comes with the concept of IRC becoming the **'partner'** in developing the capacity of Thai rubber farmers by adding value to natural rubber through globally accepted quality standard, and finally help uplift the quality of life and promote sustainable growth among local communities. Additionally, IRC has offered its concrete support to Thailand 4.0 policy by obviously launched the **'Supply Chain Development'** project, which focuses on developing the Company's suppliers to understand and be able to initiate new ideas to improve the efficiency of working process that can increase sales as well as reduce excessive cost and waste from the production process. Nevertheless, the Company has also promoted the safety driving campaign through **'Safe Ride – IRC Care'** and **'Safe Drive campaign during long holiday'** projects in order to raise awareness of **"safety"**, particularly for motorcycle riders.

This year is the 50<sup>th</sup> Anniversary of IRC's business operations. We intend to pay society back with **'50 Years, 50 Vi-pafe Yards Project'** by using the Company's high quality rubber flooring products (Vi-pafe) and Para-rubber to develop 50 multipurpose yards for communities, schools, or organizations in different regions nationwide. These yards will support communities for healthy activities, as well as promote the use and add value for rubber in the country. The first yard was delivered to Ratsada District, Trang Province, which is the location of **the Klongpang Cooperative** project, in March 2020.

Due to the outbreak of COVID-19 in Thailand, the Company plays a part in outbreak prevention by producing 75% alcohol gel to give to all stakeholders of the Company, including the employees, the customers, the





suppliers, and the communities surrounding the Company for their hand cleaning. In addition, 1,360 liters of alcohol gel, worth more than 250,000 baht, were donated to the government agencies and the hospitals in Bangkok, Pathum Thani and Ayutthaya provinces. Moreover, the Company cooperated with the Thai Post Office to deliver alcohol gel to provincial hospitals nationwide.

Our people ‘IRC People’ are indispensable as our foundation for sustainability, with ‘IRC DNA’, consisting of the awareness that: 1. “Our Company Our Home”, 2. “Corporate Culture”, and 3. “Competency Development and Career Path”. As a Corporate Citizenship, all IRC people are aware of the principles of good corporate governance, and mutually sign the ratification and declare their intentions to fight against corruption, show their standpoint of being an awakened citizen against all forms of corruption. As a result, the Company has been certified as a member of the Private Sector Collective Action against Corruption (CAC) and received NACC Integrity Awards for corporate transparency from the Office of the National Anti-Corruption Commission.

## Environmental

Due to more severe climate change situation and to support the Paris Agreement, which is an international agreement, IRC has realized the valuable use of resources and committed to promote a green culture in all operational processes throughout the organization, by following the ‘Zero Waste’ Policy through ‘3Rs’ or ‘Reduce Reuse and Recycle’. The Company has managed water, electricity and waste used within the organization; has reduced dust, odor and heat in working areas; has installed solar panels to promote sustainable energy use and has promoted the use of clean and pollution-free alternative energy to reduce the greenhouse effect. These have led the Company to be granted of a gold award for sustainable energy and environmental management under the “Global Sustainable Energy and Environment: GSEE” Standard from the Provincial Electricity Authority.

Throughout 50 years, IRC has sustainably grown and created tangible results. In FY2020, we were selected as one of the ‘100 Outstanding Registered Securities on Environment, Society and Governance (ESG 100)’ from the Thaipat Institute for the fifth consecutive year, and also achieved ‘the CG Score of Very Good Level Recognition (4-star)’ from the Thai Institute of Directors Association for the sixth consecutive year. Moreover, the Company has been listed in ‘Thailand Sustainability Investment: THSI’ of the Stock Exchange of Thailand for the fourth consecutive year. The Company’s status is outstanding and is a model organization that operates the business in accordance with sustainable development guidelines.

All these successes will not be achieved if lacking cooperation and support of all stakeholders. Therefore, I would like to thank for all the support from all sectors that makes IRC to sustainably grow. I firmly believe that the cooperation from all parties and the intention to operate under 3 pillars including economy, society and environment will result in IRC’s sustainable growth beside Thai society onwards.

# Board of Directors



Mrs. Pimjai  
Leeissaranukul



Mr. Katsunori  
Ito



Mr. Soichi  
Inoue



Mr. Thanong  
Leeissaranukul



Mr. Apichart  
Leeissaranukul



Mrs. Pornthip  
Sethiwan



Mr. Masayuki  
Inoue



Mrs. Anchalee  
Chavanich



Assoc.Prof. Jaruporn  
Viyanant



Mr. Kittichai  
Raktakanit



Mr. Surong  
Bulakul



Mr. Kazuo  
Sato



# Executive Committee



Mr. Katsunori  
Ito



Mrs. Pimjai  
Leeissaranukul



Mr. Takeshi  
Arakawa



Ms. Witchuda  
Kupongsak



Mr. Shigeyuki  
Hosokawa



Mr. Mitsuhiro  
Ito



Mr. Narongchai  
Rattanaekkawin



Mr. Suchart  
Kootiratrakarn



Mr. Kazuaki  
Yamada



Mr. Hiroyuki  
Hibi

# Details of Directors



Mrs. Pimjai  
Leeissaranukul



## Information

**Position:** Chairman/ Executive Chairman/  
Executive Director/ Authorized Director/ Vice  
Chairman of the Executive Committee

**Age:** 59 years

**Appointment Year:** 1993

**Shareholding Proportion:** 2.78%



## Highest Education

Master's Degree in Business Administration,  
Drexel University, Philadelphia, USA  
Training

## Training

### Thai Institute of Directors Association (IOD):

- DCP Director Certification Program Class 37/2003
- RCP Role of the Chairman Program Class 31/2013
- RMP Risk Management Committee Program Class 1/2013

### Other Training:

- Thailand Energy Academy Class 11 (TEA 11), Thailand Energy Academy
- Diploma, National Defence College, The National Defence Course Class 26/2013
- Leadership Program Class 10, Capital Market Academy (CMA)
- Business Revolution and Innovation Network Batch 1 (BRAIN 1), The Federation of Thai industries

## Past Working Experience

2013 – Present	<ul style="list-style-type: none"> <li>• Executive Chairman of Inoue Rubber (Thailand) PCL.</li> <li>• Honorary Chairman of Inoac Tokai (Thailand) Company Ltd.</li> </ul>
2020 – Present	Chairman of Industrial Standard Committee (ISC), Federation of Thai Industries
2019 - Present	Government - appointed independent director of Mass Rapid Transit Authority of Thailand (MRTA)
2018 – Present	Vice President of the Federation of Thai Industries
2017 – Present	The Board Member of ASEAN Woman Entrepreneur Network (AWEN)
2016 - Present	Member of the Board, Association of Capital Market Academy (ACMA)
2014 – Present	Consultants of the Board of Thai Women Engineers, The Engineering Institute of Thailand
2010 – Present	Global Advisory Board Members of Babson College, MA, USA
2008 - Present	Member of the Young Thai Entrepreneurs Association (YTEA)
2006 – Present	Director of Daido Sittipol Co., Ltd.
2003 – Present	Director of Wang Chula Co., Ltd.
2001 – Present	Director of Kinno Hoshi Engineering Co., Ltd.
1995 – Present	<ul style="list-style-type: none"> <li>• Director of Sungold Holding Co., Ltd.</li> <li>• Director of IRC (Asia) Research Co., Ltd.</li> <li>• President of Thai Inoac Components Co., Ltd.</li> </ul>
1993 – Present	Director of Sopa-Kanok International Co., Ltd.
1983 – Present	Director of Thai Stanley Electric PCL.
2018 - 2020	Chairman of Industrial Excellence Center (IEC), the Federation of Thai Industries
2016 – 2018	<ul style="list-style-type: none"> <li>• Vice President of Thailand Forest Certification Council (TFCC), The Federation of Thai Industries</li> <li>• Director and Deputy Secretary of The Federation of Thai Industries</li> </ul>
2015 - 2018	Member of the Board and Deputy Secretary General, Public Relations, The Federation of Thai Industries
2014 – 2018	Director, Student of National Defense College, The Joint State - Private Sector Class 2013
2014 – 2016	Member of the Board of Thai Women Engineers, The Engineering Institute of Thailand





Mr. Katsunori Ito



**Information**

**Position:** President / Executive Director / Authorized Director/ Chairman of Executive Committee/ Vice Chairman of Risk Management Committee  
**Age:** 58 years  
**Appointment Year:** 2018  
**Shareholding Proportion:** -None-



**Highest Education**

Bachelor's degree in Engineering, Department of Applied Chemistry, Shizuoka University



Mr. Soichi Inoue



**Information**

**Position:** Director  
**Age:** 91 years  
**Appointment Year:** 1993  
**Shareholding Proportion:** -None-



**Highest Education**

Bachelor's degree in Economics, Kobe University, Japan

**Past Working Experience**

2018 – Present	<ul style="list-style-type: none"> <li>President, Chairman of Executive Committee, and Vice-Chairman of Risk Management Committee of Inoue Rubber (Thailand) PCL.</li> <li>Director of Sungold Holding Co., Ltd.</li> <li>Director of Thai Inoac Components Co., Ltd.</li> </ul>
2016 - Present	Director of Kinno Hoshi Engineering Co., Ltd.
2014 - 2018	Executive Committee Member of Inoue Rubber (Thailand) PLC.
2013 - 2018	<ul style="list-style-type: none"> <li>Executive Director of IED Business Unit, Inoue Rubber (Thailand) PLC.</li> <li>Director of IRC (Asia) Research Co.,Ltd</li> </ul>
2011 - 2013	Manager of Rubber and Elastomer Division, Inoac Corporation Co., Ltd.
2009 - 2011	Managing Director of Inoac Vietnam Co., Ltd.

**Past Working Experience**

2010 – Present	Director of Inoue Rubber (Thailand) PCL.
2000 – Present	Chairman & CEO of Inoac Corporation Co., Ltd.
1975 – Present	President of Inoac International Co., Ltd.
1973 – Present	President of Inoue Rubber Co., Ltd., Japan
1986 – Present	President of Inoac Technical Center Co., Ltd.



Mr. Thanong  
Leeissaranukul



### Information

Position : Director / Authorized Director

Age: 60 years

Appointment Year: 1993

Shareholding Proportion: 2.19%



### Highest Education

Bachelor's degree in Business

Administration Nanzan University, Japan

### Training

#### Thai Institute of Directors Association (IOD):

- DAP Director Accreditation Program Class 136/2017

### Past Working Experience

1986 – Present	Director of Inoue Rubber (Thailand) PCL.
2017 – Present	President of M Vision PCL.
22015 – Present	<ul style="list-style-type: none"> <li>• Director of Sonic Design (Thailand) Co., Ltd.</li> <li>• Member of sub-committee of Public Relations, Organ Donation Center, Thai Red Cross Society</li> </ul>
2014 – Present	Director of Pacific Auto Part Co., Ltd.
2007 – Present	President of Kanok-Sopa Foundation
2006 – Present	Director of Budsayapan Co., Ltd.
2003 – Present	Director of Wang Chula Co., Ltd.
2001 – Present	President of Smart Sport Promotion Co., Ltd
1998 – Present	Director of The Studio Production Co., Ltd.
1996 – Present	<ul style="list-style-type: none"> <li>• President of Bike Clinic Co., Ltd.</li> <li>• Vice President of Daido Sittipol Co., Ltd.</li> <li>• Managing Director of Seng Guan Hong Co., Ltd.</li> </ul>
1995 – Present	<ul style="list-style-type: none"> <li>• Executive Director of Total Oil (Thailand) Co., Ltd.</li> <li>• Director of Thai Inoac Components Co., Ltd.</li> <li>• Director of Sungold Holding Co., Ltd.</li> <li>• Director of IRC (Asia) Research Co., Ltd.</li> </ul>
1993 – Present	Director of Sopa - Kanok International Co., Ltd.
1986 – Present	Managing Director of The Sittipol 1919 Co., Ltd.
1983 – Present	Director of Thai Stanley Electric PCL.





Mr. Apichart  
Leeissaranukul



### Information

**Position:** Director

**Age:** 57 years

**Appointment Year:** 1993

**Shareholding Proportion:** 2.35%



### Highest Education

Honorary Doctorate Degree in  
Engineering (Industrial Engineering),  
Rajamangala University of Technology  
Thanyaburi

### Training

#### Thai Institute of Directors Association (IOD):

- DCP Director Certification Program Class 8/2001

#### Other Training:

- Industrial Business Development and Investment for Top Executive Institute of Business and Industrial Development (IBID 1)

### Past Working Experience

1991 – Present	Director of Inoue Rubber (Thailand) PCL.
2020 - Present	Consultant of Technology Promotion Association (Thailand-Japan)
2019 – Present	Vice-President of Investor Club Association
2016 – Present	Independent Director, Nominating and Remuneration Committee, LEO Global Logistics PCL.
2014 – Present	Director of Pacific Auto Part (Thailand) Co., Ltd.
2013 – Present	Chairman of Thai Stanley Electric PCL.
2006 – Present	<ul style="list-style-type: none"> <li>• Director of Total Oil (Thailand) Co., Ltd.</li> <li>• Director of PT. Indonesia Stanley Electric</li> </ul>
2003 – Present	Director of Wang Chula Co., Ltd.
2000 – Present	Director of Vietnam Stanley Electric Co., Ltd.
1999 – Present	Chairman of Lao Stanley Co., Ltd.
1997 – Present	<ul style="list-style-type: none"> <li>• Director of Sirivit Stanley Co., Ltd.</li> <li>• Director of Daido Sittipol Co., Ltd.</li> </ul>
1996 – Present	Executive Vice President of Asian Stanley International Co., Ltd.
1995 – Present	Director of Sungold Holding Co., Ltd.
1993 – Present	<ul style="list-style-type: none"> <li>• Director of Pacific Industry (Thailand) Co., Ltd.</li> <li>• Vice President of Thai Stanley Foundation</li> </ul>
1992 – Present	Director of Sopa-Kanok International Co., Ltd.



Mrs. Porntip Sethiwan



**Information**

**Position:** Director  
**Age :** 53 years  
**Appointment Year:** 1993  
**Shareholding Proportion:** 2.54%



**Highest Education**

Bachelor's degree in Business Administration,  
 Chulalongkorn University



Mr. Masayuki Inoue



**Information**

**Position:** Director / Authorized Director  
**Age:** 55 years  
**Appointment Year:** 1993  
**Shareholding Proportion:** -None-



**Highest Education**

Master's degree in International Management,  
 Aoyama Gakuin Graduate School, Japan

**Training**

**Thai Institute of Directors Association (IOD):**

- DAP Director Accreditation Program Class 5/2003
- RCC Role of the Compensation Class 17/2013

**Training**

**Thai Institute of Directors Association (IOD):**

- DCP Director Certification Program Class 65/2007

**Past Working Experience**

1991 - Present	Director of Inoue Rubber (Thailand) PCL.
2014 - Present	Managing Director of Pacific Auto Part (Thailand) Co., Ltd.
2006 - Present	Director of IRC (Asia) Research Co., Ltd.
2003 - Present	Director of Wang Chula Co., Ltd.
1996 - Present	<ul style="list-style-type: none"> <li>• Vice-President of Bike Clinic Co., Ltd.</li> <li>• Director of Daido Sittipol Co., Ltd.</li> </ul>
1993 - Present	Director of Sopa-Kanok International Co., Ltd.
1990 - Present	<ul style="list-style-type: none"> <li>• Executive Director of The Sittipol 1919 Co., Ltd.</li> <li>• Managing Director of Pacific Industry (Thailand) Co., Ltd.</li> </ul>
1986 - Present	Director of Seng Guan Hong Co., Ltd.
1980 - Present	Director of Thai Stanley Electric PCL.

**Past Working Experience**

1991 - Present	Director of Inoue Rubber (Thailand) PCL.
2015 - Present	<ul style="list-style-type: none"> <li>• CEO of Inoue Rubber Co., Ltd., Japan</li> <li>• Senior Managing Director of Inoac Corporation Co., Ltd.</li> </ul>
1995 - Present	Director of Sungold Holding Co., Ltd.
2007 - 2015	Managing Executive Officer of Inoac Corporation Co., Ltd.
2004 - 2015	Executive Vice President of Inoue Rubber Co., Ltd., Japan



Mr. Surong Bulakul



### Information

**Position:** Independent Director/  
Chairman of Risk Management  
Committee

**Age:** 65 years

**Appointment Year:** 2015

**Shareholding Proportion :** -None-



### Highest Education

- Master of Engineering in Operations Research, Cornell University, New York, U.S.A.
- Master of Business Administration, Cornell University, New York, U.S.A.

### Training

#### Director Training in 2020

- Medical Governance Certificate for senior management 8<sup>th</sup> generation, King Prajadhipok's Institute

#### Thai Institute of Directors Association (IOD):

- Directors Certification Program (DCP 121/2009)

#### Capital Market Academy

- Leadership Program Class 10

#### The Nation Defense

- The Joint State-Private Sector Course 4919

#### Others:

- Program for Management Development, Harvard University, Boston, U.S.A.
- Democratic Politics and Governance for High-Level Administrators Program, King Prajadhipok's Institute Thailand, Class 8
- The Program for Senior Executives on Criminal Justice Administration, National Justice Academy, Thailand, Class 15
- Thai Intelligent Investors Program, Thai Investors Academy, Class 1
- Executive Program, Thailand Energy Academy, Class 2

### Past Working Experience

2015 – Present	Independent Director/ Chairman of Risk Management Committee Inoue Rubber (Thailand) PCL.
2018 – Present	<ul style="list-style-type: none"> <li>• Senior Expert Director of Thailand Institute of Justice</li> <li>• Independent Director of National ITMX Co., Ltd.</li> </ul>
2017 – Present	<ul style="list-style-type: none"> <li>• Advisor of Thai Listed Companies Association, Stock Exchange of Thailand (SET)</li> <li>• Advisor of Federation of Thai Capital Market Organizations (FETCO)</li> </ul>
2016 – Present	Director of Bangkok Industrial Gas Co., Ltd.
2015 – Present	Vice Chairman of the Thai Chamber of Commerce
2014 - 2020	<ul style="list-style-type: none"> <li>• Chairman of Expressway Authority of Thailand</li> <li>• Director of Provincial Electricity Authority</li> <li>• Director of Tiger Energy Trading Pte. Ltd. (Singapore)</li> </ul>
2017 - 2019	Advisor of The Office of the Securities and Exchange Commission (SEC)
2017 - 2018	Chairman of Port Authority of Thailand
2014 - 2019	<ul style="list-style-type: none"> <li>• Chairman of Sakari Resources Ltd. (Singapore)</li> <li>• Director of 24M Technologies, Inc. (U.S.A.)</li> </ul>
2014 - 2016	Director of the Federation of Thai industries
2014 - 2015	Chief Operation Officer Infrastructure of PTT PCL
2013 – 2019	Chairman of Global Power Synergy Public Company Limited





Mrs. Anchalee  
Chavanich



### Information

**Position:** Independent Director/  
Chairman of Audit Committee

**Age:** 70 years

**Appointment Year:** 2018

**Shareholding Proportion:** -None-



### Highest Education

Master's degree in Engineering  
Management, University of  
Missouri – Rolla, USA

### Training

#### Thai Institute of Directors Association (IOD):

- ACP Audit Committee Program Class 1/2004
- DCP Directors Certification Program Class 45/2004
- FND Finance for Nonfinance Director Class 10/2004
- RCP The Role of The Chairman Program Class 13/2006

#### Thailand National Defense College

- Diploma, National Defence College, The Joint State - Private Sector Course Class 11/1998
- Advance Security Management Program Class 3/2555

#### Capital Market Academy

- Leadership Program Class 7/2551

#### King Prajadhipok's Institute

- Politics and Democratic Governance System Course for Executive Management Class 6/2002

#### Thailand Energy Academy

- Thailand Energy Academy Class 3/2014

#### College of Administrative

- Advanced Administrative Justice Executive Class 4/2012

#### The Constitutional Court of the Kingdom of Thailand

- Rule of Law for Democracy Class 2/2014

### Past Working Experience

2018 – Present	<ul style="list-style-type: none"> <li>• Chairman of Audit Committee, Inoue Rubber (Thailand) PCL.</li> <li>• Honorary Member of the Dhurakij Pundit University Council</li> </ul>
2020 – Present	<ul style="list-style-type: none"> <li>• Independent Director/ Chairman of WHA Corporation PCL.</li> <li>• Director of the Water Management Sub-Committee in the Eastern Economic Corridor (EEC)</li> <li>• Director of the Engineering Institute of Thailand</li> </ul>
2019 - Present	Advisor of Energy Committee of the House of Parliament
2017 – Present	Honorary Advisor of the Eastern Economic Corridor (EEC)
2016 – Present	Independent Director/ Chairman of the Audit Committee of B. Grimm Power PCL.
2011 – Present	President of Thai Industrial Estate and Strategic Partner Association
2000 – Present	President of Coral & Coastal Conservation Foundation
2017 - 2020	Director of WHA Industrial Development PCL.
2016 – 2017	<ul style="list-style-type: none"> <li>• Board of Director of the Economic Steering Sub-Committee Industries and Service (National Reform Steering Assembly)</li> <li>• Advisor of Commission National Reform Steering Assembly (Energy)</li> </ul>
2015 – 2016	Member of the National Reform Council (NRC)



Assoc.Prof.  
Jaruporn Viyanant



### Information

**Position:** Independent Director / Audit Committee /Chairman of Good Corporate Governance and Social Responsibility Committee

**Age:** 76 years

**Appointment Year:** 2015

**Shareholding Proportion:** -None-



### Highest Education

Master Degree in Financial Economic,  
Middle Tennessee State University, U.S.A.

## Training

### Director Training in 2020:

- Compliance with TFRS 16 conveniently Course, Federation of Accounting Professions
- Normal life in Thailand after Covid-19 Course, the National Economic and Social Development Council
- Agile Risk Management in the New Normal Course, Thai Institute of Directors
- Demonstrating Corporate Purpose Course, Thai Institute of Directors
- What Directors should know ? Course, Thai Institute of Directors

### Thai Institute of Directors Association (IOD):

- BMD Boards That Make a Difference
- DCP Director Certificate Program
- DCPU Director Certificate Program Update
- ACP Audit Committee Program
- MFM Monitoring Fraud Risk Management
- MIA Monitoring the Internal Audit Function
- MIR Monitoring the System of Internal Control and Risk Management
- MFR Monitoring the Quality of Financial Reporting
- RCC Role of the Compensation Committee
- QFR Improving the Quality of Financial Reporting
- AACP Advanced Audit Committee Program
- ACEP Anti-Corruption Executive Program

### Other Training:

- Capital Market Academy Leadership Program Class 10

## Past Working Experience

2015 – Present	Independent Director, Audit Committee and Chairman of CGSR Committee of Inoue Rubber (Thailand) PCL.
2017 – Present	Independent Director, Chairman of Audit Committee of BBGI PCL.
2014 – Present	Independent Director, Audit Committee, Nomination and Remuneration Committee of Ocean Life Insurance PCL.
2012 – Present	Independent Director, Chairman of Audit Committee, Chairman of the Corporate Governance Committee, Nomination and Remuneration Committee of VGI Global Media PCL.
2008 - Present	Academic Professional, Faculty of Commerce and Accountancy, Thammasat University
2014 – 2020	Sub-Committee of Monitoring and Evaluation, Office of The National Broadcasting and Telecommunications Commission
2012 - 2019	Member of the Audit Committee of Digital Government Development Agency
2018 – 2018	Audit and Corporate Governance Sub-Committees ,Thailand Arbitration Centre, Ministry of Justice
2016 – 2017	Independent Director, Chairman of Audit Committee, and Nomination and Remuneration Committee of KSL Green Innovation PCL.
2012 – 2014	Executive director of Electronic Government Agency (Public Organization)
2011 – 2014	Committee of the Financial Institutions Policy, Bank of Thailand
2010 – 2012	Expert Committee of the Anti-Money Laundering Office (AMLO)
1999 – 2015	Senior Director of Insurance Business Chamber
1999 – 2010	Director, Chairman of Audit of the Stock Exchange of Thailand



Mr. Kittichai Raktakanit



**Information**

**Position:** Independent Director/ Audit Committee  
**Age:** 60 years  
**Appointment Year:** 2017  
**Shareholding Proportion:** -None-



**Highest Education**

Bachelor of Business Administration,  
 INDIANA STATE UNIVERSITY U.S.A

**Training**

**Thai Institute of Directors Association (IOD):**

- DCP Director Certification Program Class 27/2003
- ACP Audit Committee Program Class 7/2005

**Other Training:**

- The National Defense College - The Joint State-Private Sector Course 26/2013

**Past Working Experience**

2017 – Present	<ul style="list-style-type: none"> <li>• Independent Director, Member of Audit Committee of Inoue Rubber (Thailand) PCL.</li> <li>• Director of Loxley Property Development Co.,Ltd.</li> </ul>
2019 - Present	Independent Director of SEAMICO SECURITIES PLC.
2016 – Present	<ul style="list-style-type: none"> <li>• Chairman of Loxley System Integrator Co.,Ltd.</li> <li>• Director of Loxley Evaluation Technology Co.,Ltd.</li> </ul>
2015 – Present	Director & Audit Committee (Independent Director) of Sansiri PCL.
2011 – Present	Chair of Executive Board of L-Elevator and Engineering Co.,Ltd.
2010 – Present	Executive Vice President of Loxley PCL.
2000 - Present	Director of Filatax Planner Co.,Ltd
2015 – 2016	Director, Executive Director of Mainstay Property Solutions Co., Ltd.
2013 – 2014	Director of Cholkij Sakol Co.,Ltd
2012 - 2017	Managing Director of L Green Solution Co.,Ltd
2011 – 2016	Director of Town & Country Planning Board, Department of Public works and Town & Country Planning



Mr. Kazuo Sato



**Information**

**Position:** Director  
**Age:** 62 years  
**Appointment Year:** 2013  
**Shareholding Proportion:** -None-



**Highest Education**

Bachelor of Polymer Engineering,  
 Nagoya Institute of Technology, Japan

**Training**

**Thai Institute of Directors Association (IOD):**

- DAP Director Accreditation Program Class 108/2014

**Past Working Experience**

2016 - Present	Director of Inoue Rubber (Japan) Co., Ltd.
2013 - Present	Director of Inoue Rubber (Thailand) PCL.
2013 - 2016	President of Inoue Rubber (Thailand) PCL.
2007 - 2013	General Director of Inoue Rubber (Vietnam) Co., Ltd.



# Details of Executive Committee



Mr. Takeshi Arakawa



## Information

**Position:** Managing Director/ Member of Executive Committee

**Age:** 61 years

**Appointment Year:** 2018

**Shareholding Proportion:** -None-



## Highest Education

Bachelor's Degree in Mechanical Engineering,  
Nihon University, Japan



Ms. Witchuda Kupongsak



## Information

**Position:** Executive Director of Administrative and Control Unit/Member of Executive Committee

**Age:** 56 years

**Appointment Year:** 2013

**Shareholding Proportion:** 0.024 %



## Highest Education

Master of Business Administration,  
Thammasat University

### Training

#### Thai Institute of Directors Association (IOD):

- Director Accreditation Program 65/2007

#### Past Working Experience

2018 - Present	<ul style="list-style-type: none"> <li>• Member of Executive Committee/ Managing Director, Inoue Rubber (Thailand) Public Co., Ltd.</li> <li>• Director and Executive Director of IRC (Asia) Research Co., Ltd</li> </ul>
2012 - 2018	Director of BIMC Co., Ltd.
2011 - 2012	General Manager of Inoue Rubber Co., Ltd. (Japan)
2009 - 2011	Managing Director of Inoue Rubber (Thailand) Public Co., Ltd
2006 - 2009	Executive Director of Inoue Rubber (Thailand) Public Co., Ltd.
2004 - 2005	General Manager Production Division of Bridgestone IRC Manufacturing Co., Ltd.
2000 - 2004	Engineering Manager of Bridgestone IRC Manufacturing Co., Ltd.

### Training

#### Thai Institute of Directors Association (IOD)

- DAP Director Accreditation Program Class 117/2015
- ELP Ethical Leadership Program Class 2/2015
- SFE Successful Formulation & Execution of Strategy Class 28/2013

#### Other Training:

- Babson Entrepreneurial Leadership Program Babson College

#### Past Working Experience

2015 - Present	Executive Director of Administrative & Control Unit, Inoue Rubber (Thailand) PCL.
2013 - Present	Member of Executive Committee, Inoue Rubber (Thailand) PCL.
2016 - Present	Director of Thai Inoac Component Co., Ltd.
2001 - Present	Director of Kinno Hoshi Engineering Co., Ltd.
1998 - Present	Director of Inoue Rubber (Vietnam) Co., Ltd.
2010 - 2015	Deputy Executive Director of Administrative & Control Unit, Inoue Rubber (Thailand) PCL.



Mr. Shigeyuki Hosokawa



**Information**

**Position:** Executive Director of Motorcycle Tire & Tube Business Unit/ Member of Executive Committee

**Age:** 52 years

**Appointment Year:** 2014

**Shareholding Proportion:** -None-



**Highest Education**

Bachelor of Engineering, major of Applied Chemistry, Okayama University of Science

**Past Working Experience**

2014 - Present	Member of Executive Committee, Inoue Rubber (Thailand) PCL.
2013 - Present	Executive Director of Motorcycle Tire & Tube Business Unit, Inoue Rubber (Thailand) PCL.
2015 - 2017	Member of Corporate Governance and Social Responsibility Committee, Inoue Rubber (Thailand) PCL.
2012 - 2013	Assistant Manager of Quality Assurance Section, Inoue Rubber Co., Ltd. (Japan)
2004 - 2012	Assistant Manager of Industrial Engineering Division, Bridgestone IRC Manufacturing Co., Ltd.



Mr. Mitsuhiro Ito



**Information**

**Position:** Executive Director of IED Business Unit/ Member of Executive Committee

**Age:** 47 Years

**Appointment Year:** 2018

**Shareholding Proportion :** -None-



**Highest Education**

Bachelor's degree in Engineering, Nagoya Institute of Technology University, Japan

**Past Working Experience**

2018 - Present	<ul style="list-style-type: none"> <li>Member of Executive Committee / Executive Director, IED Business Unit,</li> <li>Inoue Rubber (Thailand) PLC.</li> </ul>
2004 - 2018	Assistant Manager of Rubber Production Engineering Department, Inoac Co., Ltd



Mr. Narongchai  
Rattanaekkwain



### Information

**Position :** Deputy Executive Director of IED Business Unit/ Member of Executive Committee / Member of Risk Management Committee

**Age:** 50 years

**Appointment Year:** 2014

**Shareholding Proportion :** 0.005%



### Highest Education

Master of Science in Computer and Engineering Management (MS(CEM), Assumption University)

### Training

#### Thai Institute of Directors Association (IOD):

- SFE Successful Formulation & Execution of Strategy Class 28/2016
- HRP How to Develop a Risk Management Plan Class 8/2015
- FSD Financial Statements for Directors Class 18/2012
- RMP Risk Management Committee Program Class 5/2014
- DAP Director Accreditation Program Class 159/2019

#### Other Training:

- Thai Railway Engineer Program, National Science and Technology Development Agency
- ISO9001:2000 Internal Auditing, Robere & Associates
- ISO/TS16949:2002 Internal Auditing, Robere & Associates
- ISO14001 Internal Auditing, Robere & Associates
- Babson Entrepreneurial Leadership Program Babson College (CEDI)

### Past Working Experience

2016 - Present	Director of Kinno Hoshi Engineering Co., Ltd.
2015 - Present	<ul style="list-style-type: none"> <li>• Deputy Executive Director of IED Business Unit of Inoue Rubber (Thailand) PCL.</li> <li>• Deputy Executive Director of R&amp;D Division of IRC (Asia) Research Co., Ltd.</li> <li>• Member of Risk Management Committee of Inoue Rubber (Thailand) PCL.</li> </ul>
2014 - Present	Member of Executive Committee of Inoue Rubber (Thailand) PCL.
2013 - 2015	Production Division Manager of Inoue Rubber (Thailand) PCL.
2009 - 2015	<ul style="list-style-type: none"> <li>• Engineering Division Manager of Inoue Rubber (Thailand) PCL.</li> <li>• R&amp;D Manager of IRC (Asia) Research Co., Ltd.</li> </ul>





Mr. Suchart Kootiratrakarn



**Information**

**Position:** Deputy Executive Director of Tire & Tube Business Unit/ Member of Executive Committee/ Member of Risk Management Committee  
**Age:** 51 Years  
**Appointment Year:** 2013  
**Shareholding Proportion:** 0.003%



**Highest Education**

Master of Business Economics, National Institute of Development Administration (NIDA)



Mr. Kazuaki Yamada



**Information**

**Position:** Member of Executive Committee  
**Age:** 54 years  
**Appointment Year:** 2019  
**Shareholding Proportion:** -None-



**Highest Education**

Bachelor's Degree in Accounting, Shiga University, Japan

**Training**

**Thai Institute of Directors Association (IOD):**

- HRP How to Develop a Risk Management Plan Class 8/2015
- FSD Financial Statements for Directors Class 18/2012
- RMP Risk Management Committee Program Class 5/2014
- DAP Director Accreditation Program Class 159/2019

**Other training:**

- Babson Entrepreneurial Leadership Program Babson College (CED)

**Past Working Experience**

2015 - Present	<ul style="list-style-type: none"> <li>• Deputy Executive Director of Tire &amp; Tube Business Unit, and Member of Risk Management Committee, Inoue Rubber (Thailand) PCL.</li> <li>• Deputy Executive Director of IRC (Asia) Research Co., Ltd.</li> </ul>
2013 - Present	Executive Committee of Inoue Rubber (Thailand) PCL.

**Past Working Experience**

2019 - Present	Member of Executive Committee of Inoue Rubber (Thailand) Co., Ltd.
2015 - Present	Advisor of Inoac (Thailand) Co., Ltd.
2011 - 2015	Accounting Manager of Inoue Rubber Co., Ltd.



Mr. Hiroyuki Hibi



### Information

**Position:** Member of Executive Committee

**Age:** 57 years

**Appointment Year:** 2016

**Shareholding Proportion:** -None-



### Highest Education

Bachelor's Degree in Economics,  
Ritsumeikan University

### Past Working Experience

2016 - Present	<ul style="list-style-type: none"><li>Member of Executive Committee of Inoue Rubber (Thailand) PCL.</li><li>Director of Kinno Hoshi Engineering Co., Ltd.</li></ul>
2018 - Present	Corporate Officer of Rubber and Elastomer Division Inoac Co., Ltd.
2015 - 2016	<ul style="list-style-type: none"><li>Managing Director of Division of Rubber and Elastomer Division of INOAC</li><li>Vice President of PT. IRC INOAC INDONESIA</li></ul>
2010 - 2015	Managing Director of Dongguan Inoac (F.K.) Metal and Elastomer Co., Ltd.



## Shareholding Proportion of Directors and Executives

Name	Position	Amount of Shares		Trading during the fiscal year 2020	Proportion (%)
		30 SEP 2019	30 SEP 2020		
Mrs. Pimjai spouse and minor children	Leeissaranukul <sup>2</sup> Chairman / Executive Chairman	5,568,575	5,568,575	-	2.78
Mr. Katsunori spouse and minor children	Ito President / Executive Director	-	-	-	-
Mr. Soichi spouse and minor children	Inoue <sup>1</sup> Director	-	-	-	-
Mr. Masayuki spouse and minor children	Inoue <sup>1</sup> Director	-	-	-	-
Mr. Thanong spouse and minor children	Leeissaranukul <sup>2</sup> Director	4,370,500	4,370,500	-	2.19
Mr. Apichart spouse and minor children	Leeissaranukul <sup>2</sup> Director	4,697,700 9,000	4,697,700 9,000	-	2.35 0.0045
Mrs. Pornpip spouse and minor children	Sethiwan <sup>2</sup> Director	4,884,875 200,000	4,884,875 200,000	-	2.44 0.10
Mr. Kazuo spouse and minor children	Sato Director	-	-	-	-
Mrs. Anchalee spouse and minor children	Chavanich Director / Independent Director	-	-	-	-
Assoc.Prof. Jaruporn spouse and minor children	Viyant Director / Independent Director	-	-	-	-
Mr. Kittichai spouse and minor children	Raktakanit Director / Independent Director	-	-	-	-
Mr. Surong spouse and minor children	Bulakul Director / Independent Director	-	-	-	-
Mr. Takeshi spouse and minor children	Arakawa Managing Director	-	-	-	-
Ms. Witthuda spouse and minor children	Kupongsak Executive Director of Administrative and Control Unit	47,800	47,800	-	0.0239
Mr. Narongchai spouse and minor children	Rattanaekkawin Deputy Executive Director of IED Business Unit	10,000	10,000	-	0.005
Mr. Suchart spouse and minor children	Kootiratrakarn Deputy Executive Director of Motorcycle Tire & Tube Business Unit	6,000	6,000	-	0.003
Mr. Shigeyuki spouse and minor children	Hosokawa Executive Director of Motorcycle Tire & Tube Business Unit	-	-	-	-
Mr. Mitsuhiro spouse and minor children	Ito Executive Director of IED Business Unit	-	-	-	-
Ms. Praewphan spouse and minor children	Songhong Accounting and Finance Division Manager	-	-	-	-

Remark: <sup>1</sup>Major shareholders: Inoue Rubber Co., Ltd (Japan)

<sup>2</sup>Major shareholders: Leeissaranukul Family





## Milestones in the Past 3 Years



2020

### December, 2019

- Received the Sustainability Disclosure Acknowledgement award 2019 in the category of honorary award (Sustainability Disclosure Recognition) organized by the Securities and Exchange Commission and Thaipat Institute

### March

- Received Environmental Award 2019 from the Supplier Conference event that organized by Thai Honda Manufacturing Co., Ltd. The Company was the Winner of Environmental aspect in the group of Thai Honda's suppliers by submitting the energy reduction project to the contest

### June

- Received a declaration of honor: Bronze level Year 1 from the Zero Accident Campaign 2020 that organized by the Ministry of Labour
- Certified as a member of the Thailand's Private Sector Collective Action against Corruption (CAC)
- Received Supplier Quality Excellence Award 2019 from General Motors (Thailand) Ltd. The award is given to the automotive part supplier that has outstanding performance exceeding GM standards, present the best technology and manufacture the highest quality parts in the automotive industry

### July

- Received the Honorable Mention from the 9th NACC Integrity Awards 2019 from the Office of National Anti-Corruption Commission
- Ranked at the top 100 companies for outstanding performance in terms of environment, social, and governance, "ESG 100 Certificate 2020" for 5 consecutive years
- Received a certificate of the Combustion Optimization Project for Boiler that use Liquid as a Thermal Conductor from the Department of Industrial Works, Ministry of Industry
- Received the Best in Quality Award 2019 from Thai Suzuki Motor Co., Ltd.

### November

- Received "Very Good" (4 Stars) CG scoring rated by the Thai Institute of Directors Association (IOD) from the survey of 692 listed companies in 2020
- Listed in Thailand Sustainability Investment (THSI) 2020 awarded by the Stock Exchange of Thailand. The Company is one of 124 listed companies with outstanding performance on Environmental, Social and Governance for 4 years consecutively



### January

- Received “Automation Award” for the improvement of assembling by robot from Inoac Corporation
- Received “New Business Development Award” for the development of RUBBER BUMPER and HOOD SHEEL from Inoac Corporation

### May

- Received received the COST AWARD 2018 from Thai Stanley Electric Public Company Limited
- Received the BEST IN QUALITY AWARD from Isuzu Engine Manufacturing (Thailand) Co., Ltd.
- Received the SUPPORTING SUPPLIER AWARD 2018 from Suzuki Motor (Thailand) Co., Ltd.
- Ranked at the top 100 companies for outstanding performance in terms of environment, social, and governance, “ESG 100 Certificate 2019” for 4 consecutive years

### July

- Received the “THAILAND VISION ZERO ACHIEVEMENT AWARD LEVEL 2” from Safety and Health at Work Promotion Association (Thailand)

### August

- Won the first prize from the competition at the QCC KAIZEN Thailand Competition 2019 organized by Inoac (Thailand) Co., Ltd
- Received the Regional Supplier Quality Award Finalist from Nissan Motor (Thailand) Co., Ltd.
- Received the Supplier Quality Excellence Award 2018 from General Motors (Thailand) Co., Ltd.

### September

- Received Reduce Greenhouse Gas Certification from Thailand Greenhouse Gas Management Organization (Public Organization): TGO
- Received the Gold Award from the presentation at the ICQCC 2019 organized by the Union of Japanese Scientists and Engineers (JUSE)
- Received the Excellence Award from the presentation at the INOAC QC/ Kaizen International Convention organized by Inoac Corporation Japan

## October

- Received the Best Presentation Team award from the presentation at the APQO International Awards 2019 at Indonesia
- Received “Very Good” (4 Stars) CG scoring rated by the Thai Institute of Directors Association (IOD) from the survey of 771 listed companies in 2019
- Listed in Thailand Sustainability Investment (THSI) 2019 awarded by the Stock Exchange of Thailand. The Company is one of 98 listed companies with outstanding performance on Environmental, Social and Governance for 3 years consecutively

## November

- The Winner under the category of 17 Priorities Integration Sectors: Rubber-Based (Large-Tier)” from ASEAN BUSINESS AWARDS 2019 organized by ASEAN-BAC cooperated with Ministry of Foreign Affairs, Ministry of Commerce, and a joint committee of 3 private institutions consisting of the Board of Trade of Thailand, the Federation of Thai Industries and the Thai Bankers Association



## 2018

### January

- Received “Automation Award” for the Company’s creation of ROBOT for TUBE VALVE FITTING Machine
- Received Safety Award for the road to 10 Million hours zero accident

### March

- Received Runner Up of 2017 Outstanding Performance Supplier in Quality Performance Award from Toyota
- Received Delivery 2017 Best Award from ROKI

### May

- Received Cost Award 2017 from Thai Stanley Electric Public Company Limited
- Received Certificate for 2017FY Supplier Evaluation Score from ISUZU Engine Manufacturing Company (Thailand) Limited
- Ranked at the top 100 companies for outstanding performance in terms of environment, social, and governance among 683 listed companies, “ESG 100 Certificate 2018” for 3 consecutive years
- Received Awards of Quality 2017 from Mitsubishi Motors (Thailand) Company Limited

## June

- Received Certificate Gold Level for 2<sup>nd</sup> Consecutive year, Zero Accident Campaign from the Ministry of Labour

## August

- Certified as the Green Industry Level 3 (Green System) by systematic environmental management, monitoring evaluation, and reviewed for continuous improvement from the Mistry of Industry
- Received Thailand Energy Awards 2018 (Outstanding) for Energy Conservation, Designated Factory from the Ministry of Energy

## September

- Received Outstanding Establishment on Skill Development Promotion in accordance with Skill Development Promotion Act B.E. 2545 (2002) Award from the Department of Skill Development, Ministry of Labour

## October

- Received Gold Award for Presenting the project at the International Convention on Quality Control Circles 2018 (ICQCC 2018) by Singapore Productivity Centre
- Received “Very Good” (4 Stars) CG scoring rated by the Thai Institute of Directors Association (IOD) from the survey of 657 listed companies in 2018
- Listed in Thailand Sustainability Investment (THSI) 2018 awarded by the Stock Exchange of Thailand. The Company is one of 79 listed companies with outstanding performance on Environmental, Social and Governance for 2 years consecutively

## November

- Received Platinum Award for Presenting in the International Quality & Productivity Convention 2018 (IQPC 2018) at Indonesia





## Revenue Structure and Product Features

The Company's revenue structure for the past 3 fiscal years consists of;

Business Unit/ Product	Fiscal year 2018	%	Fiscal year 2019	%	Fiscal year 2020	%
<b>Industrial Elastomer Parts</b>						
Domestic Sales	2,645.37	47.58 %	2,631.85	48.49 %	2,017.72	46.26%
Export Sales	391.71	7.05 %	402.04	7.41 %	265.05	6.08%
<b>Total</b>	<b>3,037.08</b>	<b>54.63 %</b>	<b>3,033.89</b>	<b>55.90 %</b>	<b>2,282.77</b>	<b>52.34%</b>
<b>Motorcycle Tires and Tubes</b>						
Domestic Sales	1,435.20	25.82 %	1,367.49	25.20 %	1,176.43	26.97%
Export Sales	1,087.07	19.55 %	1,025.71	18.90 %	902.49	20.69%
<b>Total</b>	<b>2,522.27</b>	<b>45.37 %</b>	<b>2,393.20</b>	<b>44.10 %</b>	<b>2,078.92</b>	<b>47.66%</b>
<b>Grand Total (million baht)</b>	<b>5,559.35</b>	<b>100%</b>	<b>5,427.09</b>	<b>100.00%</b>	<b>4,361.69</b>	<b>100.00%</b>

## Product Features separated into 2 business units as follows;

### Industrial Elastomer Parts

The Company has manufactured and developed industrial elastomer parts based on customer demands under various specification and different application. Our industrial elastomer parts can be divided into 2 main categories namely;

#### Group I. Elastomer Parts for Automotive Industry

##### Elastomer parts for car



##### 1. Elastomer Parts in Engine Room

- Guage Oil
- Hose Air Intake
- Cylinder Gasket

##### 2. Elastomer Parts in Powertrain System

- Column Hole
- Cover Dust Shift Lever

##### 3. Elastomer Parts for shockproof

- Seal Rubber Hood
- Fuel Hose Seal
- Rubber Bumper
- Hanger
- Clamp Injection Pipe
- Stopper Bump
- Damper

- Washer Rubber
- Seal Fuel Tank
- SPG Seat Rubber

##### 4. Elastomer Parts for Interior and Rubber Seal

- Weather Strip Inner
- Rubber Mirror
- Socket Cover
- Dam
- Door Grommet
- Shield Splash
- Shield Fuel Tank
- Rubber Side Step
- Tube Protector
- Rubber Molding Upper
- Boot Clutch Release Fork Support

##### Elastomer parts for motorcycle



##### 1. Elastomer Parts for motorcycle's body

- Peeling Fuel
- Float
- Battery Pad
- Cover Frame

##### 2. Elastomer Parts for shockproof

- Chain guide
- Slider Chain
- Roller Comp Cam Chain Guide
- Sprocket

##### 3. Elastomer Parts for shockproof

- Rubber Bush
- Damper
- Rubber Protector

##### 4. Elastomer Parts for Interior and Rubber Seal

- Rubber Cover
- Grommet
- Rubber Seal
- O-ring
- Tube Drain
- Socket Body
- Ring Head Light

## Group II Elastomer Parts for Other Industries

The Company has undertaken R&D to support usage in other industries regarding to our customers' specification and using in various aspects such as rubber parts used in the infrastructure projects, agricultural, construction machineries, cooling machines, construction materials, sealing rubber container, sealing rubber valve for the Metropolitan Waterworks Authority, and others depending on customers' needs.

### Elastomer parts for electrical appliances and air conditioners

— Grommet Cushion



### Elastomer parts for agricultural machinery

— Fuel Tube

— Bonnet



### Elastomer parts for construction industry

— House wall seal



— Setting Box



— Rubber Gasket



— Street Light Seal



— Expansion Joint



### Elastomer parts for Infrastructure system

— Dust Seal



— Batterfly Valve



### Elastomer parts for Rail System

— Maintenance Parts



— Rail Pad



### Vi-pafe® Products



Polyurethane sport flooring



Multipurpose field



Rubber paving blocks

## Main Groups of Customers

### 1. Automobile and Motorcycle Original Equipment

**Manufacturer (OEM)** For the automobile manufacturers, the Company supplies to Mitsubishi, Toyota, Isuzu, Honda, Nissan, Mazda, Suzuki, Ford, Chevrolet, General Motor (Thailand) and General Motor (Brazil), whereas for the motorcycle manufacturers, the Company supplies to Honda, Suzuki, Kawasaki, Yamaha, and Ducati. IRC's quality elastomer products are generally assembled in built-up cars and motorcycles, and are exported to many countries globally.

Additionally, IRC's quality elastomer products are also exported to be assembled in other countries as well as are supplied to manufacturers as spare parts for both domestic and international service centers with the guarantee depending on the customers' specification.

**2. Sub-Automobile and Sub-Motorcycle** This group is the part-manufactures which supply for OEMs including the first-tier suppliers— which directly supply parts for automotive and motorcycle OEMs —and the second-tier suppliers— which are sub-contract to supply parts to the first-tier suppliers; for example, IRC supplies our quality elastomer products to an automotive glass manufacture to be assembled before delivering to OEMs later on.

**3. Others Industries** The group of customers are variety as product features such as;

- Cooling machines e.g. Mitsubishi Electric, Daikin Industries, and Toshiba Carrier etc.
- Agricultural machines e.g. Kubota and Kobelco etc.
- Vi-Pafe; e.g. Running tracks, Futsal field, floor paving and Rubber Chip.
- Other goods e.g. SCI Corporation Co., Ltd (a valve manufacturer supplies to the Metropolitan Waterworks Authority), Hitachi (a water pump and washing machine manufacturer), and Panasonic (a speaker), etc.

## Motorcycle Tires and Tubes

IRC is the leader in the motorcycle tire and tube markets in Thailand which has been relied and utilized in the quality of the product manufacturing and supply potential by motorcycle manufacturers in Thailand such as Honda, Yamaha, Suzuki, Kawasaki etc.

With the distinctive points in quality, manufacturing potential, and delivery, together with the after service, these bring about our success in achieving the number one market share in Original Equipment Manufacturer (OEM) market continuously. Additionally, the Company has strong commitments towards research and development of product and production process to continuously supply customers with accepted-quality products and deliver new innovation to meet the diverse customer demands and lifestyles whether in terms of pattern, size, specification and performance. Currently, the Company is able to manufacture tire and tube products for multi-purposes over than 600 models such as on-road tires, mini-cross tire, off-road tires, scooter tires, heavy-duty tires, snow tires, energy-saving tires, and tires for electric vehicle motorcycle etc.

In 2020, has announced a motorcycle tire for scooter under the code IZ-S S-99T especially for 150 – 300cc scooter riders in domestic and ASEAN markets.

### Main Groups of Customers

Main groups of motorcycle tire and tube customers are separated by domestic and export distribution namely;

#### 1) Domestic market

- Direct supply to motorcycle OEMs
- The Sittipol 1919 Co., Ltd. as the distributor in the replacement market

#### 2) Export market

- Direct supply to motorcycle OEMs under IRC's global marketing activities
- Inoac International Co., Ltd. and BIMC Co., Ltd. for Japan market
- Inoue Rubber (Japan) Co., Ltd. for the markets in Japan, United State of America, Europe, and other continents
- Supply via agents to customers in Asean countries including Myanmar and Cambodia



# Product Highlight in 2020

## Motorcycle tires



### VX-30

- VX-30 tires are developed to another upper level, together with professional motocross bikers.
- Suitable for soft to medium textures, with special features in enhancing the adhesion force, anti-bump and excellent durability.
- Rubber texture with new compound formula that increases the starting force and tension when braking, provides greater durability and longer life.



### NR-50 (Persona)

- Special compound rubber texture provides excellent adhesion force and 10% shorter braking distance than other brands.
- Reinforced sidewall structure enables further driving even at low air pressure.
- Specially designed tire tread pattern makes it quickly drained and prevents it from hydroplaning.



### TG

- Off-road tire tread pattern was tested and developed to well suit the use on smooth, semi-smooth, bumpy, dusty and gravel roads.
- Standard tire tread depth for soft feeling, comfortable driving, more suitable for using on smooth road without causing a vibration feeling like general off-road tires.
- Strong rubber structure makes tire capable to support a lot of weight.

## Elastomer parts in other industries



**Cable Insulation Rubber:** The rubber parts used for wire harness are assembled in the front door, rear door and tailgate of vehicle to prevent from damages caused by impacts during opening and closing car doors.



**Intake Rubber:** serves to take clean air from the filter into the engine compartment to support the combustion in the engine compartment.



**Anti-Bump Sealing Rubber:** a rubber part used to prevent the bump between the bonnet, grille and headlight, and to prevent foreign matter from entering into the engine compartment, with properties of anti-bump and weather resistance.

## Vi-pafe



Phaiphra Subdistrict Administrative  
Organizations, Phra Nakhon  
Si Ayutthaya province



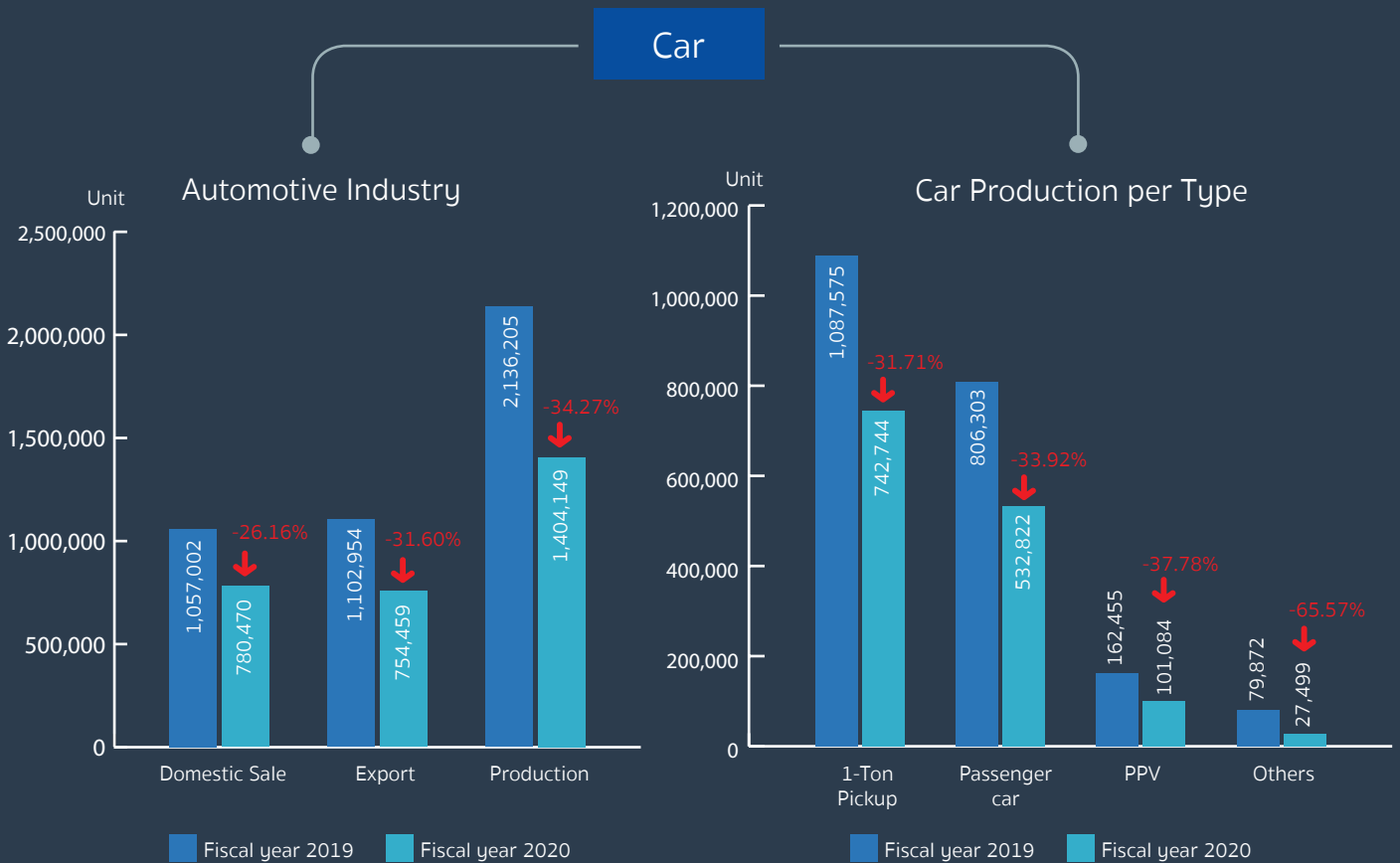
Kio Kaeo Child Development Center,  
Phayao province





## Market and competition situation

### Overview of automotive industry

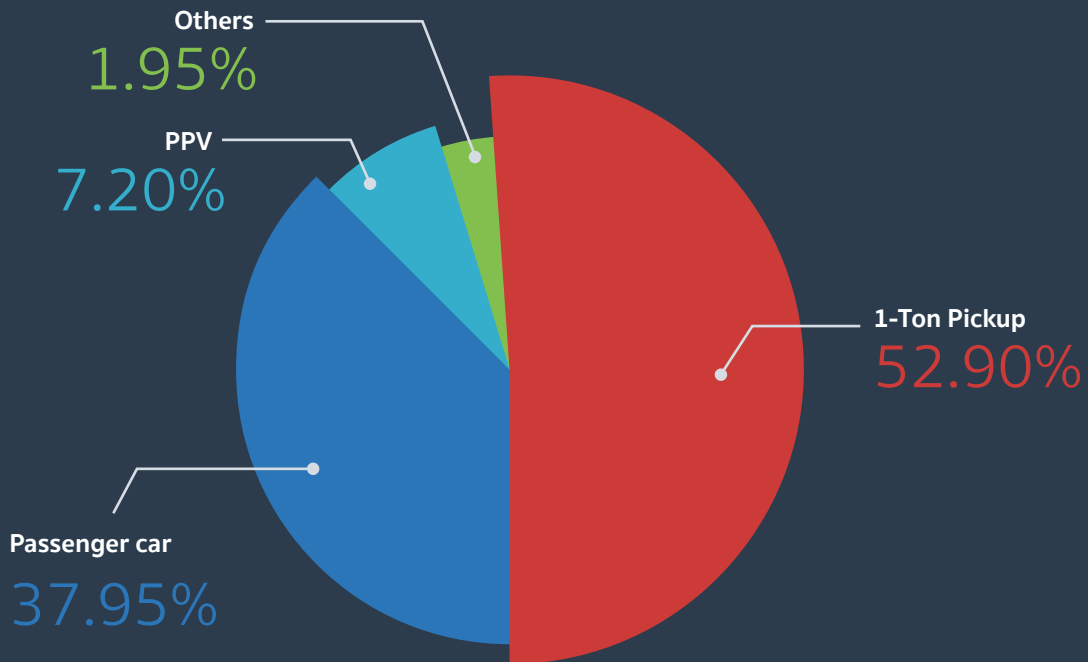


In the 2020 Fiscal Year (1 Oct 2019 – 30 Sep 2020), Thailand’s total car production are 1.4 million units, an increase of 34.27% from the previous fiscal year. The main reason is because the outbreak of COVID-19 all over the work, resulting in the interruption of economic activities, and the effect on purchasing power of consumers, and more strict credit approval of the financial institutes. These result in the domestic sales of 0.78 million, an increase of 26.16%, when the export is 0.75 million units, a decrease of 31.60 %. The main markets are Asia, Oceania, European Union and North America.





### Ratio of car production per type in Fiscal Year 2020



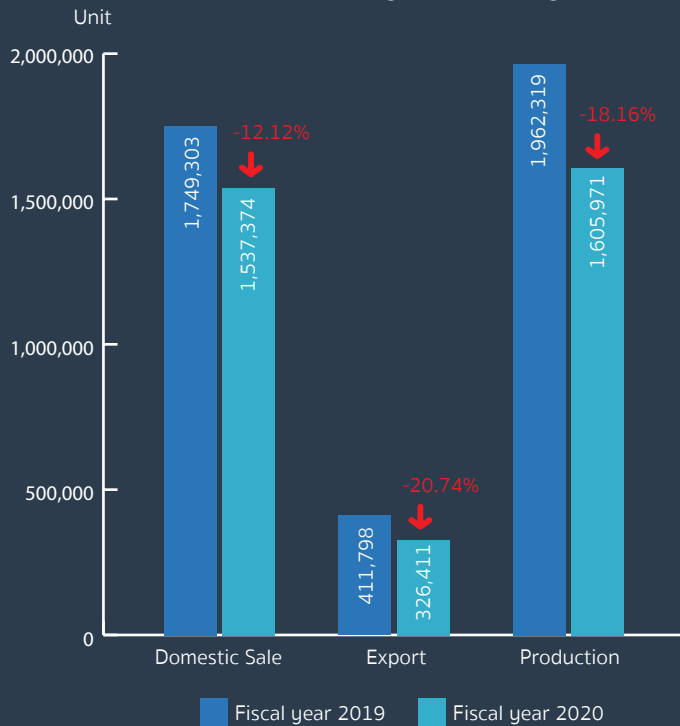
Considering the types of vehicle, the production ratio in the 2020 Fiscal Year can be described as follows:

- 1-ton pickup: Its production ratio is 52.90% of total car production in Thailand, a decrease of 31.71%. It is still a popular product continuously with major car manufacturers like Mitsubishi, Toyota, Isuzu, Nissan, Ford, and General Motors, making investment and using Thailand as a production base.
- Passenger car: Its production ratio is 37.95% of total car production in Thailand, a decrease of 33.92% from the previous year. Cars with 1,500 cc or less are still the most popular in the group
- Pick-Up Passenger Vehicle or PPV: Its production ratio is 7.20 % of total car production in Thailand, a decrease of 37.78% from the previous year.
- Others (Van, Bus and Truck) for Commerce: Its production ratio is 1.95% of total car production in Thailand, a decrease of 65.57 % from the previous year.



## Motorcycle

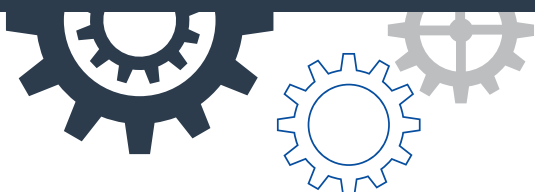
### Motorcycle Industry



### Total Motorcycle Production



To shed the light on the overall Thai motorcycle market in the 2020 fiscal year, the total production was reported at 1.61 million vehicles, 1.3 million of which were family models and 0.31 million sports types. It suffered a decrease by 18.16 percent year-on-year, 18.19 percent for the family motorcycle group and 18.01 percent for sports one. The trend was a result of the outbreak of COVID-19, seriously affecting the economy in Thailand and around the world, causing people to be more careful in their spending, especially for luxury products such as motorcycle which the major buyers are the population in the bottom of income pyramid, additionally, the workers in various industries that were directly affected by the country lockdown, the interruption of economic activities in many sectors, and the shrinking exports, while the purchasing power of customers in the farmer group who are not only affected by lower sale volume due to the current situation, but may also face the lower crops prices in the latter half of the year, was inevitably affected.



## Competitive Situation

### Industrial Elastomer Parts

The main customers of Industrial Elastomer Parts consist of cars and motorcycles manufacturers as well as other industries such as air-conditioners, agricultural machinery, construction industry and other aforesaid infrastructures. Our products are represented as original equipment manufacturers or OEMs thus our sales from this business line are vary to the economic and industry situation as well as overall domestic consumption.

Nevertheless, the Company defines the strategy focusing in the innovation development both in product and process by holding a competition within the Company for every employee to participate and enhance the thought. In addition, the Company enhances its research and development and product design in response to the customer's demand, which increase the competitive proficiency of the Company, the customer's confidence, and in the Company's quality and delivery punctuality. Moreover, there is the development of automation system in production process from the Company's team.

Accordingly, the Company believes in the way of market expansion on the existing customers, and the continuous expansion of customer base in new potential markets based on our strength and innovation.

### Motorcycle Tires and Tubes



**Domestic Market:** The Company sell motorcycle tires and tubes to 2 big groups of customers:

- **Original Equipment Market (OEM):** In 2020, the motorcycle manufacture for domestic sale suffered a decline because of the COVID-19 outbreak, resulting in a significant decrease of overall motorcycle manufacture in the past 19 years, therefore making the sale volume in this group sharply declined. However, every manufacturer tried their hands on promotional attempts to revive the markets.

The strategies included a series of new car model development to suit users' varying needs. They modernized performance and functions, especially, the famed automatic motorcycle of size 125 - 150 cc and the introduction of family cars that featured easy use and less oil consumption.

- **Replacement Market:** The total amount faced a sharp decline year-on-year because of the country lockdown measure to prevent the outbreak of COVID-19, resulting in the obvious recession of overall economy of the country. Nevertheless, IRC continues to execute promotional activities and cooperation with dealers, such as activities with distributors in the upcountry after unlocking such preventive measure, continuously giving discount vouchers to help and support those requiring out quality tires, as well as recommendation for choosing the right products and appropriate product maintenance.

The Company has devised and designed new products of superior quality, performance and reasonable price to new models presently launched in the market. For instance, the latest tires are on offer with the code IZS S99T covering 8 sizes of 4 models; tires for Off Road VX-10 series, and IRC TG tire of 12 inches, and 17 inches of GP-5 and GP-22 tires, to name but a few.



### Export Market:

Despite of the effect from the COVID-19 outbreak in many countries in Europe and USA, and many fluctuations, such as the US-China trade war that affect corporate distribution strategies, the Company has actively attempted to reshape plans to keep up with the current situation and this has garnered warm response by both local and overseas clients, in particular Japan and the ASEAN. In a bid to cater to the US market, the Company has devised Off Road tires with the code VX-10 for 50-250 cc Motocross and VX-30 for 250-400 cc Motocross. These two models are likely to perform well in the country too.



## General Information of the Company

**Company Name** Inoue Rubber (Thailand) Public Company Limited

**Abbreviation** IRC

**Company Registration Number** 0107536001737

**Type of Business** Manufacturer of Industrial Elastomer Part and Motorcycle Tires and Tubes

**Website** [www.ircthailand.com](http://www.ircthailand.com)

**Site (Head Office)** 258 Soi. Rangsit – Nakornnayok 49, Prachatipat, Thanyaburi, Pathumthani 12130

Tel. (66) 2 996 0890 Fax (66) 2996 1439

**Registered Capital/ Paid-up Capital** 200,000,000 Baht (fully paid-up)

**Number of Shares** 200,000,000 ordinary shares

**Par Value** 1 Baht

**Investor Relation** [ir@ircthailand.com](mailto:ir@ircthailand.com)  
Tel. (66) 2 996 0890 Ext. 243



## Company that IRC held more than 10% share



### IRC (Asia) Research Company Limited

258 Soi. Rangsit – Nakornnayok 49, Prachatipat,  
Thanyaburi, Pathumthanee 12130

**Tel:** (66) 2 996 0890

**Fax:** (66) 2 996 1439

157 Moo 5, Phaholyothin Rd., Lamsai, Wangnoi, Ayutthaya 13170

**Tel:** (66) 2 996 1471-3

**Fax:** (66) 2 996 1574

**Type of Business:** Conducts mainly researches and development for the Company's raw materials and products

**Registered Capital:** 30 million baht, paid-up capital 10.05 million baht, share portion 99.99%



### Kinno Hoshi Engineering Co., Ltd

157 Moo 5, Phaholyothin Rd., Lamsai, Wangnoi,  
Ayutthaya 13170

**Tel:** (66) 35 272 206-7

**Fax:** (66) 35 214 896

**Type of Business:** Manufactures metal molds for motorcycle and automotive elastomer parts. Currently, mainly manufactures various types of mold for the Company.

**Registered Capital:** 10 million baht, paid-up capital 10 million baht, share portion 99.99%

## Reference Persons

Security Registrar

Thailand Securities Depository Company Limited  
93 Ratchadaphisek Road, Dindaeng, Bangkok, 10400  
Tel (66) 2 009 9000  
Fax (66) 2 009 9991

Auditor

Ms. Nopanuch Apichartsatien  
Certified Public Accountant (Thailand) 5266  
Pricewaterhouse Coopers ABAS Ltd.  
Bangkok City Tower 15th Floor  
179/74-80 South Sathorn Road, Bangkok, 10120  
Tel +66 (0) 2844 1000 Fax (66) 2 286 5050

## Major Shareholders

List of the top 10 shareholders as at ex-dividend date (XD) on February 7, 2020

Top Ten Major Shareholders	Number of Shares	Shareholding Percentage (%)
1) Inoue Rubber (Japan) Co., Ltd.**	68,600,000	34.30
2) Sopa-kanok International Co., Ltd.**	50,666,000	25.33
3) Dr. Vicharat Chawa-amphorn	7,408,888	3.70
4) NOMURA SECURITIES CO LTD-CLIENT A/C	6,235,000	3.12
5) Mrs. Pimjai Leeissaranukul**	5,568,575	2.78
6) Ms. Pissacha Hemvachiravarakorn	5,400,000	2.70
7) Mrs. Porntip Sethiwan**	4,884,875	2.44
8) Mr. Thanong Leeissaranukul**	4,370,500	2.19
9) Mr. Niti Osathanugrah	3,840,500	1.92
10) Mrs. Porndee Leeissaranukul	3,200,000	1.60

หมายเหตุ: \* and \*\* are the major shareholders that participate in formulating the Company's management via Directors nominated to IRC's Board of Directors

\*\* Leeissaranukul family Shareholding

## Directors of Subsidiaries

Director	Subsidiaries		Affiliates
	IAR	KIN	IRV
Mrs. Pimjai Leeissaranukul	● ●	● ●	
Mr. Katsunori Ito		● ● ●	
Mr. Thanong Leeissaranukul	●		
Mrs. Pornthip Sethiwan	●		
Mr. Takeshi Arakawa	● ● ●		
Ms. Witchuda Kupongsak		●	●
Mr. Narongchai Rattanaekkawin	● ●	●	
Mr. Mitsuhiro Ito	●		
Mr. Hiroyuki Hibi		●	
Mr. Hiroshi Harada		●	
Mr. Suchart Kootiratrakarn	●		

As of 30 September 2020

Symbols indicate positions

● Director ● Executive Director ● Authorized Signatory Director

IAR = IRC (ASIA) RESEARCH COMPANY LIMITED

KIN = KINNO HOSHI ENGINEERING COMPANY LIMITED

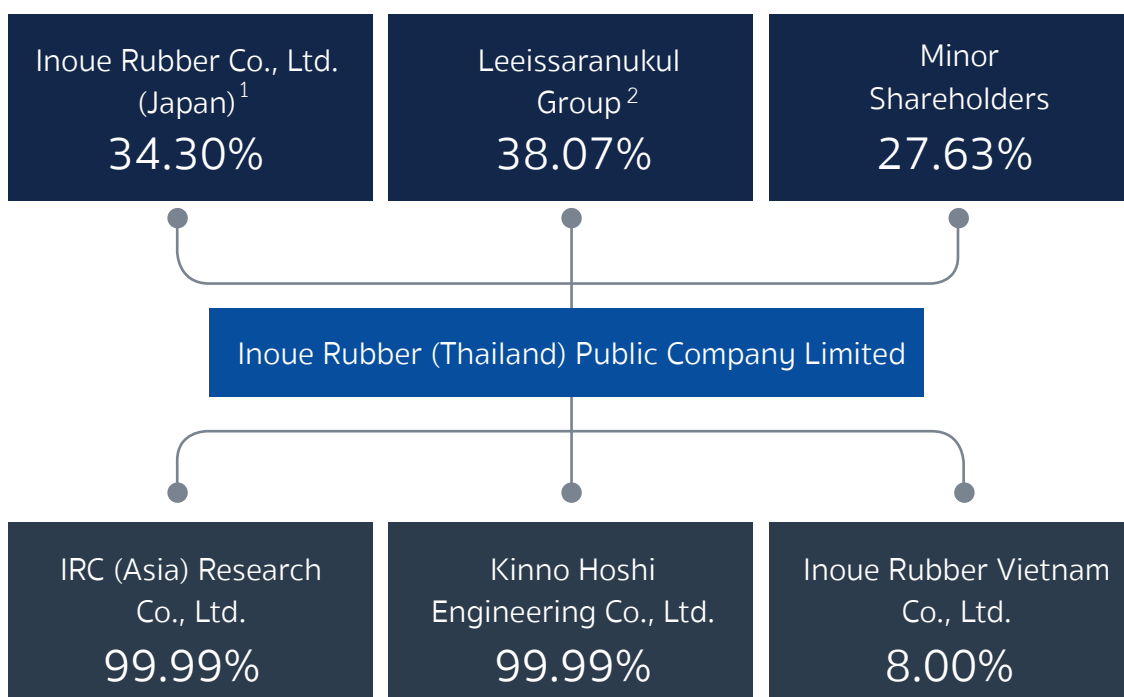
IRV = INOUE RUBBER VIETNAM COMPANY LIMITED



# Shareholding Structure

A joint-venture between Leeissaranukul family and Inoue Rubber (Japan), the current major shareholder, is presented in the shareholding structure as follows:

As at February 7, 2020



Remark: <sup>1</sup> Major shareholder group who participate in business operation by sending persons to be directors  
<sup>2</sup> Leeissaranukul Family including Sopa-Kanok International Co., Ltd, Mrs. Porndee Leeissaranukul, Mr. Thanong Leeissaranukul, Mrs. Pimjai Leeissaranukul, Mr. Apichart Leeissaranukul, Mrs. Porntip Sethiwan Mrs. Kessara Leeissaranukul, Mr. Chokchai Sethiwan, Mr. Kanin Laochinda, and Ms. Sirinya Laochinda

## Subsidiaries and Joint Venture Business Operation Governance



The Company has the Investment and Management in Subsidiaries policy that shall invest in the businesses that make benefits and encourage the Company's operation in order to strengthen the stability and performance of the Company. Moreover, in case that the Company invests in other companies more than 50% of such company's shareholding, the Board of Directors shall assign the Executive Committee to appoint the representatives who are the Company's directors or executives to be directors or controlling persons of such subsidiaries, to have the transparent and effective governance and internal control.

## Dividend Policy of the Company



The Company's dividend payment policy is not paying more than 65 percent of net profit of consolidated financial statements after deducting corporate income tax and legal reserve by considering the fiscal year performance.

# Message from the Good Corporate Governance and Social Responsibility Committee in 2020

Dear All Shareholders,

The Board of Directors has appointed the Corporate Governance and Social Responsibility Committee by having Assoc. Prof. Jaruporn Viyanant, an independent director, as a Chairman, together with the executives from various departments, which are Mr. Bunthorn Sriwongchan, Mr. Sommai Wandee, Mr. Sunan Lacharoen, and Mr. Therdsak Emsem as a director, in order to perform duties in corporate governance and social responsibility as assigned by the Board of Directors complying with the Corporate Governance Code for listed companies 2017 by Securities and Exchange Commission Thailand. This paves the way for the sustainability of business operation and confidence of all groups of stakeholders.

In 2020, the Committee held 4 meetings. Below are the essences of the meetings;



## Good Corporate Governance

- Encouraging the Shareholders to propose agenda, directors' candidates, and questions in advance for the Annual General Meeting for 2021 in the period of October 12 – November 11, 2020, through the Company's website and the Stock Exchange of Thailand's website then proposed to the Board of Directors to consider in this November 2020's meeting. Thus, no shareholders had proposed any agenda.
- Revising the Handbook of Good Corporate Governance altogether with the Charter to comply with the Securities and Exchange Act (No. 6) B.E. 2019 and Corporate Governance Code for Listed Company of 2017 (CG Code 2017) of the Securities and Exchange Commission, in order to enhance the regulation and good corporate governance policy of the Company thorough to have the Directors, Executives and Employees performed accordingly.
- Disclosed the 56-1 Form and Annual Report as in the guideline of the Securities and Exchange Commission's Committee, also the Sustainability Report as in accordance from the Global Reporting Initiative (GRI) Standard, and use the Sustainable Development Goals (SDGs) as the compass to driven the operation with the Company's stakeholders to align with the global sustainably development model.
- Anti – Corruption: The Committee took part in driving the Company to be certified as a member of the Private Sector Collective Action Coalition Against Corruption or CAC, from the resolution of the

and the value-added between the organization and society altogether. Moreover, developed better livelihood of the employee and society through 8 major projects as follows;

1. Activities in “**Global**” level that promote the sustainably use of energy by reducing the use of energy and the emission of greenhouse gas which are the factors for the Climate Change and the destruction of the earth’s atmosphere; e.g. Solar panels project that is clean energy system to reduce Greenhouse Gas (GHGs) emission, as well as Green Industry project that is driven by the Ministry of Industry to enhance the factory to be friendly to communities and environment. The Company aims for sustainable development systematically operate in 5 level
2. Activities in “**Community/ National**” level where the major projects are Klongpang Cooperative Model, Hai Archeep – Hai Cheevit Project, Safe Ride Campaign: IRC Care, Safe Drive Campaign during Long Holiday, Supply Chain Development project, and 50 Years IRC that is special project for IRC 50 years anniversary, the project aims to enhance quality life of the communities by giving Vi-Pafe product that added the value of natural rubber and also friendly to the environment to 50 public areas across the country. Moreover, the Company aims to expand the project to become the Corporate Social Responsibility (CSR) and Creating Shared Value (CSV).
3. Activities in “**Activity with the Communities**” which strengthen the Company’s relationship with the nearby communities both in Rangsit and Wangnoi; for example, Activity with the Communities Project. During the Covid-19 epidemic, the Company took part in preventing the epidemic by donated 75% of alcohol gel company-made products to the hospitals, the communities, the temples, and other organizations nearby IRC, in order to prevent and go through the Covid-19 epidemic crisis together.
4. Internal activities of “**IRC**” such as Food Waste Reduction and Plastic Bag Usage Reduction, which are under the Zero Waste project, creating awareness

Anti-Corruption Commission’s meeting in Q1/2020 as well as encouraged the Executives and Employees of all levels to receive training and to comprehend the Anti-Corruption Policy. The Company has put such policy into one of its Annual Training Plan in order to imbued it as the Company’s culture, altogether with defined the complaint channel (Whistle Blowing Channel) for the general person to report the whistleblowing of corruption.

## Corporate Social Responsibility

Activities for Society and Social Development: The Committee has defined the scope of works for driven CSR activities of the Company, aligned with the Strategy Map, focusing in responsibility for Environment and Ecosystem,



of reducing general waste inside the Company, as well as activities that focus on creating consciousness both in innovation and continuous sustainability, altogether with health care, living, safety, and knowledge and competency development of the employees. Moreover, the Company determined the Covid-19 preventive measure during the emerging Covid-19 epidemic to keep employees safe and healthy. All of stated activities are disclosed in the Sustainability Report.

## Pride Awards in 2020

- Certified as a member of the **Thailand's Private Sector Collective Action against Corruption (CAC)** from the resolution of the Anti-Corruption Commission's meeting in Q1/2020 by considering the Company's self-assessment form on anti-corruption measures. The certification will be valid for 3 years, from the approval resolution date on June 30, 2020 to June 30, 2023.
- Received **the Honorable Mention from the 9th NACC Integrity Awards 2019** from the Office of National Anti-Corruption Commission on 3 July 2020. The criteria consider a business performance that response to the output and complaints, a mission performing according to the rule of law, a non-violation of human rights and international ethics, and a transparency and fairness of operation and procurement that have measures for anti-corruption and the giving or receiving of bribes.
- Received **the Sustainability Disclosure Acknowledgment award 2019** in the category of honorary award (Sustainability Disclosure Recognition) organized by the Securities and Exchange Commission and Thaipat Institute on December

11, 2019. This award considered and evaluated the status of sustainability information disclosure to the public and related stakeholders through the sustainable development report according to 3 criteria; integrity, reliability and communication and presentation of the report. This performance reflects the Company's operations which is committed to development in economic, social and environmental for the organization to grow sustainably.

- Being one of 803 listed companies that are outstanding company in the sustainability management particularly in Environmental, Social and Governance (ESG) aspects, which is called '**ESG100**' for the year 2020 for 5 consecutive years.
- Selected in the list of the **Thailand Sustainability Investment 2020 (THSI)** by the Stock Exchange of Thailand. The Company is one of the 124 selected listed Companies that operates the business sustainably with consideration to Environment, Social and Governance for 4 consecutive years.
- Received awards from the Company's customers; e.g, SUZUKI, Honda, and others such as Product's Cost and Quality, Safety in Organization, Risk Management, etc.



(Assoc. Prof. Jaruporn Viyanant)  
Chairman of Good Corporate Governance  
and Social Responsibility



# Corporate Governance

## Corporate Governance Policy

Inoue Rubber (Thailand) Public Co., Ltd., has established the Corporate Governance Policy (herein called CG Policy) by applying principles and guidelines of the Corporate Governance Code for Listed Companies 2017 of the Securities and Exchange Commission (known as CG Code), Thailand, aligning with the Principles of Good Corporate Governance for Listed Companies 2012 of the Stock Exchange of Thailand (known as CG Principles), also in line with the assessment guideline for the Corporate Governance Report of Thai Listed Companies (known as CGR) of the Thai Institute of Directors (known as IOD). The Board of Directors has reviewed the CG Policy on a yearly basis in order to ensure that the Policy is suitable with current business circumstances. The Company published a manual to facilitate good communication with management and employees and to ensure continuing compliance. The Company monitors compliance of the Code of Conduct through channels for whistleblowing and complaint and reports the result to the Audit Committee on a quarterly basis.

The unapplied topic are as follows;

1. The establishment of a Nomination and Remuneration Committee: However, the Board has applied practice guideline of the Nomination and Remuneration Committee recommended by the Stock Exchange of Thailand (SET) as the Company's practices where every director have fully required qualifications and performed the best following the committees' charters. Additionally, the remuneration of the directors was considered using the other companies'

in the similar industry and market capitalization remuneration's information.

2. The meeting attendance shall not be less than 75% of all of the Board of Directors' Meeting per years since some of the director has their residence located abroad, their attendance was less than 75% as mentioned. Anyhow, such directors had performed through concerned reporting channels effectively and supported the Company in many ways. This is considered that those directors' performance was excellent.
3. Non-executive directors are responsible for determining the total compensation of, and performance evaluation criteria for the chief executive officer: However, the current compensation was aligned with the contract that the Company made with related parties, which was considered as Relate Party Transaction. These transactions were audited by the Audit Committee and approved by the Board of Directors

As the Board of Directors has a regular agenda to review the CG Policy on a yearly basis, it could set a plan to implement this topic in the future.

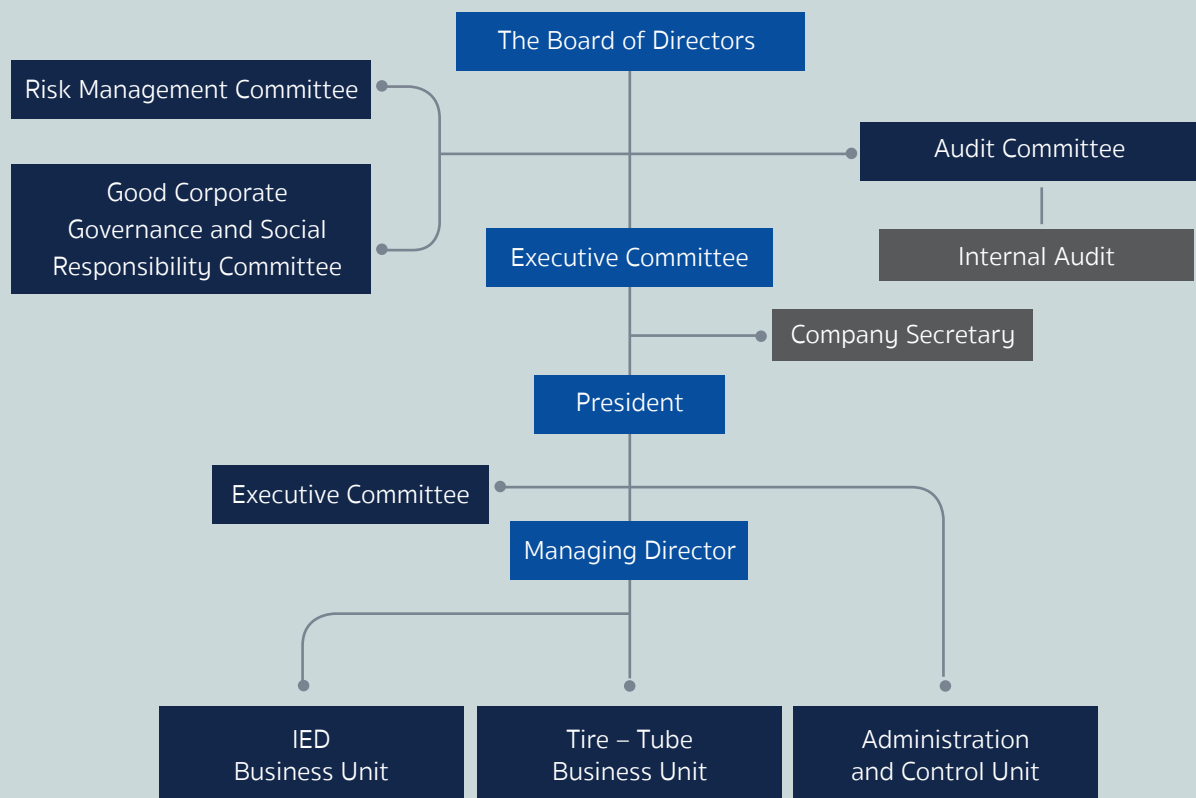
The investors can obtain more details on corporate governance information from its Annual Statement or Form 56-1, or in the Company's website [www.irthailand.com](http://www.irthailand.com) in the page Investor Relations, which covers information on corporate governance and sustain.

Organization structure of the Company includes the Board of Directors and 4 Sub-committees which are Audit Committee, Executive Committee, Risk

Management Committee and Good Corporate Governance and Social Responsibility Committee. They are to scrutinize and recommend guidelines on corporate governance and on management of the Company. All directors have freedom to express their opinions on

the Company's operations to ensure that business is efficiently, accurately and transparently administered by the management. The Company's organization is shown below:

## The Company's Management Structure



Data as of September 30, 2020

### Board of Directors

Board of Directors includes at least 5 individual members; at least half of them must reside in Thailand and at least 1/3 and no fewer than three persons must be independent directors. Director nomination applies diversity policy for board structure, for example, skills, experiences, expertise, and in line with the Company's strategy. The nomination process includes information from the Director Pool from IOD as part of consideration.

As of September 30, 2020, the Boards of Directors consisted of 12 members, including 10 non-executive directors, representing more than 4/5 of all members, and 2 executive directors. The Board has 4 independent directors, representing 1/3 of all members, and two of them are female. Independent directors are independent

from management and major shareholders.

### Authorized Directors

Authorized Directors are "Mrs. Pimjai Leeissaranukul" or "Mr. Thanong Leeissaranukul" co-signs with "Mr. Katsunori Ito" or "Mr. Masayuki Inoue" together with the Company's seal.

### Roles, Duties and Responsibilities of the Board of Director



1. To undertake the duties in accordance with laws, objectives and Articles of Association of the Company, Good Corporate Governance Principles, and resolutions of the Board of Directors' meeting and the shareholders' meeting with due care and integrity and to look after the interest of the

- Company; furthermore, clearly define the scope of duties and responsibilities for the management;
2. To set the goal, strategy, policy and direction of the Company's business operation together with allocate important resources and supervise the management to ensure efficiency, effectiveness and compliance with the prescribed policies and to achieve sustainable value creation by competitiveness and performance, ethical and responsible business, respect rights and responsibilities of shareholders, stakeholders, social and environment;
  3. Provide review of strategy, vision and missions, and corporate values (IRC DNA) which consider changing of environment by encouraging innovation and technology usage that suitable with the Business Ecosystem and consider the needs of customers and stakeholders. It also considers the competitiveness of the business on an annual basis;
  4. To arrange a reliable accounting system, financial reports and auditing by settle internal control procedures and suitable internal audit system with consistent follow-up;
  5. To approve the quarterly financial statement and propose the shareholders' meeting to consider to approve the annual financial statement, as well as to approve the annual investment budget and to monitor the operating results of the Company, including the major progress in various aspects;
  6. To provide advices/suggestions and make a decision with due care on the agenda proposed in the Board of Directors' meeting;
  7. To appoint/remove the sub-committee on specific matters as deemed suitable;
  8. An independent director is able to provide their independent discretion 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;
  9. To arrange a good corporate governance, anti-corruption policy, business conduct and code of conduct for directors and employees as a guideline and to annually review these policies;
  10. To approve the importance 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;
  11. To approve and/or consent on the connected transactions between the Company and its subsidiaries in accordance with related notifications, requirements and guidelines of the Stock Exchange of Thailand;
  12. To suspend buying/ selling/ transferring of the Company's securities one month prior to public disclosure of the financial statement and during or before the period that the Company reveals is undertaking the confidential transaction e.g. increasing in capital, merger and acquisition, or negotiation of new significant projects;
  13. To report any securities holding by himself/herself and his/ her spouses and children in the Board of Directors meeting quarterly and to inform the Company Secretary within 3 business days from the first day that securities holding changes, if there is any buying/selling/ transferring of securities of the Company;
  14. To report of directors interests annually as well as informed the Company secretary within 15 working days if there are any changes;
  15. To arrange a self-assessment of the director annually;
  16. To manage and supervise the Company's intellectual property.

### Responsibilities of the Chairman of the Board of Directors



1. The Chairman of the Board acts as the Chairman of the Board of Directors' meeting and the Shareholders' meeting;
2. To have a casting vote in case the Board of Directors' meeting has a tie vote;
3. To be responsible as the Chairman of the Board of Directors to monitor the operations of the President and other sub-committees to make them achieve the objectives pursuant to the specified plan.

### Audit Committee

Audit Committee consists of 3 independent directors

which possess qualifications aligned with the Securities and Exchange Commission’s definition. The three Audit Committee members have adequate knowledge and experience to perform the duty in verifying the reliability of the financial statements. One member has education background in accounting.

As of 30 September 2020, Audit Committee composed of 3 members, namely;

Name – Surname	Position
1. Mrs. Anchalee Chavanich	Chairman of Audit Committee/ Independent Director
2. *Assoc.Prof. Jaruporn Viyanant	Audit Committee Member / Independent Director
3. Mr.Kittichai Raktakanit	Audit Committee Member / Independent Director

Notice: \* Audit Committee member who has education background in accounting.

And Ms. Kittunya Naruepracha acts as a Secretary of Audit Committee.

## Roles, Duties and Responsibilities of Audit Committee



1. To verify and assure that the Company’s financial report is accurate and sufficiently disclosed;
2. To verify and assure that the Company and its subsidiaries has the internal control system and the internal audit system that is suitable and efficient, incorporate with auditors and internal auditors to consider the independence of the internal audit unit. Throughout giving approval the appointment, transfer and dismissal of the chief of an internal audit unit or any other agency responsible for internal audits. Also approved the annual internal audit plan;
3. To verify and assure that the Company has acted in compliance with the law on Securities and Exchange, requirements of the Stock Exchange of Thailand, and other laws in relation to the Company’s business;
4. To consider, select, propose to appoint, and unemployed an independent person(s) to perform the duty as the Company’s auditor. To propose remuneration for that person(s) and to participate in a meeting with the auditors without the management involvement at least once a year;
5. To consider connected transactions and any transaction that may have a conflict of interests by referring to the requirements of laws and the Stock Exchange of Thailand, to assure that such transactions are reasonable and resulted in maximum benefits to the Company;
6. To review that the Company has a whistleblowing procedure to report fraud as well as inappropriate financial report or other issues. This is to assure that all the complaints will be investigated independently and will acquire the appropriate monitoring;
7. To prepare a report of the Committee as disclosed in the Company’s Annual Report which must be signed by the Chairman of the Audit Committee and must consist of the information as follows (at least);
  - 7.1) An opinion(s) about an accuracy, completion and reliability of the Company’s financial report.
  - 7.2) An opinion(s) about the adequacy of the Company’s internal control systems including the corruption/ fraud prevention.
  - 7.3) An opinion(s) about an action in compliance with law of Securities and Stock Exchange, provisions of the Stock Exchange of Thailand or any related laws regarding the Company’s business.
  - 7.4) An opinion(s) about an appropriateness of the auditors.
  - 7.5) An opinion(s) about any financial transaction that may have a conflict of interests.
  - 7.6) A total number of the Committee’s meetings and each member’s meeting participation.
  - 7.7) An overall opinion(s) or an observation(s) obtained by the Committee from the operation as required in this charter.
  - 7.8) Other essential information or transactions as deemed to be acknowledged by shareholders



and investors under the scope and responsibilities assigned to them by the Board of Directors.

8. Any other operation as assigned by the Board of Directors with an approval by the Committee;
9. The Committee is able to consult with independent consultant(s) as appropriated with the Company budget.
10. To do the self-assessment of the Committee as a whole and the member as an individual annually;
11. Any provision or practice regulation or refrainment of practices that are not mentioned in this charter shall be held in accordance with the Company's memorandum of associations, and other laws, as well as the provisions of the Stock Exchange of Thailand and the Securities and Exchange Commission;
12. To review the Audit Committee Charter annually to comply with changing conditions and circumstances and propose to the Board of Directors for the approval.

## Good Corporate Governance and Social Responsibility Committee

As of 30 September 2020, the Good Corporate Governance and Social Responsibility Committee consists of 5 members as follows:

Name – Surname	Position
1. Assoc.Prof. Jaruporn Viyanant	Chairman of the Committee
2. Mr. Bunthorn Sriwongchan	Member
3. Mr. Sommai Wandee	Member
4. Mr. Sunan Lachareon	Member
5. Mr. Therdsak Emsem	Member

## Good Corporate Governance and Social Responsibility Committee



1. Propose policies and guidelines that concern the good corporate governance and social responsibility to the Board;
2. Consider and review the good corporate governance and social responsibility policies and guidelines to keep them comply with the related laws and regulations, other international guidelines, as well as recommendations from related institutes e.g. the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET);
3. Review the Company's performance of good corporate governance and social responsibility. The Chairman of good corporate governance and social responsibility committee, or a person who is assigned by the Chairman shall report the resolutions and performance of the Committee to the Board;
4. Follow and report any issues or possibilities that may affect the Company on the subject of good corporate governance and social responsibility to the Board;
5. The Chairman of Good Corporate Governance and Social Responsibility Committee or a person who is assigned by the Chairman shall review and agree to disclose the annual good corporate governance and social responsibility report;
6. The Committee may invite the Company's directors, executives, employees, or third parties to attend the meeting on related issues;
7. Review and amend the charter of the good corporate governance and social responsibility committee to keep it accord with present circumstances and environment by propose to the Board for approval;
8. Propose the Management to appoint a working team to support, monitor and report the performance of the Management that related to the policies and important strategies of the good corporate governance and social responsibility as appropriate;
9. The Committee shall responsible for any good corporate governance and social responsibility mission as assigned by the Board.

## Risk Management Committee

As of 30 September 2020, the Risk Management Committee consists of 7 members namely;

Name – Surname	Position
1. Mr. Surong Bulakul	Chairman of the Committee
2. Mr. Katsunori Ito	Vice Chairman of the Committee
3. Mr. Narongchai Rattanaekkawin	Member
4. 4. Mr. Suchart Kootiratrakarn	Member
5. Mr. Buncha Yutthaworakool	Member
6. Ms. Praewphan Songhong	Member
7. Mr. Surachai Chaichalermpong	Member

- Formulate strategies aligning with the policies, evaluate and monitor the Company's risks to be at the appropriate level for the business operation;
- Report the Company's significant risks, risk status, risk response procedures, risk management progress, and risk management results to the Board of Directors regularly;
- Give opinions and recommendations to the Company if it requires external risk management consultant in order to provide independent recommendations regarding the risk management framework, scope, and operation;
- Communicate to exchange information and coordinate with the Company's internal control unit;
- Encourage and support the communication about risk and innovation in every aspect to all employees;
- Report the Committee's progress and performance to the Board of Directors to acknowledge and/or consider on quarterly basis;
- Review and amend the charter of the Risk Management Committee to keep it conforms to the current circumstances and environment, and propose to the Board of Directors to approve;
- Consider the appropriated acquirement of suggestion from independent professionals with the Company's financial support;
- Be responsible for other missions related to risk management assigned by the Board.

## Roles, Duties and Responsibilities of Risk Management Committee



- Propose and scrutinize the Company's risk appetite and risk management policies that are consistent with the Company's mission, strategy, good governance, as well as risk appetite to the Board of Directors for approval; moreover, scrutinize the review of the risk management policies annually to ensure that it conform to and is suitable for the current business circumstances;
- Oversight, control, and monitor the Company to have risk identification through consideration of internal and external factors that may cause the Company be unable to achieve its objectives, then propose to the Board of Directors to acknowledge;
- Oversight, control, and monitor the assessment of impact and likelihood of identified risks in order to be prioritized, as well as have appropriate risk response covering all types of risks and provide recommendations for the Company regarding risk prevention and risk reduction to be at the appetite level;
- To monitor the Subsidiaries to have the risk management that is suitable and efficient.

The Company separated the responsibility of the Executive Committee whose is the Management, clearly from the Board of Director as follows;

### Executive Committee

As of 30 September 2020, the Executive Committee consists of 10 members as follows:

Name – Surname	Position
1. Mr. Katsunori Ito	Chairman of Executive Committee
2. Mrs. Pimjai Leeissaranukul	Vice-Chairman of Executive Committee
3. Mr. Takeshi Arakawa	Member
4. Ms. Witchuda Kupongsak	Member
5. Mr. Suchart Kootiratrakarn	Member
6. Mr. Narongchai Rattanaekkwain	Member
7. Mr. Mitsuhiro Ito	Member
8. Mr. Shigeyuki Hosokawa	Member
9. Mr. Hiroyuki Hibi	Member
10. Mr. Kazuaki Yamada	Member

- To undertake the work in accordance with the good corporate governance principles prescribed as a guideline by the Board of Directors;
- To approve that appointment of persons of directors, executives or controlling persons to the subsidiaries, to have transparency and effective good governance and internal control, aligned with the company's benefit and the Investment and Management in Subsidiaries policy;
- To suspend buying/ selling/ transferring of the Company's securities one month prior to public disclosure of the financial statement and during the period that the Company is undertaking the confidential transaction e.g. increasing in capital, merger and acquisition, or negotiation of new significant projects, etc.;
- To report any securities holding by himself/ herself and his/ her spouses and children in the Board of Directors meeting quarterly and to inform the Company Secretary within 3 business days from the first day that securities holding changes, if there is any buying/ selling/ transferring of securities of the Company;
- To prepare a report on the conflict of interest of the management annually, as well as to report the results of the anti-corruption investigation to the Audit Committee (follow the guidelines for joining the Thailand's Private Sector Collective Action Coalition Against Corruption: CAC project);
- To manage the information system and intellectual property including the Company's important commercial information;
- To refrain from any reveal of Company's business transaction and/or intellectual property to third party without consent and/or oppose to Code of Conduct for Director and Employee and which affect the Company's business.

## Roles, Duties and Responsibilities of Executive Committee



- To conduct and/or manage the daily business operation in accordance with laws and standards, including policies, action plan, targets, requirements and regulations of the Company prescribed by the Board of Directors;
- To strictly, honestly and carefully conduct and manage the operation in accordance with the resolutions of the Board of Directors altogether with the approved budget by consideration on the interest of the Company and the shareholders;
- To report the operating performance of the Company to the Board of Directors' meeting quarterly and to review the operating results periodically for a quick resolution to achieve the business targets;
- To assess and screen the major investment projects and the annual budget prior to the submission to Board's consideration;

## Executives

As of 30 September 2020, the Company's executives per definition of the Capital Market Supervisory Board are following:

Name – Surname	Position
1. Mrs. Pimjai Leeissaranukul	Executive Chairman
2. Mr. Katsunori Ito	President
3. Mr. Takeshi Arakawa	Managing Director
4. Ms. Witchuda Kupongsak	Executive Director of Administrative and Control Unit
5. Mr. Shigeyuki Hosokawa	Executive Director of Tire and Tube Business Unit
6. Mr. Mitsuhiro Ito	Executive Director of IED Business Unit
7. Mr. Suchart Kootiratrakarn	Deputy Executive Director of Tire and Tube Business Unit
8. Mr. Narongchai Rattanaekkwain	Deputy Executive Director of IED Business Unit
9. Ms. Praewphan Songhong	Accounting and Finance Division Manager

Company Secretary is responsible in giving consultation and reviewing the preparation and retention of documentation of the Company and the Board in accordance with the Section 89/15 – 89/17 of the SEC Act. Furthermore, the Company appointed Ms. Praewphan Songhong as the CFO of the Company and Ms. Pim Aroonsuntiroj, who is responsible for controlling the accounting transaction to be complied with the accounting standard and other concerned regulations.

### Remuneration and Meeting Participation of the Board and Sub-committees

In 2020, the Company held 1 meeting of Shareholders, 8 meetings of the Board of Directors, 5 meetings of the Audit Committee, 4 meetings of the Good Corporate Governance and Social Responsibility Committee and 4 meetings of the Risk Management Committee. In 2020, the Company also held 2 meetings of the non-executive directors to discuss topics in relation to sustainable development and topics of interest such as economic downturn due to the effects of the COVID-19 epidemic and social life in new normal after COVID-19 as well as restrictions of import-export goods. (The details are shown in the Table)

### Company Secretary and Chief Financial Officer

The Board of Directors appointed Ms. Kittunya Naruepracha as the Company Secretary on November 9, 2018. Ms. Kittunya Naruepracha graduated from the field of economic with well experience of the Assistant to the Company Secretary. Ms Kittunya Naruepracha has improved the proficiency in the part of the Company Secretary continuously, altogether with participated in training courses that related to the position in 2017. The

## Monetary Remuneration for the Board and Sub-committees

At the AGM 2020, held on 29 January 2020, the shareholders approved director remuneration according to position which consists of yearly retention fee plus meeting allowance at Baht 10,000/ person/ meeting and no other kind of remuneration with the following details;

Chairman of Audit Committee	450,000 Baht/ person/ year
Chairman of Risk Management Committee	200,000 Baht/ person/ year
Chairman of Good Corporate Social and Responsibility Committee	200,000 Baht/ person/ year
Independent Directors	500,000 Baht/ person/ year
Director	300,000 Baht/ person/ year

(Remark : No remuneration for the executives who are not directors.)

### Other kinds of remuneration for Directors

- None -

**Table: Remuneration and Meeting Attendance of Directors and Sub-Committee Members**

Name of Director	Position	Number of Meeting Attendance in FY 2020						Remuneration* (Baht)
		AGM	BOD	AC	EXCOM	CGSR	RMC	
Mrs. Pimjai Leeissaranukul	Chairman	1/1	6/6	-	6/6	-	-	367,000
Mr. Katsunori Ito	President/ Vice Chairman of RMC	1/1	6/6	-	6/6	-	4/4	380,000
Mrs. Anchalee Chavanich	Chairman of AC/ Independent Director	1/1	8/8	6/6	-	-	-	997,000
Mr. Kittichai Raktakanit	Member of AC/ Independent Director	1/1	8/8	6/6	-	-	-	623,500
Assoc.Prof. Viyanant Jaruporn	Member of AC/ Independent Director/ Chairman of CGSR Committee	1/1	8/8	6/6	-	4/4	-	828,000
Mr. Surong Bulakul	Independent Director/ Chairman of RMC	1/1	6/8	-	-	-	4/4	760,000
Mr. Soichi Inoue	Director	-	-	-	-	-	-	255,000
Mr. Masayuki Inoue	Director	1/1	1/8	-	-	-	-	272,000
Mr. Thanong Leeissaranukul	Director	1/1	6/8	-	-	-	-	367,000
Mr. Apichart Leeissaranukul	Director	1/1	6/8	-	-	-	-	367,000
Mrs. Porntip Sethiwan	Director	1/1	8/8	-	-	-	-	386,000
Mr. Kazuo Sato	Director	-	5/8	-	-	-	-	341,000
<b>Total (Baht)</b>								<b>5,943,500</b>

Remark: \*Calculate from net payment in FY2020 as a position of Director only.



## Remuneration for Executives

During the fiscal year 2020, the Company paid remuneration to the executives under definition of the Securities and Exchange Commission for Baht 65.43 million, comprised of salary, bonus, provident fund, social security fund and other welfares.

## Employee

As of 30 September 2020, numbers of employees of the Company and its subsidiaries which were classified by business units, are following;

Business Unit	Number of Employees (person)
Administrative and Control	124
Motorcycle Tire – Tube	600
Industrial Elastomer Parts	534
IRC (Asia) Research Co., Ltd.	122
Kinno Hoshi Engineering Co., Ltd.	22
<b>Total</b>	<b>1,402</b>

**Remark:** During last 3 years, the Company and its subsidiaries do not have labor dispute nor significant change of number of employees.

During the fiscal year 2020, the Company and its subsidiaries paid employees totaling Baht 723.07 million in term of salary, bonus, provident fund, social security fund and other welfares.

## Employee Remuneration Policy

The Company defines the employee remuneration regarding to the employees' privilege and welfare under the principles of fairness and non-discrimination and in line with the employees' performance evaluation, labor market situation, and the Company's performance.

## Corporate Governance Policy

### Section 1 Right of Shareholders

The Company emphasizes the rights of shareholders as the owners of the Company; therefore, this policy was announced to be the practice guideline. All groups

of shareholders, either retail investors or institutional investors are encouraged to exercise their fundamental rights, e.g. receipt of adequate and in a timely manner information either via the SET's or the Company's website or other channels, attendance at shareholders' meetings to acknowledge the Company's annual business performance and voting rights at the shareholders' meetings to approve important issues as determined by law such as directors' remuneration e.g. the appointment of the auditor and determination of the auditor's fee, dividend payment or suspension of dividend payment and making enquires or comments on the issues that the Board of Directors presents or requests for approval at the shareholders' meeting, etc.

### Shareholders' Meetings

The Company will conduct an annual general meeting of shareholders within 4 months since the last day of the Company's fiscal year. The Company might hold more meetings if it is necessary and appropriate. The Company Secretary performs its duty of policy compliance of which shareholders' meetings are called and conducted as required by law and in accordance with the guidelines for shareholders' meetings as specified by the SET. The Company's auditor and a legal consultant who act as independent parties are allowed to attend the shareholders' meeting to count and inspect the vote. To encourage the rights of shareholders, the Company opens the channel for qualified shareholders to propose an agenda/agendas, director candidates, and questions in advance for inclusion in the annual general meeting of shareholders during 1-31 October of each year so that the Company shall gathered and proposed to the Board of Directors for consideration through the Company's website and email: [ir@ircthailand.com](mailto:ir@ircthailand.com)

### Sending Invitation Letters and Shareholders Facilitation

The Company assigns Thailand Securities Depository Company Limited which acts as a securities registrar to deliver the invitation letter at least 21 days prior to the meeting date, including publish on the Company's website at least 30 days in advance. Therefore, the invitation

letter will need to state the place, date, time, and agenda of the meeting with enough supporting information for each agenda to shareholders in order to allow shareholders enough time to study the information. The information includes objectives and reasons for each proposed agenda with comments of the Board of Directors on each agenda. There shall be no hidden agenda or other agendas not stated in the invitation letter to the shareholders' meeting for the consideration and approval of the shareholders, except for urgent matters that are known after the invitation letter is sent. The Company will send an English version of the invitation letter and supporting documents to foreign shareholders. The Company also publishes the invitation letter together with supporting documents on the website prior to the meeting date. The invitation letter shall be announced via a Thai newspaper for 3 consecutive days before the meeting date.

To preserve the rights of shareholders who are inconvenient to attend the meeting in person, the Company sends the proxy form together with the invitation letter and clearly specifies the list of documents and evidences required for the appointment of a proxy. The shareholders can assign representatives or independent directors to attend the meeting and cast the vote on their behalves. The Company will state in the invitation letter the name of at least 1 independent director, whom a shareholder can give proxy to.

In addition, the Company uses the barcode system for registration and vote counting in order to increase shareholders' transparency and facilitation. The Company allows shareholders to register 2 hours before the meeting and extends registration time before final agenda consideration. There are the Company's staff to welcome and facilitate shareholders and prepare revenue stamps for those who appoint their proxies.

### **During and After Shareholders' Meeting**

Before open the meeting, the Chairman of the meeting will introduce the Board of Directors, the Company Secretary, the external auditor and the

legal consultant who act as the moderator to the meeting. The Company Secretary will inform the meeting about the voting procedures and vote counting in the meeting. After the information has been provided for each agenda, the Chairman of the meeting will give floor to all attendants to express opinions or enquiries relevant to the agenda equally. The enquiries will be answered clearly and precisely and given adequate time for debate. For the agenda on the appointment of directors, the shareholders will vote for each director individually and separately.

The Company arranges for use of ballots to support the barcode system on every agenda item which requires vote casting for transparency and inspection can be made.

The minute of the shareholders' meeting will be completely recorded and can be reviewed by shareholders. The resolutions of the meeting are also to be clearly recorded with details of approved, non-approved, and abstention votes for all agenda items which require a vote, as well as recording opinions, questions and answers to the material questions relating to each agenda item. The Company will summarize the resolutions and disclose on the SET's website within 9.00 a.m. of the following business day. The minutes of the shareholders' meeting will be submitted to the SET within 14 days, as well as published on the Company's website.

## **Section 2** Equitable Treatment of Shareholders

### **The Use of Inside Information**

The Company realizes the importance of the protection of inside information usage for their own or the other's benefits of directors, executives, and employees. Therefore, the Company has provided the guideline of the use of insider information and monitored feedback regularly which includes in a handbook of business morality and employee's code of conduct. The Board of Directors, executives and employees shall practice rules and regulations of the Office of the Securities and Exchange Commission and principles of good corporate governance. Important issues are summarized as follows:

1. Directors executives and related person as stated in Section 89-1, the Securities and Exchange Act B.E. 2535, must report changes in securities holding of the Company to the SEC according to Section 59 of the Securities and Exchange Act B.E. 2535 within 3 business days from the first day that securities holding changes. They must also provide a copy of such report to the Company Secretary in order to gather, submit a summary and propose to the Board of Directors' meeting quarterly.
2. Directors, executives and employees cannot use inside information in securities trading of the Company and cannot disclose inside information to outsiders or people who are not related before thoroughly reveal to the public via the SET. The Company has the prevention of the improper use of inside information policy as follows:
  - Periodically Financial Statement Disclosure: Insiders are not permitted to sell/ buy/ transfer the Company's securities one month before releasing the financial statement and 24 hours after released.
  - Confidentiality and impact information concerning securities price such as capital Increasing-decreasing, business merging, joint-investment: Abstain from selling/ buying/ transferring the Company's securities during, before, and after the information disclosure to the public at least 24 hours so that shareholders shall have proper time to analyze such disclosed information.

### Protection of Minor Shareholders' Rights

The Company will deliver the invitation letter and define agendas of the meeting approved by the Board of Directors in advance. The Company will not include additional agendas of the meeting which are unnecessary, particularly important agendas that the shareholders need time to study information before making a decision. In election of director agenda, shareholders can exercise right to appoint directors individually.

### Conflict of Interest

The Board of Directors sets the written policy and guidance of conflict of interest and include in the handbook of business morality and employee's code of conduct. The Company has the policy to follow the guideline of the SET and Securities and Exchange Act for the highest benefit. Employees at all levels have duty to consider and resolve conflict of interest cautiously and follow the principle of honesty, integrity and rationality. Employees are also independent within good morality and disclose complete information for the Company's benefit as a whole mainly.

### Report on Interests of Directors and Executives

The Company requires that directors and executives shall report to the Company their own interests or those of their related parties following the criteria, conditions and procedures regulated by the Capital Market Supervisory Board as follows;

- 1) In case the directors and management are appointed to be new directors, submit the report of interest of such director and executive to the Company Secretary within 15 working days from the date of his / her appointment.
- 2) If there is any change in the information in the report of interest related to the management of the Company or subsidiaries of directors and management, the directors and executives shall inform and submit the report on their interest or related party changes to the Company Secretary within 15 working days from the date of the change of information on such interest.
- 3) The Company Secretary must send a copy of the Report of Interests to the Chairman and the Chairman of the Audit Committee within 7 working days from the date of receipt of the report.

### Meeting attendance of interests' directors

Directors and executives who are connected persons or have interest in matters to be considered shall not attend the meeting or vote for the consideration of the agenda.

### Section 3 Role of Stakeholders

The Company is aware of the role of stakeholders and emphasizes the rights of all groups of stakeholders, i.e. shareholders, employees, customers, business partners and/or creditors, competitors, social and environment, as well as the public and the community, by ensuring that they are treated properly, equitably and fairly. The Company believes that the good relationship with all groups of stakeholders is significant for long-term achievement and sustainable growth of the Company's group. Therefore, the Company has set the written policy in the Handbook of Business Conduct and Code of Conduct for Directors and Employees.

In addition, the Company has provided a communication channel for stakeholders and related groups to express opinion and complaint on issues that cause damage to the Company and are related to external environment. The Company will improve, fix and find the solution for the complaint in order to incite stakeholders and all related parties to get along sustainably. The Company's Environment Management System Steering Committee will propose opinions and complaints of stakeholders to the Risk Management Committee's meeting before further propose to the Board of Directors.

#### Corporate Social Responsibility: CSR

The Company defines vision and appoints Good Corporate Governance and Social Responsibility Committee to concentrate on being responsible for society which affects development and publicity of quality products, sustainable maintenance of standard system, and continuous and systematic conservation of energy for suitable benefit to society.

#### Complaint Report

The Company has provided a special or confidential channel (Whistle Blowing Channel) has been arranged for all groups of stakeholders to send the information or clues about offense, embezzlement, corruptions/ fraud, or violation of rights has been informed, as well as a protocol for complainers to choose whether they want or do not want to reveal themselves as stated in the Whistleblowing Policy.

### Section 4 Disclosure and Transparency

The Management has to report the Board of Directors immediately, if there is doubt or if there is serious corruption/ fraud, illegal actions or other unusual practices which may affect the Company's reputation or financial position significantly. The Management also presents significant deficiencies with solutions and problem solving progress to the Board of Directors/ Audit Committee for consideration within proper period.

The Company has duty to fully, sufficiently, reliably and on a timely basis disclose financial and non-financial information to all shareholders and stakeholders to ensure equal treatment as stated in the Market-Sensitive Information Handling and Disclosure Policy.

The Company has the policy to disclose significant both financial and non-financial information to the public, namely financial status and business performance and major shareholders. The Company also reveals information in the annual report such as the number of the Board of Directors' meeting, profiles of the Board of Directors and executives, and the criteria for determining the remuneration of the directors as well as the Company's operation in social and environment together with related activities. Therefore, investors and stakeholders can acknowledge and consider information via the SET's publicity channels and the Company's website.

Additionally, there are channels for shareholders, institutional investors, retail investors, analysts and related sectors to contact Investor Relations Department as follows: Tel: 02-996-0890, and email: [ir@irc Thailand.com](mailto:ir@irc Thailand.com)

### Section 5 Responsibilities of the Board

The Company's Board of Directors, Audit Committee, Executive Committee, Good Corporate Governance and Social Responsibility Committee, and Risk Management Committee are to scrutinize and recommend guidelines on corporate governance and on management of the Company. All directors have freedom to express their opinions on the Company's operations to ensure that business is efficiently, accurately and transparently

administered by the management. The Company uses CG Handbook as a transparent working framework for the Board and sub-committees. The CG Handbook follows 5 CG Principles of SET as presented in this report.

### Meeting

The Company will conduct the Board's meeting in order to follow-up the business operation and approve issues related to vision, mission, strategy, risk, plan of action, budget and other matters that affect the Company. The Company will also hold the Board meeting not less than 6 times a year and hold the Non-Executive Directors meeting (NED meeting) at least once a year. The Company Secretary is assigned to set up the annual meeting plan in advance and propose to the Board of Directors' meeting on November of every year.

As for stipulation of meeting agendas, the Company Secretary is assigned to propose the draft of meeting agendas to Chairman of the Board, President, and representative of independent directors to consider and make a decision on the agendas proposed in the Board of Directors' meeting. They also have to ensure that important issues are included and give an opportunity to each director to independently present subjects which are beneficial to the Company to be the agendas proposed in the meeting. After the meeting agendas are scrutinized by Chairman of the Board, President and Independent Director representative, the Company Secretary has to deliver the Board of Directors' meeting invitation letter not less than 14 days and supporting documents not less than 7 days before the meeting day. The Chairman of the Board has to allocate enough time for directors to discuss important issues, encourage directors to use discretion carefully and pay attention to all subjects proposed in the meeting as well as the good corporate governance. The Executive Committee is invited to attend the Board of Directors' meeting in order to provide supporting information for the directors' consideration.

In the Board of Directors' meeting, there shall be at

least one half of the total number of directors to effect a quorum. In the case where the Chairman is absent at the meeting or unavailable to act, the Board of Directors at the meeting shall select one of the Directors as the Substitute Chairman the meeting. Anyhow, the definite decisions of a meeting shall be made by majority votes. Each director shall have one vote except that the director who has any interest on the voting issue cannot give his/ her vote.

### The Assessment and Process in the performance evaluation of the Boards and sub-committees

- 1) The Board of Directors determines to have evaluating knowledge, skills, and specific experiences of the directors (Board Skill Matrix) which benefit to the Company's business. The Board self-assessment is conducted annually for the Board as a whole and an individual basis, including all sub-committees, in order to be a framework for evaluating performance of the Board of Directors and all sub-committees;
- 2) The Board of Directors and sub-committees have their agenda to consider the performance assessment form (both as a whole and individually) and self-assessment for the Boards and sub-committees annually. The assessment criteria are based on the regulation of SET. For the Audit Committee, the assessment criteria are based on the regulation of SEC;
- 3) The Board of Directors and sub-committees evaluates their on-the-job performance and when the secretary finished concluding the evaluation report, the Board of Directors and sub-committees shall consider, review, and assess the comments in the aspect of the Board of Directors and sub-committees' performance in the past year to improve and enhance their performance efficiency continuously.

### Board and Management Development

The Company regularly and continuously encourages and supports directors, executives and Company Secretary to get training and enhance knowledge in order to gain more



information in performing duty in different courses and seminars such as of Thai Institute of Directors Association.

The Board of Directors also assigns the Company Secretary to coordinate with the Board and executives in order to inform training courses. If there is a new director, the Company Secretary has duty to deliver a Handbook of Listed Company, a Director's Handbook of Listed Company, duties and responsibilities of the Board, Company's Articles of Association, Public Law, The Securities and Exchange Act, Good Corporate Governance Policy and Code of Conduct.

New directors will be introduced the corporate overview, SET operations, Strategic plans, legal, regulations, and directors' code of conduct. The top executives and the secretary of the board presented the information before the first meeting of the new director. The Company is responsible for the management and development of personnel to be knowledgeable in the operational continuously.

#### **Director Selection and Succession Plan**

For the director selection, the Board of Directors defines the qualification of director candidates to harmonize with the Company's strategy in business operation by considering the Board Skill Matrix together with the composition based on the Board diversity, including knowledge, skills, experiences, ages, and genders of directors. Additionally, the Company shall adopt the director pool database prepared by the Thai Institute of Directors Association in the director selection process to ensure that a candidate for a director or an executive is qualified and independent as well as has proper experience before proposing the Board of Directors or shareholders to consider to appoint. Anyhow, the Board of Directors shall consider the appointment of a director in replacement of the resigned director with the remaining term in office. For a new director and/or a director who completes his/her term in office shall be appointed by shareholders.

Besides, the Company has the succession plan under the selection and evaluation on skills and qualifications

in the Company's key positions to ensure that the Company will have qualified executives to carry on the Company's achievement onwards.

#### **Nomination criteria and process**

1. Consider the suitability of knowledge, experience, and expertise that is beneficial to companies with experience in the core business or industry of the Company. The Board of Directors has the required composition as a Board Skill Matrix, which makes the nomination process consistent with the Company's business direction;
2. Considering the dedication of the directors. If the former director resigns for another term, may be considered by the performance during the term in office. It should also consider the number of companies in which each director will be appointed to suit the profile or condition of the company which should not exceed 5 listed companies to ensure that performance is not compromised;
3. Consider the term in office of the independent director. If the former independent director will return for another term, the term in office should continue from the date of being appointed to the position of independent director not more than 9 years.

## Remuneration for Auditor

### Appointment of Auditor

The Annual General Meeting of Shareholders is to appoint external auditors and fix audit fees for the Company's and its subsidiaries. The Audit Committee selects and proposes the external auditor together with the audit fee to the Board of Directors before the Board proposes the same to the Annual General Meeting of Shareholders for consideration and approval.

Selection criteria includes the review of auditing firms and external auditors, which are independent with no conflict of interest with the Company, the management, major shareholders or related persons. In addition, the auditing firm shall rotate the external auditor in order to align with the notification of the Capital Market Supervisory Board if the former auditor has reviewed, audited and expressed an opinion on the financial statements of the Company for 7 consecutive years.

### Audit fee

The Company's and its' subsidiaries' financial statements of the fiscal year 2020 were reviewed and expressed an opinion by Ms. Noppanch Apichartsatien, Certified Public Accountant No.5266 of PricewaterhouseCoopers ABAS Limited (PwC). The Company and its subsidiaries paid audit fee for the fiscal year 2020 as follows:

Company	Audit Fee (Baht)
Inoue Rubber (Thailand) Public Company Limited	1,348,600
IRC (Asia) Research Co., Ltd.	252,840
Kinno Hoshi Engineering Co., Ltd.	252,840
Audit Fee for BOI business (3 businesses at 64,800 baht/ business)	129,600
Out of pocket expenses	160,020
Non-audit fees	-None-
<b>Total</b>	<b>2,143,900</b>

# Message from the Risk Management Committee in 2020

Dear All Shareholders,

Inoue Rubber (Thailand) Public Company Limited has effectively realized and prioritized risk management across the organization to build the trust with stakeholders. The Company has conducted risk management employing with the changes of economic, industrial and surrounding situations through the supervision of the Company's Risk Management Committee, which consists of 7 knowledgeable luminaries who are skilled in risk management: Mr. Surong Bulakul as a Chairman, Mr. Katsunori Ito as a Vice Chairman, Mr. Narongchai Ratttanaekkawin, Mr. Suchart Kootiratrakarn, Mr. Bancha Yutthaworakool, Mr. Surachai Chaichaluempong and Ms. Praewphan Songhong as a committee member. The Risk Management Committee has been performed duties under the mission and roles as assign by the Board of Directors to become a part of Good Corporate Governance and to stably support the business operation. In 2020, 4 Risk Management Committee's meeting were held. The significant issues are summarized as follows;



(Mr. Surong Bulakul)  
Chairman of Risk  
Management Committee

1. Scrutinize and review the Company's risk management policy to ensure that it is consistent and appropriate with the current business circumstance
  2. Supervise and consider the risk management of the Company, which include the risk identification, analysis and assessment based on both internal and external factors which may affected the Company's achievement, as well as establish the risk management measures and follow up the risk management result in order to manage the risk at the appetite level and to achieve the Company's goals
  3. Provide guidance on Company's risk management to the risk management working team for effective operation onwards
  4. Review the roles and duties of the Risk Management Committee for systematic and effective risk reporting
  5. Review the Risk Management Committee Charter in accordance with the CG Code 2017 and regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission and related agencies as well as suitable for the current business conditions
  6. Promote and support risk and innovation education and activities to whole employees thoroughly
  7. Push forward the innovation and provide suggestion toward new technology changes and product development. In 2020, the Company invents new innovations around 31 projects, which brought about the productivity up around 21.85 million baht
  8. Report the progress and performance of the Risk Management Committee to the Board of Directors on a quarterly basis
- Lastly, the Risk Management Committee and the working team have cautiously intentionally, completely and fully performed the duties to ensure all shareholders and stakeholders that the Company has closely supervised and managed each type of risk in order to drive the organization towards goals and objectives sustainably.



## Risk Factors and Risk Management Report

### Risk Management Policy

“The Company determines and realizes risk management as a part of good corporate governance in driving the organization growth stably regarding the impacts on the Company’s objective, goal, reputation, and image. Thus the enterprise risk management standard is established and communicated throughout all business units for inculcating the understanding of framework, procedure, and plan of risk management at an appetite level. This can be ensured that each business unit shall assess, control, monitor and report risk at the same standard level”.

Therefore, the Risk Management Committee has established the policy framework, procedure and plan of risk management by emphasizing on;

1. The maximum efficiency of risk management at the minimum or appetite level;
2. Continuously monitoring, reviewing, examining and assessing current and upcoming risks in accordance with changing circumstances both from internal and external factors;
3. Encouraging employees at all level to acknowledge and prevent the risk that might occur;
4. Encouraging risk management and innovation as the Company’s culture and driving to value enhancement of the Company”.

Today, global economics and situations changes and moves forward abruptly, leading to a continued growth of business challenges. The Board of Directors saw that the Risk Management is a key process for business operation and to lead the business to achieve sustainable growth, in line with the Code of Good Corporate Governance FY2017. Thus, appointed the Risk Management Committee to manage the Company’s risk with systematic, follow the law, good practice, and global standard which are Committee of Sponsoring Organizations of the Treadway Commission (COSO ERM) along with ISO14001:2015 and ISO9001:2015. Specifically focus in these 4 risk factors; Strategy, Operational, Financial, and Compliance, under the Risk Appetite, and including the risk control of the Company and its subsidiaries, leading to strategic and business plans that aligned with the Company’s mission and vision both for short-term and long term.

To push the Company to make a better achievement of its objective and target, the Risk Management Committee has defined the roles and responsibilities of the Risk Management Committee, by emphasizing about the role that the risk owner must know and understand the risk of his/ her responsible job, together with promoting the contest and competition about innovation

and management for internal organization, for every level of employee to recognize and participate in risk management, leading to a Systematic Report and maximize efficiency.

Moreover, the Risk Management Committee has revised the Key Risk Indicators (KRIs), which cover the Company's major businesses; Motorcycle Tires and Tubes Business Unit and Industrial Elastomer Parts (IED) Business Unit, for Key Risks evaluation and created and reviewed the Business Continuity Plan (BCP) as a preparation in case of emergency, in order to prevent the damage to business operation or the Company's stakeholders. Also, follow-up the performance of the Risk Management Committee, to conclude and report to the Board of Directors every quarter.

In 2020, the world economy and Thailand were adversely affected by the outbreak of COVID-19, resulting in more intense measures by the government to control the outbreak, such as city closures or lockdowns, interrupting economic activities. However, the Company has prepared the Business Continuity Planning (BCP) for the COVID-19 situation to mitigate the impact on business operations as much as possible, with careful surveillance and monitoring so that the business can continue and minimize the risk to an acceptable level.

## **Enterprise Risk Management**

### **1) Strategy Risk**

In addition to the disruptive change of the world and technology, the adaptation to Thailand 4.0 is one of the challenging topics that the Company prioritized in planning and creating the risk management system to manage all impacts by implementing the production line with robotics, information technologies, and digital system. The Company has considered to use these systems to enhance the production efficiency which is considered as one of the support forces in expanding the chance of investing in overseas and preventing the risk of manpower shortage.

In 2020, the Thai automobile and motorcycle industry has been affected by the COVID-19 outbreak, resulting

in the interruption of both domestic and international supply chains. In addition, the economic disruption has resulted in a decrease in purchasing power of public sector. The Company has issued measures and established strategic plan to promptly respond to various changes.

The Company has measures to manage corporate risks due to the effect on sales under COVID-19 situation as follows:

1. Control and reduce production costs covering raw materials, manpower, and all expenses.
2. Closely coordinate and serve customers, as well as exchange news and information about the preparation for corresponding production plan.
3. Make estimates to control investment budget, expenditures and strictly control cash flows.
4. Research and develop products to support new markets
5. Closely take care of customers, business partners and stakeholders, and provide information for public relations on the actual situation.
6. Follow up the announcements and requirements of the government sector and be ready to give cooperation.

The Company has periodically revised and set the strategy plan as a responding to any disruptive changes, and defined the strategy aligned with the Company's vision which is "To be an Innovative Driven and Sustainable Company for Highly Reliable and Quality Elastomer Products and Rubber Tires in comply with Environmental Social and Governance (ESG)", firmly stand in creating products "Quality Reliability", by operating through the "Quality First, Delivery on Time, Customer Satisfaction" quality policy which is a reliable quality control system and trustworthy to customer, including the production's processes development that give out products to customer on time and grant satisfactions to customer. Besides, the Company has introduced a set of strategies to promote its research and product development to meet both general and specific requirements of all customers, creating



innovation and become the “Smart Factory”, corresponding to the disruptive technology and proudly step in to the Industry 4.0. Never the less, the Company is aware of the environmental sustainability and performing follow the “Zero Waste” policy that using “3R” which are Reduce, Reuse, and Recycle in the business.

#### **Motorcycle Tires and Tubes Business Unit:**

Motorcycle is another factor that can measure the purchasing power of consumers, especially lower income consumers and middle-class consumers. Based on 2020 domestic motorcycle sales forecast, the figure is likely to decline compared to previous year, reaching the lowest point in the past 19 years of domestic market, with a high contraction rate of 21-24 percent due to the economic impact of lockdown measure, employees and workers were affected by the temporary interruption of businesses, resulting in lower consumer incomes, therefore, the consumers are more careful with their spending. In addition to the major buyers whose income is lower, causing lower purchasing power, the financial institutions tend to be more prudent in granting credit than usual as well. So, in order to minimize the impacts and diversify the risks that may be arisen, the Company continues to use a strategy on 3 main market classification as follows:

**(1) Original Equipment Market (OEM):** In 2020, the Company was affected by the decline in demand for motorcycles in line with the purchasing power of people. The Company therefore emphasizes on maintaining market share base and increasing the production of high-performance tires, such as tubeless tires in newer car models with more diverse patterns, as well as producing new tire pattern for many models of 150 cc or less motorcycle.

**(2) Replacement Market:** The Company focuses on promoting sales together with local distributors, and continually launching new products according to market demands by participating in the promotion activities such as issuing discount coupons to bike delivery customers and motorbike taxi in Bangkok and suburbs for 8 months from April to the end of December, IRC also gives free

alcohol gel to shops and dealers across the country for maintaining good relationship with customers.

**(3) Export Market:** The Company has been adversely affected by the country lockdown measure and the economic slowdown, as well as the unsolved situation of COVID-19 outbreak in foreign countries, including CLMV countries, Europe, USA and Japan, resulting in a significant reduction in orders.

However, the duration of such impact is short, the tendency is better in the last quarter, resulting in the increase of production though lower than expected. In addition, the Company has adjusted strategies and guidelines of risk management. In terms of production, the production volume is adjusted and the expenses are reduced such as overtime; and all investments are also reviewed, and only proper investment shall be proceeded, along with the effective inventory management.

#### **Industrial Elastomer Part Business Unit:**

The industrial elastomer part business unit was also affected by the outbreak of COVID-19, in 2020, the automotive industry is likely to severely contract due to COVID-19 outbreak throughout the world, affecting the automobile production chain, while the purchasing power of domestic consumers and export markets are severely inactive.

As for the arrival of electric vehicles, according to the Thailand Automotive Institute (TAI)’s forecasts, electric cars will dominate the passenger car market within the next 20 years, while the traditional Internal Combustion Engine (ICE) car will decrease accordingly, so the Company will accelerate the added value of the products, accelerate the development of its potential in new product inventions, as well as accelerate the product development for electric vehicle parts, development of rubber parts used for sealing glass grooves and floors in buildings or tall buildings, or rubber parts used in the construction industry, etc. We will create a variety of products to meet a variety of customers’ demands for increasing the opportunity of market expansion, also, the products will be designed to have better functionality and features. In addition, staff were sent to study the

design of rubber parts used to assemble cars in Japan to accommodate and respond to customer needs more quickly and more accurately. This is a part of our strategies in maintaining market share of automobile segment as well.

## 2) Operational Risk

The Company have brought lean concept, improving the manufacturing process to be a smart factory, Business Intelligence (BI) system, supplemented with the Total Productive Management (TPM) to co-develop with intelligent technologies, to enhance the efficiency, reduce cost, and losses in production management. The Company have also been encouraged to promote the Company's innovation deemed as part of the Company's corporate culture conforming to the Company's organizational vision and missions and the Thailand 4.0 model progressed by the government. These well-developed strategies will lead the Company's organization to greater competitiveness and success, while creating potential values for the Company's products and services in a sustainable manner. Moreover, to maintain the quality standard of the Company's productions, the Company have also determined to focus on controlling, developing, and maintaining machinery and equipment to ensure effective production process at all times, while preventing possible production problems that may affect customer satisfaction. Significantly, the Company have managed and improved the Company's production process to exceed the required standards and regulations continuously, ensuring the least impact caused to the surrounding communities, in which the Company's executives had perfectly prepared to handle and manage such risks. The Company are striving to maintain good relationship and understanding with all people living in the communal areas adjacent to the Company.

Moreover, the Company have never abandoned the importance of developing a concrete foundation of the organization by fostering knowledge promotion to create good and consistent consciousness among employees in order to work according to the expected goals and objectives. The Company are also aware of the highest safety in the workplace as it helps reduce all possible risks that may take place during the employees' daily

operations. The Company aim to become a "zero-accident" workplace through the instillation and implementation of safety principles among employees. All employees in the Company are encouraged to pursue the "5 Do 5 Don't" concept, being committed to doing good things and refraining from being involved in improper practices. A safety training program is featured in the Safety Day, a corporate activity launched to ensure sufficient knowledge on occupational health and safety for employees. In 2020, the Occupational Health and Safety Committee has performed in accordance with the Company's target excellently. Moreover, the responsible departments in the Company monitor flood problems closely, while submit significant reports on flood-related incidents to the top executives for acknowledgement on a weekly basis. Aside from an overwhelming risk of flood, the Company also holds its fire evacuation drill regularly.

Furthermore, the Company have increased the intensity in controlling and monitoring the Company's information technology system and internal network under the supervision and management of the Information Technology Department, with the increased awareness of the attack of cyber threats.

Due to the COVID-19 outbreak situation, the Company has issued measures to prevent the outbreak of COVID-19 in the organization and the interruption of production process as follows:



- Control the entry and exit of persons inside and outside the Company, everyone must be screened their body temperature with screening system under the condition that their body temperature must not higher than 37.5 degrees Celsius and do not have close contact with confirmed cases or travel to risky areas. If anyone fails to follow any abovementioned requirements, he/she will not be allowed to enter into the Company's premises.
- All staff are divided into teams and the working areas

are separated to follow the Social Distancing rule, the cleaning schedule is clearly set for all areas including office buildings, canteen, toilets and shuttles as well as alcohol gel and hand washing facilities are sufficiently provided

- All staff are required to wear masks and provided of disinfectants to clean their working area, the Company also produces 75% alcohol gel for corporate use and distributing to employees, customers, communities, government agencies, as well as donating to hospitals and other organizations.
- Promote, announce, provide knowledge and understanding including various guidelines about hygiene care for employees along with a campaign on eating hot food, using personal spoons, campaigning on stay at home to stop spreading for nation during weekends and holidays, and preparing reports on long holidays
- Establish monitoring measures to reduce risks, if employees are found at risk, they will be strictly quarantined in their own area, employees must inform facts so that the working team can timely plan and manage to reduce the risk of COVID-19 infection in the organization by preparing a list of employees at risk Including continuous monitoring to report to the management.

#### **Motorcycle Tires & Tubes Business Unit:**

The Company has emphasized on improving production efficiency. Including continuously improved the quality of the production process. We introduced the modern machinery with good performance to maintain the continuous of production process and significantly brought automation system into the production process; e.g, automation system in Tire Production line, the implementation of Robot in Tube Production line, these bring a significant reduced of lost products and enhance production efficiency. Furthermore, the Company have modified the packing method for tubes products to enhance production efficiency without affecting the product.

In addition, the Company has implemented the IRC Smart

Production (ISP) program for planning and controlling production, to increase production efficiency and product delivery in order meet the customer's satisfaction.

#### **Industrial Elastomer Part Business Unit:**

The Company has developed the machine and implement the Automatic Robot (Automation System) into the Industrial Elastomer Business Unit; for instance, the detection camera instead of using human's sight, automatic system for part assembling with rubber product, Transportation, altogether with Quality Control System and Quality Inspection, which enhancing the quality control efficiency, reduce wastes from production, prevent machine malfunction and cost management. As a guarantee for the automation performance thorough to the quality control on process and product of the Company, various awards was granted such as "Automation Award" from Inoac Corporation, including awards for Quality and Delivery from many customers. These awards are part of the guarantees that the Company has excellent operation risk management.

#### **3) Financial Risk**

The overview of Thai economy and global economy in 2020 showed slowdown compared to previous year, mainly due to the outbreak of COVID-19.

However, the economic fluctuation as mentioned above affected the main financial risks of the Company, which is the fluctuation of exchange rate because the Company has transactions in foreign currencies in Japanese Yen (JPY), US dollar (USD) and Euro (EUR), we have closely monitored the movement of exchange rates and the movement of raw material prices, and also established a policy on making currency trading contract to solve such risk. The management will be submitted of summary report for regular acknowledgment and the Risk Management Committee will be quarterly reported the situations.

As for the financial ratio of the Company, it was better than the average of same industry, including Return On Assets (ROA), Return On Equity (ROE), and Debt to Equity Ratio, showing the Company's good performance because the Company's Debt to Equity Ratio (D/E) was

very low, representing the Company's financial stability. At the same time, Return On Assets (ROA) is too low because some assets of the Company which are cash or medium-term investments have the rate of return for not more than 2%. If we wish to have better ROA, we have to appropriately consider the investment to achieve a higher rate of return for better ROA further.

In terms of customer credit risk, the management will be regularly reported about the aging of trade receivables to follow-up if any transaction possibly posing a risk is found, and the financial statements must be quarterly presented. Most of trade receivables of the Company is still within the criteria of due payment, therefore, the Company's liquidity and financial status are not affected.

#### **4) Compliance Risk**

The Company is fully aware and committed to perform in complied with the laws, rules and regulations both production, business operation, accounting, occupational health and safety, labour, information disclosure, anti-corruption altogether with other global standards that deemed necessary and concerned the Company's business such as ISO Standard. Thus, the Company's had performed follows such rules and standards excellently.

In 2020, there is a review of Risk Management policy, Risk Management Committee's charter, as well as Roles, Duties and Responsibilities of the Board of Directors, to be aligned with the Corporate Governance Code 2017 (CG Code), the Market Misconduct Act Prevention, and the Thailand 4.0 policy. One of the guarantee that the Company has performed follow the law, rule, regulation in the aspect of environmental, social, and governance is being selected by Thaipat Institute to be one of the Company with outstanding performance in the area of Environmental, Social, and Governance (ESG: ESG100), or rather called as ESG100 Securities group as of 2019 for 5 years consecutively.

In terms of anti-corruption, the Company is approved as a member of the Private Sector Collective Action Coalition Against Corruption (CAC) for 3 years since the approval date on 30 June 2020 and our membership will be expired on 30 June 2023, it is assured that the Company has

appropriate internal control system and also has anti-corruption policy which is declared to the public on the Company's website and communicated to employees through the good corporate governance manual, as well as organizing trainings to raise the awareness for employees and executives which can ensure that the Company has an appropriate internal control system. The Company also defined the Anti-Corruption policy and communicated to employees through the Handbook of Good Corporate Governance training course by the Top Management and create an official channel to file a complaint about corruption called as "Whistle Blowing Channel" as show in the details below;

- (1) By reported directly to the Chairman
- (2) By sending a postmail to the Chairman or Company Secretary through  
258 Soi Rangsit-Nakornnayok 49, Prachathipat, Thunyaburi, Pathumthani 12130
- (3) Through email; [listen@irc thailand.com](mailto:listen@irc thailand.com)
- (4) Through website; [www.irc thailand.com/th/investor/corporate/whistleblowing](http://www.irc thailand.com/th/investor/corporate/whistleblowing)

Moreover, the Company is fully aware that in order to be the "Corporate Citizenship", is not only performed follow the laws, rules, and regulations, it also include the listening and responding to the need and expectation of the stakeholders with fairness. The Company has established the Environmental Committee and Social Responsibility Committee to communicate between the Company and the Stakeholders, to ensure that the Company can operate the business in the society sustainably.

# Message from the Audit Committee in 2020

Dear Shareholders,

The Audit Committee consists of three independent directors who are fully qualified with related requirements and possess with experience, knowledge and capability that are beneficial to the Company's business. They include Mrs. Anchalee Chavanich as the chairman of the Audit Committee, Associate Professor Jaruporn Viyanant and Mr. Kittichai Raktakanit as members. Mrs. Anchalee Chavanich, Associate Professor Jaruporn Viyanant and Mr. Kittichai Raktakanit are the members with adequate expertise and experience in reviewing the credibility of the Company's financial statements. Associate Professor Jaruporn Viyanant graduated in accounting.

During the 2020 fiscal year, the Audit Committee fully performed its duty according to the roles, duties and responsibilities as stated in the Charter of the Audit Committee, which was approved by the Board of Directors. A total of 5 meetings were held with the Company's management, internal auditors and external auditors, with opinions and offers being expressed freely and independently. Participation in these meetings by each Audit Committee member is as follows;



Mrs. Anchalee Chavanich  
Chairman of Audit Committee

Name	Position	No. of participation / No. of the total meeting
Mrs. Anchalee Chavanich	Chairman of the Audit Committee	5/5
Assoc. Prof. Jaruporn Viyanant	Member of the Audit Committee	5/5
Mr. Kittichai Raktakanit	Member of the Audit Committee	5/5

Summary of the Audit Committee's performance and opinions to the Board of Director meetings in 2020 is as follows:

## Review of Financial Statement

The Audit Committee reviewed the accuracy and reliability of all quarterly and annual financial statements, reviewed and audited by the external auditor. The external auditor found no essential issue or drawback in

the financial statements and reviewed the report from the internal auditor on the essential operating process. The Committee also invited the external auditor to the meetings to discuss on topics covering the area, process and plan for annual audit, including to review the accuracy and completeness of the changes made to the statements, accounting standards, as well as the adequacy of the disclosure information on efficiency





audit plan and gave any advice for internal audit guideline in order to minimize business risk in the future

The Audit Committee gave the useful suggestions in relation to both reports from external auditor and internal control system on the assessment of performance, fraud and reliability of the financial report. The Company used the suggestions of the Audit Committee, external auditor and internal auditor to increase the efficiency of its performance to ensure that the operation process is continuously and efficiency controlled.

### **Review of the Connected Party Transactions**

The Audit Committee reviewed the connected party transactions or transaction with potential conflicts of interest based on the reasonableness and best interest for the Company, to ensure that they comply with laws and regulations relating to the Securities and Exchange Commission and the Stock Exchange of Thailand. The Committee also gave useful suggestions in relation to setting of policy for general trading conditions, with focus on the compliance with related regulations, so that the Company's management can manage the transactions with fairness and no undue transfer of benefit, at the same time, comply with the principle approved by the Board of Directors.

### **Reviewed of Whistleblowing Procedure for Fraud Complaint as well as Information on the Inappropriateness of Financial Report**

The Audit Committee quarterly reviewed the whistleblowing report in order to open the opportunity and increase the efficiency on complaint procedure, as well as to obtain information on the inappropriateness of financial report or other issues.

In the past fiscal year, the Audit Committee did not receive any report on complaint on fraud or inappropriateness of financial report or other issues.

### **Review of the Compliance with Rules, Regulations and Policies**

The Audit Committee reviewed the Company's compliance with the securities and exchange law and other laws related to the Company's business and found no violation in this area.

of internal control system that is necessary for the preparation of the financial statements and suitability on the accounting in order to ensure that the Company's financial statements comply with generally accepted accounting standards. The Committee held 2 meetings with the Company's external auditors without management participation for an independence of the auditors to report on concerned matters and the obstacle, or irregularity faced in the performance of their duty for the benefit of those who utilize or read the financial statements

### **Assessment and Review of Internal Control System**

The Audit Committee reviewed the reports from the external auditor and internal auditor relating to the Company's internal control system and reviewed the internal control assessment which were conducted in accordance with the guideline of the Securities and Exchange Commission and the Stock Exchange of Thailand. In addition, the Audit Committee also reviewed the internal audit plan in accordance with risk based

In addition, the Committee was quarterly reported on changes in significant regulations and policies related to business of Company, and that the Company is preparing its operations as well as hiring the advisers in several areas to review and provide suggestions to the Company in the essential issues in order to be ready for the continuing changes.

### **Selection of the External Auditor**

The Audit Committee had considered the external auditors' independence and knowledge as well as their understanding of the Company's business, work quality, auditor qualifications, and the audit fee, the Audit Committee proposed PricewaterhouseCoopers ABAS Limited as the Company's and subsidiaries' external auditor for 2019, consisting of Ms. Napanuch Apichatsatien CPA Number 5266, Mr. Chanchai Chaiprasit CPA Number 3760, and/or Mr. Pisit Tangtanakul CPA Number 4095.

The external auditor who places his/her signature on the financial report of the Company is qualified with the above regulations and approved by the Security and Exchange Commission of Thailand. In addition, no external auditor has continuously audited the financial report of the Company for more than 7 consecutive years.

### **Performance Assessment on Group and Individual Basis as well as the Review of Compliance with its Charter**

The Audit Committee reviewed and conducted self-assessment on the entire committee and each individual member based on the guideline of the Audit Committee prepared by the Security and Exchange Commission of Thailand and the Stock Exchange of Thailand, as well as the Charter of the Audit Committee of Company. According to the self-assessment result in 2019, it is found that the performance of the Audit Committee complies with its responsibilities. The score result of each individual member and entire committee is very good.

The Audit Committee reviewed the roles, duties and responsibilities as stated in the Charter of the Audit Committee annually by comparing with the guideline

of the Audit Committee, recommended by the Security and Exchange Commission of Thailand and the charters of audit committee of other listed companies and proposing the amendment to the Board of Directors for approval. The Company had disclosed information related to the change of responsibility of the Audit Committee.

### **Overall Opinion of the Audit Committee**

The Audit Committee is confident that it has discharged its duties according to the Charter of the Audit Committee as approved by the Board of Directors through the exercise of its knowledge, expertise, concern, circumspection and independence as well as provided constructive opinions and suggestions for the best interest of all stakeholders, with good cooperation and support provided by the relevant units and personnel in the Company.

The Committee is confident that financial statements were prepared in accordance with generally accepted accounting principles and are accurate, complete, reliable and in line with accounting standards; connected party transactions are reasonable and for the best interest of the Company; information is disclosed adequately and reliably; internal control is adequate and effective; and good corporate governance and related laws and regulations are fully complied with



## Internal Control

The capability of a good internal control system is very important to ensuring that the Company's operation can prevent and manage risks or reduce the possible losses / damages caused by incidents for both the Company and stakeholders. Therefore, the Company has established the Audit Committee that can effectively and independently review the internal control system to achieve the best efficiency. The Company's internal control system covers 5 main topics to correspond with the Committee of Sponsoring Organization of the Treadway Commission – Enterprise Risk Management (COSO-ERM) with the following details;

### 1) Control Environment

The Board of Directors and the Executive jointly determine the Company's managerial structure, roles, and duties of related persons, as well as the authority of approval in each issue to ensure that the Company has effective and appropriate internal control systems that are aligned with the Company's objectives, goals and strategies, and comply with applicable law standards, under the good corporate governance principle.

The Company had determined the Handbook of Good Corporate Governance, including Directors and employees Code of Conduct, investor relations Code of Conduct, violation and penalties reporting, Complaint and Whistle Blowing Policy in 2005, and it has been developed to align with changing in laws, rules and regulations, as well as circumstances. The latest revision was done on

May 11th, 2020 as approved by the Board to ensure that the roles and duties of the Board of Directors and sub-committees in the charter comply with the Corporate Governance code for listed companies 2017 or CG Code 2017, which was implemented by the Securities and Exchange Commission in 2017.

In order to inculcate the integrity and Code of Conduct, the Company has provided the internal communication of good corporate governance, business morality, and code of conduct for executives and employees at all levels including training session, orientation to new employees, and presentation to enhance understanding in the canteen. This activity was held to pinpoint all IRCT's employees to pay attention to the integrity towards themselves and public as a whole by together giving their written commitment and stating their words.

For the determination to persuade, develop and preserve talented employees, the Company has a promotion procedure to manage; moreover, for the performance evaluation, the Company considered the evaluation result together with the proportion of salary increase. Additionally, the employee development and training plans have been tailored for employees at all levels, especially the talented groups as a part of the Company's succession plan.

### 2) Risk Assessment

In 2020 the Risk Management Committee constructed

the risk assessment matrix, which shows impact and likelihood of each kind of risks, and keep monitoring strategic risk, operational risk, financial risk, and compliance risk as the quarterly basis. Moreover, the Committee has communicated to risk owners and line managers to raise risk awareness in the organization.

Moreover, the Committee have proposed risk monitoring in term of Risk Dashboard to create effective and up-to-date risk management among changing circumstances. The Committee also evaluated the corruption risk in order to create proper anti-corruption measure. For all the fiscal year 2020, all risk issues were managed in the positive way.

### **3) Control Activities**

The Company determined the policies and procedures in written document which cover the business operation appropriately. They encompass the financial transaction, procurement and general administration processes; and specify the approval scopes, authorities and hierarchy clearly in accordance with the Company organization and managerial authority. The approval authority responsibility is isolated from the responsibility in accounting transactions and IT records as well as the responsibility in properties keeping in order to check and balance each other.

Additionally, the Company provided the effective internal control system through policies and work procedures for the imposed policies to be practical and able to manage risks to meet the Company's objective. The control activities are followed by every business unit in the Company.

### **4) Information & Communication**

The Company prepares the operational information which are relevant and qualified selected from both internal and external to support the business operation and internal control to proceed as specified. Furthermore, employees at all levels need to communicate information accurately, appropriately, and sufficiently for the operation.

For the shareholders, Board of Directors, and sub-committees' meetings, the Company provides shareholders, directors, and executives, and all

stakeholders to have the correct and sufficient information for decision making within a reasonable, in order to monitor conflicts of interest that might occur between the company, management, directors, and shareholders. The Company also prevented the inappropriate use of corporate assets, information, and opportunities, including preventing inappropriate transactions with related parties. The Company has consistently undertaken and defined them in the Good Corporate Governance and Business Morality Handbook as well.

In addition, the Company has provided 4 special channels for internal and external persons to report information or complaints related to fraud and corruption directly to the Company via "Whistle-Blowing Channel" which any reporters can choose to make an anonymous report if fear of danger or threat.

### **5) Monitoring Activities**

The Company conducts the internal control follow-up and evaluation to ensure it is carried on completely and appropriately. Following-ups and evaluations are continuously conducted executives at each line to ensure the internal control components still exist and function appropriately and effectively. Moreover, there is monitoring system to manage and monitor conflicts of interest that might occur between the company, management, directors, and shareholders, and prevention of the inappropriate use of corporate assets, information, and opportunities, including inappropriate transaction with related parties.

Weekly and monthly executives' meetings are convened to follow-up targets and oversee the plans action mentioned in the annual budget plan approved by the Board of Directors. Progresses and unexpected changes against plans are reported to the Board of Directors. If the inspection found substantial internal control shortcoming, the Executive Committee shall report to the Board of Directors or Audit Committee or other sub-committees to make an explanation and spontaneous corrective measures.

## **Comments from the related persons of the Company's Internal Control System**

The management has conducted the internal control assessment form following the Securities and Exchange Commission (SEC)'s guideline, covering 5 topics as mentioned above. The evaluation is reviewed by the Audit Committee and present to the Board of Directors annually.

Furthermore, the external auditors found no significant issues on internal control or the ability to protect the Company's property and its subsidiaries from illegally or without authorization used by the executives or the employees. Besides, they agreed that the financial reporting is accurate and reliable in accordance with generally accepted accounting standards and financial reporting standards.





## Connected Transactions

During fiscal year 2020, the Company and its subsidiaries entered into connected transactions with businesses and parties with potential conflict of interest. Most of the mentioned transactions were related to sales and purchases of business supporting, short-term property rent, services rendered/received and long-term machinery lease. The terms and basis of such transactions were negotiated between the parties in the ordinary course of business and according to normal trade conditions. The external auditor presented connected transactions in the Note no. 26 of financial statements

### **Necessity and Appropriateness of Transactions**

Most of connected transactions were entered into between the Company and the related parties involving the Company's business operations. Such transactions give more flexibility of routine operations of the Company, which will lead to sustainable development. Consideration of such transactions is based upon the long-term interest of the Company's and all

shareholders, without misappropriation of benefit from a publicly held company to the related people.

### **Measures and Procedures for Connected Transaction Approval (Connected Transactions Policy)**

In order to ensure that the connected transactions or transactions with potential conflict of interest are transparent and based on stakeholders' benefits, the Company had clearly stated the procedures for connected transaction approval in the delegation of authority table. Such delegation of authority is aligned with regulations of the Security and Exchange Commission.

In addition, in 2017 the Board of Directors approved the Connected Transactions Policy (or called Related Party Transaction Policy) upon reviewing principles for general trading conditions, which are under the decision authority of the management, if the criterion meet the principle approved by the Board of Directors. The Policy are to create clear framework for personnel involved,

setting prices and conditions that are reasonable and within arm's length or market price, and based upon the Company's interest as if the Company enters into a transaction with outsider, which considered as an act of transparency and complied with concerned law and regulation.

The connected transactions of fiscal year 2020 as shown in the table next page have already presented to the Audit Committee for review and to the Board of Director for acknowledgement.

## Potential Connected Transactions in the Future

The potential connected transactions in the future will be done for normal business operations of the Company and its subsidiaries. The Company will enter into each transaction transparently and will comply with related regulations earnestly.

	Connected Parties/ Type of Relationship	Type of Transaction	Amount (Mill. Baht)			Type of Connected Transaction / Approval
			FY2018	FY2019	FY2020	
1	Thai Inoac Component Co., Ltd. "TIC"/  <i>- Have indirect shareholders namely; Sopa-Kanok International Co., Ltd. and directors in common</i>	Assembly expense	3.93	6.30	6.30	<b>Normal business transaction</b> with the aim to determine TIC to assembly finish good supplying to the Company under the same practice as the price charged to other third parties which is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
		Rental income	1.20	1.24	1.33	<b>Short-term property rental contract Period 1 year.</b> (Rental rate is not less than the fair price from 2 independent appraisers' estimation.) The Board of Directors (without interests diectors), by concurrence of the Audit Committee, after having considered that the transaction is reasonable and truly aims for the highest benefit of the Company
		Service and Utility income	0.19	0.18	0.12	<b>Service price from external payment collection</b> The transaction is reasonable and truly aims for the highest benefit of the Company. The value of the transaction is subject to approval by the Management according to relevant regulations.

	Connected Parties/ Type of Relationship	Type of Transaction	Amount (Mill. Baht)			Type of Connected Transaction / Approval
			FY2018	FY2019	FY2020	
2	Thai Stanley Public Co., Ltd. "STANLY"  <i>- Have major shareholders namely; Leeissaranukul Group and directors in common</i>	Sales of finish goods	13.28	11.81	6.57	<b>Normal business transaction</b> under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties which is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
3	Sirivit-Stanley Co., Ltd.  <i>- Have indirect shareholders namely; Sopa-Kanok International Co., Ltd. and directors in common</i>	Sales of finish goods	11.38	6.45	2.70	<b>Normal business transaction</b> under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties which is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
4	Inoue Rubber Co., Ltd. "IRCJ"  <i>- IRCJ is a major shareholder of IRC and has directors in common</i>	Technical assistance fee expenses	12.55	11.96	10.26	<b>Supporting normal business transaction:</b> Charged are on cost basis, calculated from number of working hours or day spent and other expenses. The remuneration and conditions of the transaction are comparable to general trading terms. Management has the authority to proceed under the principles which were approved by the Board of Directors.

Connected Parties/ Type of Relationship	Type of Transaction	Amount (Mill. Baht)			Type of Connected Transaction / Approval
		FY2018	FY2019	FY2020	
	Sales of motorcycle tire and tube products	76.12	78.65	95.95	<b>Normal business transaction</b> under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
	Finish goods expenses	6.23	2.61	3.08	<b>Normal business transaction</b> by adopting the same practice as other third parties which is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
5	Inoac Corporation Co., Ltd. “Inoac Corp”  <i>- Have a major shareholder namely; Inoue Rubber (Japan) Co. Ltd., and directors in common</i>	20.38	19.82	15.81	<b>Supporting normal business transaction:</b> Charged are on cost basis, calculated from number of working hours or day spent and other expenses. The remuneration and conditions of the transaction are comparable to general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
6	Inoue Rubber (Vietnam) Co., Ltd. “IRV”  <i>- IRCT’s joint-venture by holding 8% of total shares with the major shareholder– IRCJ –and directors in common</i>	16.78	14.54	4.87	<b>Normal business transaction</b> under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.

Connected Parties/ Type of Relationship	Type of Transaction	Amount (Mill. Baht)			Type of Connected Transaction / Approval
		FY2018	FY2019	FY2020	
7 Inoac Thailand Co., Ltd. "ITH"  <i>- Have an indirect shareholder namely; Inoue Rubber (Japan) Co. Ltd., and directors in common</i>	Professional service fee expenses	32.95	36.36	37.28	<b>Supporting normal business transaction:</b> Professional service fee 1 year contract ITH provides the professional service fee in marketing and product quality control which the remuneration rule was set in accordance with the IRCT's group. The transaction is reasonable and truly aims for the highest benefit of the Company. Management has the authority to proceed under the principles which were approved by the Board of Directors.
	Sales of finish goods	1.24	1.03	1.15	<b>Normal business transaction</b> under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
	Rental and serviceincomes	0.40	0.45	0.11	<b>Short-term property rental contract, period 1 year.</b> The contract price (Rental rate is not less than the 2 independent appraisers estimation.)Charges calculated from cost-plus margin determination by product type which is the same practice as the price charged to other third parties. This is the terms of general trading condition.Management has the authority to proceed under the principles which were approved by the Board of Directors.
8 Inoac Vietnam Co., Ltd. "IVC"  <i>- Have an indirect shareholder namely; Inoue Rubber (Japan) Co. Ltd., and directors in common</i>	Sales of finish goods	0.75	1.04	9.58	<b>Normal business transaction</b> under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
	Sales of finish goods	559.19	550.14	503.40	<b>Normal business transaction</b> which STP was appointed as the only distributor in domestic sales of motorcycle tires and tubes in Thailand



Connected Parties/ Type of Relationship	Type of Transaction	Amount (Mill. Baht)			Type of Connected Transaction / Approval
		FY2018	FY2019	FY2020	
- Have major shareholders namely; Sopa-Kanok International Co., Ltd. and directors in common	Advertising expenses	4.62	7.00	10.30	<p>The prices are determined by the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties. This is the terms of general trading condition.</p> <p>Management has the authority to proceed under the principles which were approved by the Board of Directors.</p> <p><b>Normal business transaction</b> with the aim to support and promote the selling activities of STP which is the only distributor in domestic sales of motorcycle tires and tubes in Thailand. This is the terms of general trading condition.</p> <p>Management has the authority to proceed under the principles which were approved by the Board of Directors.</p>
10 Smart Sport Promotion Co., Ltd.  - Have indirect shareholders namely; Sopa-Kanok International Co., Ltd. and directors in common	Advertising expenses	0.26	0.23	0.23	<p><b>Normal business transaction</b> in advertising activities to increase agility in operation. The rate fee is in the price range of general entrepreneur to process with general people which is the terms of general trading condition.</p> <p>Management has the authority to proceed under the principles which were approved by the Board of Directors.</p>
11 Total Oil (Thailand) Co., Ltd. "TOTAL"  - Have major shareholders namely; Sopa-Kanok International Co., Ltd. and directors in common	Material and spare part expenses	2.70	0.68	1.83	<p><b>Normal business transaction</b> by adopting the same practice as other third parties. This is the terms of general trading condition.</p> <p>Management has the authority to proceed under the principles which were approved by the Board of Directors.</p>

Connected Parties/ Type of Relationship	Type of Transaction	Amount (Mill. Baht)			Type of Connected Transaction / Approval
		FY2018	FY2019	FY2020	
<b>12</b> Pacific Industries (Thailand) Co., Ltd. "PACIFIC"  <i>- Have a major shareholder- Sopa-Kanok International Co., Ltd. -and directors in common</i>	Raw material expenses	70.32	70.05	68.25	<b>Normal business transaction</b> by adopting the same practice as other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
<b>13</b> Wang Chula Co., Ltd. "Wang Chula"  <i>- Have a major shareholder- Sopa-Kanok International Co., Ltd. -and directors in common</i>	Work in Process incomes	59.77	95.17	84.00	<b>Normal business transaction</b> under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
	Purchase of goods	96.32	141.75	136.11	<b>Normal business transaction</b> by adopting the same practice as other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
<b>14</b> Inoac International Co., Ltd. "IIC"  <i>- Have a major shareholder - IRCJ - and directors in common</i>	Sales of finish goods	159.13	152.73	138.89	<b>Normal business transaction</b> under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.

Connected Parties/ Type of Relationship	Type of Transaction	Amount (Mill. Baht)			Type of Connected Transaction / Approval	
		FY2018	FY2019	FY2020		
	Material expenses	170.09	159.58	116.55	<b>Normal business transaction</b> by adopting the same practice as other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.	
	Purchase of machine	-	-	37.23	<b>Normal business transaction</b> by adopting the same practice as other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.	
15	Techno Foam Co., Ltd.  <i>- Have an indirect shareholder- IRCJ -in common</i>	Sales of finish goods	0.21	0.14	0.08	<b>Normal business transaction</b> under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
16	Inoac Automotive (Thailand) Co., Ltd.  <i>- Have an indirect shareholder- IRCJ -in common</i>	Sales of finish goods	5.17	4.81	3.74	<b>Normal business transaction</b> under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
		Raw material expenses	3.58	3.25	2.29	<b>Normal business transaction</b> by adopting the same practice as other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.

	Connected Parties/ Type of Relationship	Type of Transaction	Amount (Mill. Baht)			Type of Connected Transaction / Approval
			FY2018	FY2019	FY2020	
17	BIMC Co., Ltd.  <i>- Have an indirect shareholder- IRCJ -in common</i>	Sales of finish goods	123.36	145.79	127.45	<b>Normal business transaction</b> under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
18	Inoac Tokai (Thailand) Co., Ltd. ("ITTC")  <i>- Have an indirect shareholder- Sopa-Kanok International Co., Ltd. and IRCJ -in common</i>	Purchase of finish goods	392.36	382.11	335.75	<b>Normal business transaction</b> under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties, this is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
		Work in Process incomes	767.68	807.16	585.54	<b>Normal business transaction</b> under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
		Service and professional service incomes	10.67	11.68	13.61	<b>Professional service fee 1 year contract</b> IRCT provides the professional service in accounting, finance, human resource, computer system, and other services under the average fixed cost of existing system and this service providing is able to maximize the capacity of the system.  The Board of Directors (without interests directors), by concurrence of the Audit Committee, after having considered that the transaction is reasonable and truly aims for the highest benefit of the Company

	Connected Parties/ Type of Relationship	Type of Transaction	Amount (Mill. Baht)			Type of Connected Transaction / Approval
			FY2018	FY2019	FY2020	
19	IRC TIRE ASIA PACIFIC PTE. LTD.  <i>- Have a major shareholder- IRCJ - in common - Have directors in common</i>	Sales of finish goods	508.83	485.60	63.88	<b>Normal business transaction</b> under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
20	INOAC HONG KONG LTD.  <i>- Have a major shareholder - IRCJ - and directors in common</i>	Purchase of metal mold	7.38	16.14	1.86	<b>Normal business transaction</b> by adopting the same practice as other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
21	ASIAN INOUE RUBBER PTE LTD.  <i>- Have a major shareholder- IRCJ - Have directors in common</i>	Sales of finish goods	-	-	321.58	<b>Normal business transaction</b> under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
22	PT IRC GAJAH TUNGGAL LTD.MANUFACTURING LTD.  <i>- Have a major shareholder- IRCJ - Have directors in common</i>	Sales of finish goods	-	-	1.20	<b>Normal business transaction</b> under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.





## Management Discussion and Analysis

	(Unit: million Baht)	Fiscal Year 2019	FY Fiscal Year 2020	Change	%YoY
Total Revenues		5,481,270,160	4,433,888,349	(1,047,381,811)	-19.11%
Cost of Sales and Services		4,865,661,553	3,799,049,893	(1,066,611,660)	-21.92%
Selling and Administration		418,674,846	370,514,297	(48,160,549)	-11.50%
EBIT		196,933,761	264,324,159	67,390,398	+34.22%
Net Profit (Loss)		166,542,465	219,062,850	52,520,385	+31.54%
Basic Earnings (Loss) per Share		0.83	1.12	(0.29)	+31.54%



Overview of the Company and its Subsidiaries Operation

### Performance Report

Trade war between the United States and China, and the epidemic of COVID-19 affected the supply and demand of both domestic and foreign. The global and Thai economy were slowdown. The consumers had low purchasing power. Many automotive infrastructures decreased their production, which led to the decrease in the production of Thai automobiles in 34.27% YoY and motorcycles in FY2020 18.16%. The Company, as the 1st Tier and 2nd

Tier rubber part manufacturer, got impact directly from the abovementioned situation. However, The Company got small impact for the replacement and export market. This affected the sales and production costs of the Company and the subsidiaries during the fiscal year 2020 (1 October 2019 to 30 September 2020) as follows;

1. The Company's total revenue decreased by 1,047.38 million baht or 19.11% from last year.
2. The cost of sales and services decreased by 1,066.61

million baht or 21.92% from the last year, mainly due to the reduction of raw material costs following the significant drop of oil price and decreased supply and demand of the market.

3. Selling and administrative expenses decreased by 48.16 million baht or 11.50% from last year, mainly due to the decrease of labor cost.
4. The Company received dividend income from the affiliate amounted to 22 million baht.

Overall, in FY2020, though the sales decreased, the Company had net profit around 219.06 million baht, increased around 52.52 million baht or 31.54% compared to last year. The main reasons are first; the Company recognized cost of the adjustment of employee's compensation rate according to the new Labor Protection Act around 57.53 million baht last year, and second; the Management has been closely monitoring all costs and operating expenses. Thus, the Company has still maintained the performance and recorded the earning per share at 1.12 baht.

Moreover, in FY2020, the Company had technology and innovation research and development expenditure following the suggestion, or additional explanation on technology and innovation research and development expenditure around 49.58 million baht.

## Financial Status

As at September 30, 2020, the Company had total assets at 4,588.57 million baht, decreased by 260.21 million baht comparing to September 30, 2019, mainly due to the decrease in available-for-sale investments which results from the Company's risk management policy for an economic slowdown.

The total liabilities of the Company were 1,039.57 million baht, decreased by 228.13 million baht compared to September 30, 2019 mainly due to the decrease of trade and other payables. However, the Company remains the position without long-term debts.

In this regard, the Company has shareholders' equity of 3,549 million baht, decreased by 32.08 million baht compared to September 30, 2019. This resulted in the book value per share of the Company at 18.46 and the

debt to equity ratio (D / E ratio) at 0.29 which decreased from last year.

The Company had trade receivables of related companies amounted to 406.34 million Baht and trade receivables of other companies amounted to 405.13 million Baht without doubtful accounts deduction. The Company has a policy to grant a credit terms around 60 days to general customers. At the fiscal year end of 2020, the Company recorded an average collection period of 34 days, which was within the credit term.

## Cash Flow

As of September 30, 2020, the Company had net cash generated from operating activities around 580.47 million baht, increased about 190.76 million baht compared to September 30, 2019. The net cash used in investing activities was around 77.37 million baht, decreased about 356.78 million baht, mainly due to the decrease in available-for-sale investments. The net cash used in financing activities was around 197.21 million baht, mainly from the payments for treasury shares about 114 million baht.

From the statement above, as at September 30, 2020, the Company had cash and cash equivalents around 905.10 million baht, increased by 305.89 million baht compared to September 30, 2019.

## The Company's measures toward the COVID-19 epidemic

According to the economic slowdown and the COVID-19 epidemic, the Company has implemented the measures to manage the business risk to maintain the Company's performance by controlling and reducing the production cost including raw material, manpower and expenses, as well as reviewing the budget forecast to strictly control the investment budget and cash flow. Moreover, the Company has closely coordinated with the customers, suppliers and all stakeholders to share information in order to prepare the corresponding production plan and operate effectively.

## The Possible Impacts on Financial Position and Performance in the Future

Economic and political situations of the world and Thailand, as well as the COVID-19 epidemic are major factors that might affect the Company's performance in the future. The Company believed that the total sales will increase following the increase of the automotive industries production from the recovery of the COVID-19 epidemic. Additionally, there are other factors that might affect the Company as stated below;

- Electrical Vehicle or EV: From the forecast of Thailand Automotive Institute, the EV market in Thailand will have significant growth in the next 15-20 year. The Company thus cooperated with the technology partner to manufacture the rubber parts and motorcycle tires to support the EV.
- Climate Change: Global warming that raise the temperature and environmental pollution conflicts are an opportunity that the Company take it as a chance to develop new products. The Company launches various products to response such climate change; e.g., new construction material that reduce heat incoming into the building, floor paving (Vi-Pafe) that help reduce waste and is friendly to the environment, and a rubber part in air conditioner.
- New Normal due to the COVID-19 epidemic brings about the changes of the consumer's consumption and spending behavior. The consumers are interested to

consume online products in order to avoid travel to or live in the public places, as well as avoid the public transportations. This led to the rising demand toward the online delivery business in both domestic and foreign market. Moreover, this advantages the Company's motorcycle tire and tube product in both replacement and export market at present and in the future.

- The expansion of the national infrastructure such as double-track railway project, high-speed railway project, sky train project, motorway project etc. The Company involved in products development to support many projects such as rail pad innovation that was developed from the mixture of domestic natural and synthetic rubber which also supported the government policy. This product was the result from the cooperative research of the Company and the National Science and Technology Development Agency (NSTDA) and Thailand Institute of Scientific and Technological Research (TISTR).

Nevertheless, the Company still aware of the importance of the risk management in production cost and the competitiveness enhancement to confront the growth of the economy and the industrial changes continuously.

# Report of the Board of Directors'

## Responsibility for the Financial Reports

The Board of Directors is responsible for the financial statements of the Company and its subsidiaries and the financial information as presented in the annual report of the Company. The financial statements of the Company and its subsidiaries as of September 30, 2020 have been prepared with careful consideration, in conformity with generally accepted accounting principles in Thailand, and using appropriate accounting policies and best estimation. All material information has been sufficiently disclosed in the notes to financial statements. The financial statements have been duly audited by independent authorized auditors who have provided unqualified opinions. The financial statements therefore reflect the Company's financial condition and results of operation that is true, transparent and reasonable for the benefits of all shareholders and investors.

The Board of Directors has established and maintained an appropriate and efficient internal control system and internal audit system to ensure that all accounting records are accurate, complete and sufficient to safeguard the Company's assets and prevent corruptions and materially irregular practices.

The Board of Directors has appointed an Audit Committee, which consists of independent directors who are responsible for the accuracy and adequacy of the financial reports, the appropriateness and efficiency of the internal control system and internal audit system, and compliance with laws and regulations related to the Company's business. The opinion of the Audit Committee is provided in the Report of the Audit Committee as presented in this annual report.

The Board of Directors is of the opinion that the Company's overall internal control system is satisfactory and provides reasonable assurance to the credibility of the financial statements of the Company and its subsidiaries as of September 30, 2020.

On behalf of the Board of Directors

Inoue Rubber (Thailand) Public Company Limited



(Mrs. Pimjai Leeissaranukul)  
Executive Chairman



(Mr. Katsunori Ito)  
President



**INOUE RUBBER (THAILAND) PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND SEPARATE  
FINANCIAL STATEMENTS**

**30 SEPTEMBER 2020**



## Independent Auditor's Report

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

### My opinion

In my opinion, the consolidated financial statements and the separate financial statements present fairly, in all material respects, the consolidated financial position of Inoue Rubber (Thailand) Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial position of the Company as at 30 September 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

### What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 30 September 2020;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

### Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

## Allowance for obsolete and slow-moving inventories

Refer to note 3.8 (accounting policies) and note 11 (inventories), allowance is made for obsolete and slow-moving inventories.

As at 30 September 2020, the gross amounts of inventories in the consolidated and separate statements of financial position were Baht 464.94 million and Baht 462.35 million, respectively. The allowance for inventories obsolescence was Baht 5.50 million, equally.

The valuation of inventories was an area of focus because inventories were a significant part of the total assets and the allowances for obsolete and slow-moving inventories were subject to management's judgement and experience and market situation.

The Group recorded allowance for obsolete and slow-moving inventories, where necessary. The assessment for the allowances for obsolete and slow-moving inventories required a degree of estimation from judgement. Management has applied their assessment on their experience and historical data. Each category of inventory with no movement longer than the ordinary course of business was subject to 100% allowance. The level of the allowances was assessed by taking into account the historical and recent sales experience, the aging of inventories and other factors that affected obsolete and slow-moving inventories.

I performed the following procedures:

- Updated my understanding of the Group's assumptions used to develop the allowances for obsolete and slow-moving inventories and determined that the accounting policies were consistent with prior years.
- Assessed the reasonableness of management's assumptions used in developing the allowances for obsolete and slow-moving inventories by considering historical data and prior years' experience including key inventory ratios. I also challenged management's assumption of specific periods as to whether they were appropriately used in determining the valuation of inventories.
- Tested the reliability of the inventory aging report that was used by the management to assess the valuation of the allowance by tracing the last movement date of the inventory aging report to the supporting documents in order to confirm that inventories were assigned to the correct aging category by the system.
- Tested the mathematical accuracy of the allowances of the inventories obsolescence derived from management's assumptions. No material variances arose from performing this work.

Using the above procedures, I determined that management's assumption was properly applied. In addition, the estimation of the allowances for obsolete and slow-moving inventories were applied appropriately.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected

to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

### **Responsibilities of the directors for the consolidated and separate financial statements**

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit

evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Emphasis of matter

I draw attention to note 3 of the interim financial information, which describes the accounting policies in relation to adopting the temporary exemptions announced by the Federation of Accounting Professions to relieve the impact from COVID-19 for the reporting periods ending between 1 January 2020 and 31 December 2020. My conclusion is not modified in respect to this matter.

PricewaterhouseCoopers ABAS Ltd.



Nopanuch Apichatsatien

Certified Public Accountant (Thailand) No. 5266

Bangkok

23 November 2020

# Statements of Financial Position

Inoue Rubber (Thailand) Public Company Limited

As at 30 September 2020

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	905,100,452	599,206,155	869,496,013	552,721,818
Trade and other receivables, net	9	817,259,982	1,011,808,633	819,082,994	1,014,922,550
Available-for-sale investments	10	124,538,922	436,003,488	124,538,922	436,003,488
Held to maturity investments		188,655,406	-	188,655,406	-
Inventories, net	11	459,436,928	568,101,124	456,847,460	564,707,099
Other current assets		6,458,760	11,374,071	3,716,584	7,935,318
<b>Total current assets</b>		<b>2,501,450,450</b>	<b>2,626,493,471</b>	<b>2,462,337,379</b>	<b>2,576,290,273</b>
<b>Non-current assets</b>					
Available-for-sale investments	10	79,542,967	266,118,341	79,542,967	266,118,341
Investments in subsidiaries	12	-	-	20,049,230	20,049,230
Other long-term investment	13	30,781,799	30,781,799	30,781,799	30,781,799
Investment property, net	14	9,020,821	9,188,314	9,705,095	9,901,845
Property, plant and equipment, net	15	1,817,643,817	1,803,662,086	1,749,718,355	1,741,256,026
Computer software, net	16	50,373,577	42,497,841	44,236,178	37,758,336
Deferred tax assets	17	66,190,243	50,738,842	61,622,488	45,696,023
Other non-current assets		33,563,316	19,300,033	33,503,316	19,240,032
<b>Total non-current assets</b>		<b>2,087,116,540</b>	<b>2,222,287,256</b>	<b>2,029,159,428</b>	<b>2,170,801,632</b>
<b>Total assets</b>		<b>4,588,566,990</b>	<b>4,848,780,727</b>	<b>4,491,496,807</b>	<b>4,747,091,905</b>

Director \_\_\_\_\_

Director \_\_\_\_\_

The accompanying notes are an integral part of these consolidated and separate financial statements.



## Statements of Financial Position (Cont'd)

Inoue Rubber (Thailand) Public Company Limited

As at 30 September 2020

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Trade and other payables	18	701,525,581	991,106,073	700,828,849	998,106,410
Income tax payable		9,875,553	13,253,059	9,875,553	13,253,059
Other current liabilities		1,040,150	2,178,603	-	-
<b>Total current liabilities</b>		<b>712,441,284</b>	<b>1,006,537,735</b>	<b>710,704,402</b>	<b>1,011,359,469</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	17	331,106	612,489	-	-
Employee benefit obligations	19	326,796,733	260,550,489	296,281,462	228,820,114
<b>Total non-current liabilities</b>		<b>327,127,839</b>	<b>261,162,978</b>	<b>296,281,462</b>	<b>228,820,114</b>
<b>Total liabilities</b>		<b>1,039,569,123</b>	<b>1,267,700,713</b>	<b>1,006,985,864</b>	<b>1,240,179,583</b>

The accompanying notes are an integral part of these consolidated and separate financial statements.

## Statements of Financial Position (Cont'd)

Inoue Rubber (Thailand) Public Company Limited

As at 30 September 2020

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
<b>Liabilities and equity (Cont'd)</b>					
<b>Equity</b>					
Share capital	20				
Authorised share capital					
Ordinary shares, 200 million shares at par value of Baht 1 each		200,000,000	200,000,000	200,000,000	200,000,000
Issued and fully paid-up share capital					
Ordinary shares, 200 million shares paid-up of Baht 1 each		200,000,000	200,000,000	200,000,000	200,000,000
Share premium	20	298,000,000	298,000,000	298,000,000	298,000,000
Retained earnings					
Appropriated - legal reserve	21	20,000,000	20,000,000	20,000,000	20,000,000
Unappropriated		3,211,750,355	3,075,882,823	3,137,760,268	2,996,746,495
<u>Less</u> Treasury shares	22	(114,011,638)	-	(114,011,638)	-
Other components of equity		(66,745,627)	(12,808,053)	(57,237,687)	(7,834,173)
<b>Equity attributable to owners of the parent</b>		<b>3,548,993,090</b>	<b>3,581,074,770</b>	<b>3,484,510,943</b>	<b>3,506,912,322</b>
Non-controlling interests		4,777	5,244	-	-
<b>Total equity</b>		<b>3,548,997,867</b>	<b>3,581,080,014</b>	<b>3,484,510,943</b>	<b>3,506,912,322</b>
<b>Total liabilities and equity</b>		<b>4,588,566,990</b>	<b>4,848,780,727</b>	<b>4,491,496,807</b>	<b>4,747,091,905</b>

The accompanying notes are an integral part of these consolidated and separate financial statements.

# Statements of Comprehensive Income

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2020

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
<b>Revenues</b>					
Sales and services income	27	4,364,108,574	5,429,642,723	4,361,683,099	5,427,098,152
Dividend income	12, 13, 26	22,102,083	-	39,101,773	9,999,774
Other income		47,677,692	51,627,437	50,698,927	54,020,125
<b>Total revenues</b>		<b>4,433,888,349</b>	<b>5,481,270,160</b>	<b>4,451,483,799</b>	<b>5,491,118,051</b>
<b>Expenses</b>					
Costs of sales and services		3,799,049,893	4,865,661,553	3,821,922,193	4,884,229,076
Selling expenses		101,339,263	112,007,668	101,339,263	112,007,668
Administrative expenses		248,365,326	288,526,425	241,535,260	279,260,032
Other expenses		20,809,708	18,140,753	20,435,049	18,023,579
<b>Total expenses</b>		<b>4,169,564,190</b>	<b>5,284,336,399</b>	<b>4,185,231,765</b>	<b>5,293,520,355</b>
<b>Profit before finance costs and income tax expense</b>		<b>264,324,159</b>	<b>196,933,761</b>	<b>266,252,034</b>	<b>197,597,696</b>
Finance costs		-	-	-	-
<b>Profit before income tax expense</b>		<b>264,324,159</b>	<b>196,933,761</b>	<b>266,252,034</b>	<b>197,597,696</b>
Income tax expense	24	(45,261,309)	(30,391,296)	(42,042,915)	(29,805,398)
<b>Net profit for the year</b>		<b>219,062,850</b>	<b>166,542,465</b>	<b>224,209,119</b>	<b>167,792,298</b>

The accompanying notes are an integral part of these consolidated and separate financial statements.

# Statements of Comprehensive Income (Cont'd)

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2020

	Notes	Consolidated financial statements		Separate financial statements	
		2020 Baht	2019 Baht	2020 Baht	2019 Baht
<b>Other comprehensive income (expense)</b>					
Items that will not be reclassified					
subsequently to profit or loss:					
Remeasurements of employee					
benefit obligations	19	(62,939,359)	(5,068,419)	(57,271,622)	(4,307,037)
Income tax on remeasurements of					
employee benefit obligations	17	12,587,872	1,013,684	11,454,324	861,407
Total items that will not be reclassified					
subsequently to profit or loss					
		(50,351,487)	(4,054,735)	(45,817,298)	(3,445,630)
Item that will be reclassified					
subsequently to profit or loss:					
Change in value of available-for-sale					
investments	10	(4,482,770)	1,992,209	(4,482,770)	1,992,209
Income tax on change in value of					
available-for-sale investments	17	896,554	(398,442)	896,554	(398,442)
Total item that will be reclassified					
subsequently to profit or loss					
		(3,586,216)	1,593,767	(3,586,216)	1,593,767
<b>Other comprehensive expense</b>					
<b>for the year, net of tax</b>					
		(53,937,703)	(2,460,968)	(49,403,514)	(1,851,863)
<b>Total comprehensive income</b>					
<b>for the year</b>					
		165,125,147	164,081,497	174,805,605	165,940,435
<b>Profit attributable to:</b>					
Owners of the parent					
		219,062,878	166,541,961	224,209,119	167,792,298
Non-controlling interests					
		(28)	504	-	-
		219,062,850	166,542,465	224,209,119	167,792,298
<b>Total comprehensive income</b>					
<b>attributable to:</b>					
Owners of the parent					
		165,125,304	164,081,019	174,805,605	165,940,435
Non-controlling interests					
		(157)	478	-	-
		165,125,147	164,081,497	174,805,605	165,940,435
<b>Earnings per share</b>					
Basic earnings per share					
	25	1.12	0.83	1.15	0.84

The accompanying notes are an integral part of these consolidated and separate financial statements.

# Statements of Changes in Equity

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2020

## Consolidated financial statements

### Attributable to owners of the parent

Notes	Capital contributed			Retained earnings		Other components of equity						
	Issued and fully paid-up share capital	Share premium	Treasury shares	Appropriated - Legal reserve	Unappropriated retained earnings	Other comprehensive income (expense)						
						Change in value of available-for-sale investments	Remeasurements of employee benefit obligations	Total other components of equity	Total owners of the parent	Non-controlling interests	Total equity	
												Baht
<b>Opening balance</b>												
<b>as at 1 October 2018</b>	200,000,000	298,000,000	-	20,000,000	3,088,640,862	(131,116)	(10,215,995)	(10,347,111)	3,596,293,751	4,992	3,596,298,743	
Total comprehensive income (expense) for the year	-	-	-	-	166,541,961	1,593,767	(4,054,709)	(2,460,942)	164,081,019	478	164,081,497	
Dividends paid	28	-	-	-	(179,300,000)	-	-	-	(179,300,000)	(226)	(179,300,226)	
<b>Closing balance</b>												
<b>as at 30 September 2019</b>	200,000,000	298,000,000	-	20,000,000	3,075,882,823	1,462,651	(14,270,704)	(12,808,053)	3,581,074,770	5,244	3,581,080,014	
<b>Opening balance</b>												
<b>as at 1 October 2019</b>	200,000,000	298,000,000	-	20,000,000	3,075,882,823	1,462,651	(14,270,704)	(12,808,053)	3,581,074,770	5,244	3,581,080,014	
Total comprehensive income (expense) for the year	-	-	-	-	219,062,878	(3,586,216)	(50,351,358)	(53,937,574)	165,125,304	(157)	165,125,147	
Dividends paid	28	-	-	-	(83,195,346)	-	-	-	(83,195,346)	(310)	(83,195,656)	
Treasury shares	22	-	(114,011,638)	-	-	-	-	-	(114,011,638)	-	(114,011,638)	
<b>Closing balance</b>												
<b>as at 30 September 2020</b>	200,000,000	298,000,000	(114,011,638)	20,000,000	3,211,750,355	(2,123,565)	(64,622,062)	(66,745,627)	3,548,993,090	4,777	3,548,997,867	

The accompanying notes are an integral part of these consolidated and separate financial statements.



## Statements of Changes in Equity (Cont'd)

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2020

Separate financial statements									
Notes	Capital contributed			Retained earnings		Other components of equity			Total equity Baht
	Issued and fully paid-up share capital Baht	Share premium Baht	Treasury shares Baht	Appropriated - Legal reserve Baht	Unappropriated retained earnings Baht	Other comprehensive income (expense)			
						Change in value of available-for-sale investments Baht	Remeasurements of employee benefit obligations Baht	Total other components of equity Baht	
<b>Opening balance</b>									
<b>as at 1 October 2018</b>	200,000,000	298,000,000	-	20,000,000	3,008,254,197	(131,116)	(5,851,194)	(5,982,310)	3,520,271,887
Total comprehensive income (expense) for the year	-	-	-	-	167,792,298	1,593,767	(3,445,630)	(1,851,863)	165,940,435
Dividends paid	28	-	-	-	(179,300,000)	-	-	-	(179,300,000)
<b>Closing balance</b>									
<b>as at 30 September 2019</b>	<u>200,000,000</u>	<u>298,000,000</u>	<u>-</u>	<u>20,000,000</u>	<u>2,996,746,495</u>	<u>1,462,651</u>	<u>(9,296,824)</u>	<u>(7,834,173)</u>	<u>3,506,912,322</u>
<b>Opening balance</b>									
<b>as at 1 October 2019</b>	200,000,000	298,000,000	-	20,000,000	2,996,746,495	1,462,651	(9,296,824)	(7,834,173)	3,506,912,322
Total comprehensive income (expense) for the year	-	-	-	-	224,209,119	(3,586,216)	(45,817,298)	(49,403,514)	174,805,605
Dividends paid	28	-	-	-	(83,195,346)	-	-	-	(83,195,346)
Treasury shares	22	-	(114,011,638)	-	-	-	-	-	(114,011,638)
<b>Closing balance</b>									
<b>as at 30 September 2020</b>	<u>200,000,000</u>	<u>298,000,000</u>	<u>(114,011,638)</u>	<u>20,000,000</u>	<u>3,137,760,268</u>	<u>(2,123,565)</u>	<u>(55,114,122)</u>	<u>(57,237,687)</u>	<u>3,484,510,943</u>

The accompanying notes are an integral part of these consolidated and separate financial statements.

# Statements of Cash Flows

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2020

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
<b>Cash flows from operating activities</b>					
Profit before income tax expense		264,324,159	196,933,761	266,252,034	197,597,696
Adjustments for:					
Depreciation charges	14, 15, 23	342,885,633	312,541,137	329,267,671	299,619,752
Amortisation charges	16, 23	8,246,547	5,987,385	7,025,041	4,849,723
Gain on disposals of available-for-sale investments		(1,336,674)	(4,760)	(1,336,674)	(4,760)
Loss on allowance for inventories obsolescence	11	5,611,883	1,520,765	5,611,883	1,520,765
Loss on write-offs and disposals of property, plant and equipment		1,361,670	1,194,130	1,238,774	1,601,810
Loss on write-offs computer software		-	3,492	-	3,492
Unrealised (gain) loss on exchange rate		(480,812)	819,764	(487,826)	819,764
Dividend income	12, 13, 26	(22,102,083)	-	(39,101,773)	(9,999,774)
Interest income		(14,766,672)	(16,961,668)	(14,607,457)	(16,776,107)
Employee benefits	19	27,162,735	78,872,849	31,892,029	69,724,879
Changes in operating assets and liabilities					
Trade and other receivables		196,306,231	(11,751,758)	197,631,953	(14,574,390)
Inventories		103,052,313	71,738,394	102,247,756	69,340,564
Other current assets		1,232,063	4,302,046	4,218,734	4,207,522
Other non-current assets		(14,263,283)	(4,655,436)	(14,263,284)	(4,595,435)
Trade and other payables		(260,304,406)	(181,930,989)	(255,246,645)	(181,240,075)
Other current liabilities		(1,138,453)	(125,247)	-	-
Employee benefits paid	19	(23,855,850)	(30,566,851)	(21,702,303)	(30,339,576)
<b>Cash generated from operating activities</b>		611,935,001	427,917,014	598,639,913	391,755,850
Interest received		15,742,290	16,411,252	15,548,258	16,254,762
Income tax paid		(48,996,008)	(54,643,819)	(48,996,008)	(54,643,819)
Income tax refund received		1,792,082	-	-	-
<b>Net cash generated from operating activities</b>		580,473,365	389,684,447	565,192,163	353,366,793

The accompanying notes are an integral part of these consolidated and separate financial statements.

## Statements of Cash Flows (Cont'd)

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2020

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>					
Purchases of available-for-sale investments	10	(350,035,770)	(1,319,080,124)	(350,035,770)	(1,319,080,124)
Proceeds from disposals of available-for-sale investments		560,606,524	1,320,636,958	560,606,524	1,320,636,958
Proceeds from maturity of held-to-maturity investments		94,507,840	-	94,507,840	-
Purchases of property, plant and equipment		(393,739,717)	(437,205,555)	(387,197,264)	(427,828,568)
Purchases of computer software	16	(16,122,283)	(15,701,298)	(13,502,883)	(15,475,298)
Proceeds from disposals of property, plant and equipment		5,309,549	17,194,710	5,308,796	16,013,986
Proceeds from disposals of computer software		-	8,220	-	8,220
Dividend received	12, 13, 26	22,102,083	-	39,101,773	9,999,774
<b>Net cash used in investing activities</b>		<b>(77,371,774)</b>	<b>(434,147,089)</b>	<b>(51,210,984)</b>	<b>(415,725,052)</b>
<b>Cash flows from financing activities</b>					
Repurchases of ordinary shares	22	(114,011,638)	-	(114,011,638)	-
Dividends paid	28	(83,195,656)	(179,300,226)	(83,195,346)	(179,300,000)
<b>Net cash used in financing activities</b>		<b>(197,207,294)</b>	<b>(179,300,226)</b>	<b>(197,206,984)</b>	<b>(179,300,000)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>305,894,297</b>	<b>(223,762,868)</b>	<b>316,774,195</b>	<b>(241,658,259)</b>
Cash and cash equivalents at the beginning of the year		599,206,155	822,969,023	552,721,818	794,380,077
<b>Cash and cash equivalents at the end of the year</b>		<b>905,100,452</b>	<b>599,206,155</b>	<b>869,496,013</b>	<b>552,721,818</b>

### Non-cash transactions

Significant non-cash transactions for the years ended 30 September 2020 and 2019 comprised:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Payables from property, plant and equipment acquisition	19,017,000	49,385,627	23,169,318	66,285,761

The accompanying notes are an integral part of these consolidated and separate financial statements.

# Notes to the Consolidated and Separate Financial Statements

## Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2020

### 1 General information

Inoue Rubber (Thailand) Public Company Limited (“the Company”) is a public limited company which is listed on the Stock Exchange of Thailand and is incorporated and domiciled in Thailand. The addresses of the Company’s registered offices are as follows:

Head office: No. 258, Soi Rangsit-Nakornnayok 49, Prachathipat sub-district, Thanyaburi district, Pathumthani.

Branch office: No. 157, Moo 5, Phaholyothin Road, Lamsai sub-district, Wangnoi district, Pranakorn Sri Ayutthaya.

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 tires, tubes, and industrial elastomer rubber parts.

Kin No Hoshi Engineering Company Limited, a subsidiary, is principally engaged in the manufacture, repair and modification of metal molds and equipment for production of motorcycle tires, tubes, and automotive rubber parts.

IRC (Asia) Research Limited, a subsidiary, is principally engaged in the research and development of motorcycle tires, tubes, and automotive rubber parts.

These consolidated and separate financial statements were authorised for issue by the Board of Directors on 23 November 2020.

### 2 Significant events during the current year

The outbreak of Coronavirus Disease 2019 (“COVID-19”) in early 2020 has adverse effects widespread on the operating results, which related to many industries, including the Group.

The nationwide COVID-19 outbreak and decline in domestic economic resulted in lower vehicle and automotive parts demand in automotive industry and decrease in sales of the Group, accordingly. Even though the Group resumed all of its operations in the second half of 2020, the revenue dropped by 20% compared to 2019. During the recovery period, the management has been closely monitoring all costs and operating expenses and taking step to preserve the business continuity with measures of effective cost and working capital managements. Moreover, The Group establishes an internal division to be responsible for regular monitoring situation to ensure whether measures and decision are effective and supportive to the Group’s strategy.

### 3 Accounting policies

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

#### 3.1 Basis for preparation

The consolidated and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards (“TFRS”) and the financial reporting requirements issued under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed otherwise in relevant accounting policies.

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 5.

# Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2020

An English version of the consolidated and separate 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.

The following application of the temporary exemption guidance to relieve the impact from the coronavirus pandemic (COVID-19) (temporary measures to relieve the impact from COVID-19) announced by the Federation of Accounting Professions (TFAC) for the reporting periods ending between 1 January 2020 and 31 December 2020.

## Reversal of deferred tax assets

The Group has chosen to exclude information related to COVID-19 which causes uncertainty when considering the sufficiency of future taxable profit for the purpose of assessing the utilisation of deductible temporary differences. Instead, the Group writes down the carrying amount of the deferred tax assets when it's not probable that the future taxable profit will be available for utilising the deductible temporary differences.

## Impairment of assets

The Group has chosen to exclude information related to COVID-19 as an indication of the impairment of assets.

## 3.2 New and amended financial reporting standards that are relevant and have significant impacts to the Group

### 3.2.1 The Group has applied the following standard and amendments for the first time for their annual reporting commencing 1 October 2019

#### a) TFRS 15, Revenue from contracts with customers

The standard provides principle and approach of revenue recognition under five-step process. The underlying principle is that the Group will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It replaces the principles of transferring the significant risks and rewards of ownership of the goods or services to the buyer in accordance with TAS 11, Construction contracts, TAS 18, Revenue and related interpretations.

The Group has adopted the new Thai Financial Reporting Standards (TFRS) no. 15, Revenue from contracts with customers from 1 October 2019 under the modified retrospective approach and the comparative figures have not been restated. However, the Group's management assessed that the above change in accounting policy do not have significant impact to the Group's accounting treatment and did not restate the beginning balance of retained earnings.

#### b) TFRS 40 (revised 2018), Investment property

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

#### c) TFRS 1, First-time adoption of Thai Financial Reporting Standards

TFRS 1 addresses the treatment when the Group adopts, for the first time, Thai Financial Reporting Standards (TFRSs) as a basis for preparing its financial statements. TFRS 1 grants specific optional exemptions and mandatory exceptions from TFRSs' general requirements. It also requires certain disclosures explaining how the transition from previous GAAP to TFRSs affects the Group's financial position, financial performance and cash flows.

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### 3.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020

Certain new and amended financial reporting standards have been issued that are not mandatory for current period end 30 September 2020 reporting period and have not been early adopted by the Group.

#### a) Financial instruments

The new financial standards relate to financial instruments are:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These new standards address the classification, measurement, derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

#### b) TFRS 16, Leases

Where the Group is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

#### c) Other amended standards

The amended financial reporting standards that will have significant impact on the Group are:

TAS 12	Income tax
TAS 19	Employee benefits

Amendment to TAS 12, Income tax - clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement) - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

The Group has not yet early adopted these new and amended financial reporting standards and the Group's management is currently assessing the impacts from these standards.

### 3.3 Principles of consolidation

#### a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group until the date that control ceases.

In the separate financial statements, investments in subsidiaries are accounted for using cost method. Historical cost also includes direct attributable costs of investment.

A list of the Company's subsidiaries is set out in Note 12.

#### b) Transactions with non-controlling interests



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The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A difference between the amount of the adjustment to non-controlling interests to reflect their relative interest in the subsidiary and any consideration paid or received is recognised within equity.

### c) Intercompany transactions on consolidation

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated in the same manner unless the transaction provides evidence of an impairment of the asset transferred.

## 3.4 Foreign currency translation

### a) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's and the Group's functional and presentation currency.

### b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the date of revaluation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

## 3.5 Financial instruments

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

Foreign currency forward contracts prevent 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 not recognised in the financial statements. The fee incurred in establishing each agreement is amortised over the contract period, if any.

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 29.4.

## 3.6 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In statements of financial position, bank overdrafts are shown within borrowings under current liabilities in the statement of financial position.

## 3.7 Trade accounts receivable

Trade receivables are amounts due from customers for goods sold or service performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditionally unless they contain significant financing components, when they are recognised at its present value. The Group presented trade receivables at cost less allowance for doubtful accounts.

## 3.8 Inventories

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Inventories are stated at the lower of cost and net realisable value.

Cost of inventories is determined by the moving average method. Cost of raw materials comprise all purchase cost and costs directly attributable to the acquisition of the inventory less all attributable discounts. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and directly attributable costs in bringing the inventories to their present location and condition.

### 3.9 Investments debt securities

Investments other than investments in subsidiaries, associates and joint ventures are initially recognised at cost, which is fair value of consideration paid plus direct transaction cost.

#### Trading and available-for-sale investments

Trading investments and available-for-sale investments are subsequently measured at fair value. The unrealised gains and losses of trading investments are recognised in profit or loss. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income and are subsequently reclassified to profit or loss when the investment is disposed.

#### Held-to-maturity investments

Held-to-maturity investments are carried at amortised cost using the effective interest method less impairment.

#### General investments

General investments are carried at cost less impairment.

#### Disposal of investments

On a disposal of an investment, the difference between the net disposal proceeds and the carrying amount (including cumulative changes in fair value recognised in equity) is recognised to the profit or loss. When the Group disposes an investment partially, the carrying amount of the disposed part is determined by the weighted average method.

### 3.10 Investment property

Investment properties, principally land and office buildings, are held for long-term rental yields and are not occupied by the Group.

Investment property is measured initially at cost, including directly attributable costs and borrowing costs. Subsequently, they are carried at cost less accumulated depreciation and impairment.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group. The carrying amount of the replaced part is derecognised.

Land is not depreciated. Depreciation on other investment properties is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Land improvements	10 years
Building and building improvements	5 - 20 years

### 3.11 Property, plant and equipment

All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss when incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

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Land improvements	10 years
Building and building improvements	5 - 20 years
Machinery	2 - 20 years
Tools and factory equipment	5 years
Furniture, fixtures and office equipment	3 - 5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

### 3.12 Computer software

Acquired computer software is measured at cost. These costs are amortised over their estimated useful lives of 3 - 10 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

### 3.13 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

### 3.14 Leases

#### Leases - where the Group is a lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

#### Leases - where the Group is the lessor

Rental income under operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

### 3.15 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

#### Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### Deferred income tax

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Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 3.16 Employee benefits

#### a) Short-term employee benefits

Liabilities for short-term employee benefits such as wages, salaries, paid annual leave and paid sick leave, bonuses, and medical care that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

#### b) Defined contribution plan

The Group pays contributions to a separate fund on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

#### c) Defined benefit plans

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise. They are presented as a separate item in statements of changes in equity.

Past-service costs are recognised immediately in profit or loss.

#### d) Other long-term benefits

The Group gives gold rewards to employees when they have worked for the Group until retirement. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period.

These obligations are measured similar to defined benefit plans except remeasurement gains and losses that are charged to profit or loss.

#### e) Termination benefits

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The Group recognises termination benefits at the earlier of (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for the related restructuring. Benefits due more than 12 months are discounted to their present value.

### 3.17 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 the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 3.18 Share capital

Ordinary are classified as equity.

Incremental costs directly attributable to the issue of new shares (net of tax) are shown as a deduction in equity.

#### Treasury share

Where any companies within the Group repurchases its shares, the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

### 3.19 Revenue recognition

Revenue include all revenues from ordinary business activities. All ancillary income in connection with the delivery of goods and rendering of services in the course of the Group's ordinary activities is also presented as revenue.

Revenue are recorded net of value added tax. They are recognised in accordance with the provision of goods or services, provided that collectability of the consideration is probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfilment of the obligation to the customer.

#### Sale of goods

The Group manufactures and sells motorcycle tires, tubes, and industrial elastomer rubber parts. Sales are recognised when control of the products has transferred, being when the products are delivered, and there is no unfulfilled obligation that could affect the buyer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with retrospective volume discounts based on aggregate sales over a specified period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No significant element of financing is deemed present as the sales are made with a credit term of 30 - 60 days, which is consistent with market practice.

The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision and cost of sales.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### Services

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The Group recognised service contracts with a continuous service provision as revenue on a straight line basis over the contract term, regardless of the payment pattern.

### Contract assets and contract liabilities

A contract asset is recognised where the Group recorded revenue for fulfilment of a contractual performance obligation before the customer paid consideration or before the requirements for billing.

A contract liability is recognised when the customer paid consideration or a receivable from the customer that is due before the Group fulfilled a contractual performance obligation.

For each customer contract, contract liabilities is set off against contract assets.

### Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

## 3.20 Dividend distribution

Dividend distributed to the Company's shareholders is recognised as a liability when interim dividends are approved by the Board of Directors, and when the annual dividends are approved by the shareholders.

## 3.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker of the Group which includes Chairman, President and Director.

Segment information is presented by business segment of the Group's operations in Note 7.

## 4 Financial risk management

### 4.1 Financial risk factors

The Group exposes to a variety of financial risks: market risk (currency risk, fair value risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The board of directors provides written principles for overall risk management which is carried out by the Group treasury, including identification, evaluation and hedge of financial risks in close co-operation with operating units.

#### 4.1.1 Foreign exchange risk

The Group's primary functional currencies are US Dollars, Japanese Yen, and Euro, while foreign sales and purchases transactions are primarily denominated in US Dollars, Japanese Yen.

The Group uses forward contracts to hedge their exposure to foreign currency risk in connection with measurement currency. The Group treasury is responsible for hedging the net position in each currency by using external forward currency contracts.

#### 4.1.2 Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that contracts are made with customers who have an appropriate credit history, limiting customers' credit limit. Derivative counterparties and deposits are limited to high credit quality financial institutions.

#### 4.1.3 Liquidity risk

The Group manages sufficient cash and marketable securities, the availability to close out market positions.

#### 4.1.4 Risk from investments and deposits



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The Group is exposed to market risks as the investor of financial instruments, and credit risk from the issuer of financial instruments. The Group, therefore, has a policy of diversifying its investments and deposits to high credit financial institutions according to the investment policy prescribed by the resolution of the board of directors.

The investment policies framework regarding types and proportion of investments are as follows:

### Investments in private fund

Type of investment	Proportion of investment
Government securities, debentures or bonds	Not to exceed 70% of net asset value of the fund
Collective Investment Scheme (CIS)	Permitted only Money Market Fund

## 4.2 Accounting for derivative financial instruments and hedging activities

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

The Group enters into contract establishing the rate at which a foreign currency asset will be realised or a foreign currency liability will be settled in the future. The realised gain (loss) from the settlement of foreign currency forward contracts will be included in gain (loss) on exchange rate in profit or loss. The fee incurred in establishing each agreement is amortised over the contract period.

Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense when due. Gains and losses on early termination of interest rate swaps or on repayment of the borrowing are recognised in profit or loss.

The Group's derivative financial instruments are disclosed in note 294.

## 4.3 Fair value

The following table presents financial assets that are measured at fair value, excluding where its fair value is approximating the carrying amount.

	Consolidated and separate financial statements							
	Level 1		Level 2		Level 3		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
As at 30 September	Million Baht	Million Baht	Million Baht	Million Baht	Million Bah	Million Bah	Million Bah	Million Bah
<b>Assets:</b>								
<b>Available-for-sale investments</b>								
Debt investments	204.08	702.12	-	-	-	-	204.08	702.12
<b>Total assets</b>	<b>204.08</b>	<b>702.12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>204.08</b>	<b>702.12</b>

Fair values are categorised into hierarchy based on inputs used as follows:

Level 1: The fair value of financial instruments is based on current bid price / the closing price by reference to the Stock Exchange of Thailand / the Thai Bond Dealing Centre.

Level 2: The fair value of financial instruments is determined using significant observable inputs and, as little as possible, entity-specific estimates.

Level 3: The fair value of financial instruments is not based on observable market data.

### Transfer between fair value hierarchy

The Group recognises transfers between fair value hierarchy levels as at the end of the reporting period.

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### 5 Critical estimates and judgements

Estimates 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.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

#### 5.1 Inventories

Allowance is made, where necessary, for obsolete, slow-moving and defective inventories. The assessment for the allowances for obsolete and slow-moving inventories required a degree of estimation from judgement. Management has applied their assessment on their experience and historical data. Each category of inventory with no movement longer than the ordinary course of business was subject to 100% allowance. The level of the allowances was assessed by taking into account the historical and recent sales experience, the aging of inventories and other factors that affected obsolete and slow-moving inventories. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses.

#### 5.2 Investment property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment and intangible assets. Management will revise the depreciation and amortisation charges 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.

#### 5.3 Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used include the discount rate, inflation rate, future salary increase rate and retirement age. Any changes in these assumptions will have an impact on the carrying amount of the obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for the obligations are based in part on current market conditions. Additional information is disclosed in Note 19.

#### 5.4 Available-for-sale investments

Securities in available-for-sale investments are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost. Such investments are subsequently measured at fair value. The fair value of available-for-sale investments is based on close market price published by the Thai Bond Market Association as at period-end or Net Asset Value (NAV) announced by the Asset Management Company. The unrealised gains and losses of available-for-sale investments are recognised in equity.

### 6 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that they can continue 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 amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

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### 7 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker of the Group which includes Chairman, President and Director.

The Group's 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.

The factor used to identify the Group's reportable segments includes geographical areas. There are two reportable segments i.e. (1) Local and (2) Export.

Financial information of the Group for the years ended 30 September 2020 and 2019 classified by market were presented as follows:

	Consolidated financial statements					
	Local		Export		Total	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Revenue from sales and services	3,195,180,572	4,001,594,256	1,168,928,002	1,428,048,467	4,364,108,574	5,429,642,723
Cost of sales and services	(2,859,976,893)	(3,662,114,705)	(939,073,000)	(1,203,546,848)	(3,799,049,893)	(4,865,661,553)
Gross profit	335,203,679	339,479,551	229,855,002	224,501,619	565,058,681	563,981,170
Other income					47,677,692	51,627,437
Dividend income					22,102,083	-
Selling expenses					(101,339,263)	(112,007,668)
Administrative expenses					(248,365,326)	(288,526,425)
Other expenses					(20,809,708)	(18,140,753)
<b>Profit before income tax expense</b>					264,324,159	196,933,761
Income tax expense					(45,261,309)	(30,391,296)
<b>Net profit for the year</b>					<b>219,062,850</b>	<b>166,542,465</b>
<b>Timing of revenue recognition</b>						
At a point in time	3,194,839,327	4,000,446,631	1,167,538,557	1,427,754,756	4,362,377,884	5,428,201,387
Overtime	341,245	1,147,625	1,389,445	293,711	1,730,690	1,441,336
<b>Total revenues</b>	<b>3,195,180,572</b>	<b>4,001,594,256</b>	<b>1,168,928,002</b>	<b>1,428,048,467</b>	<b>4,364,108,574</b>	<b>5,429,642,723</b>

### 8 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Cash on hand	119,524	85,821	91,348	48,224
Deposits with banks				
- Saving deposits	271,509,667	86,924,793	262,223,964	80,473,892
- Current deposits	6,020,576	7,872,833	1,730,016	979,954
- Fixed deposits	627,450,685	504,322,708	605,450,685	471,219,748
Cash and cash equivalents	905,100,452	599,206,155	869,496,013	552,721,818

The interest rates (per annum) on deposits are as follows:

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	Consolidated financial statements		Separate financial statements	
	2020 % per annum	2019 % per annum	2020 % per annum	2019 % per annum
Saving deposits	0.05 - 0.13	0.10 - 0.40	0.05 - 0.13	0.10 - 0.40
Fixed deposits	0.16 - 0.80	1.00 - 1.55	0.16 - 0.80	1.00 - 1.55

Fixed deposits are 13 days and 3 months fixed deposits with banks (2019: 10 days and 3 months fixed deposits).

### 9 Trade and other receivables, net

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Trade receivables - related companies (Note 26)	406,335,696	500,872,818	408,932,086	505,760,278
Trade receivables - other companies	405,131,511	505,019,994	403,873,240	502,648,644
<u>Less</u> Allowance for doubtful accounts	-	(2,167,775)	-	(2,167,775)
Trade receivables, net	811,467,207	1,003,725,037	812,805,326	1,006,241,147
Prepayments	3,885,531	5,617,416	3,095,802	4,961,471
Accrued income	476,096	598,169	468,283	249,240
Advanced payments	10,000	252,950	-	-
Amounts due from related parties (Note 26)	1,405,924	1,421,941	2,698,359	3,277,571
Other receivables	15,224	193,120	15,224	193,121
Trade and other receivables, net	817,259,982	1,011,808,633	819,082,994	1,014,922,550

Outstanding trade receivables as at 30 September 2020 and 2019 can be analysed by aging as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
<b><u>Related companies</u></b>				
Current	406,335,696	485,836,892	408,932,086	490,724,352
Overdue up to 3 months	-	14,939,806	-	14,939,806
Overdue 3 - 6 months	-	-	-	-
Overdue 6 - 12 months	-	96,120	-	96,120
Overdue more than 12 months	-	-	-	-
	406,335,696	500,872,818	408,932,086	505,760,278
<b><u>Other companies</u></b>				
Current	404,995,435	494,007,890	403,737,164	491,636,540
Overdue up to 3 months	84,099	3,500,038	84,099	3,500,038
Overdue 3 - 6 months	51,977	5,344,291	51,977	5,344,291
Overdue 6 - 12 months	-	-	-	-
Overdue more than 12 months	-	2,167,775	-	2,167,775
	405,131,511	505,019,994	403,873,240	502,648,644
<u>Less</u> Allowance for doubtful accounts	-	(2,167,775)	-	(2,167,775)
	405,131,511	502,852,219	403,873,240	500,480,869
Total trade receivables, net	811,467,207	1,003,725,037	812,805,326	1,006,241,147

During 2020, total amounts of receivables written-off as uncollectible was Baht 2,167,775 (2019: Nil).

## Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2020

### 10 Available-for-sale investments

As at 30 September 2020, the Group had available-for-sale investments in private fund which is managed by an asset management company, aims to investing in bonds and debentures of both government and private sectors and domestic fixed-income funds. Appropriate investments periods are 2 - 3 years. Investment policies of the private fund was disclosed in Note 4.1.4.

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Fair value of available-for-sale investments				
- Current	124,538,922	436,003,488	124,538,922	436,003,488
- Non-current	79,542,967	266,118,341	79,542,967	266,118,341
Available-for-sale investments	204,081,889	702,121,829	204,081,889	702,121,829

The movements of available-for-sale investments for the years ended 30 September 2020 and 2019 are as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Opening balance	702,121,829	701,044,282	702,121,829	701,044,282
Purchase of securities	350,035,770	1,319,080,124	350,035,770	1,319,080,124
Disposal of securities	(559,269,850)	(1,320,632,198)	(559,269,850)	(1,320,632,198)
Reclassification to held-to-maturity investments	(283,163,246)	-	(283,163,246)	-
Interest income	11,473,468	12,646,570	11,473,468	12,646,570
Interest received	(12,633,312)	(12,009,158)	(12,633,312)	(12,009,158)
Change in fair values	(4,482,770)	1,992,209	(4,482,770)	1,992,209
At 30 September	204,081,889	702,121,829	204,081,889	702,121,829

Fair value of available-for-sale investments as at 30 September 2020 and 2019 were as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Debt securities	204,081,889	702,121,829	204,081,889	702,121,829
	204,081,889	702,121,829	204,081,889	702,121,829

The fair value of available-for-sale investments is based on close market price published by the Thai Bond Market Association as at period-end. The fair value is within level 1 of the fair value hierarchy (Note 4.3).

The outbreak of COVID-19 has adverse effects on financial market, which results in fluctuate return on investment in debt security both government and corporate bonds. However, the Group has overall risk management plans by reducing investment volume and focusing on prudent liquidity risk management.

# Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2020

## 11 Inventories, net

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Raw materials	158,706,895	200,391,257	158,560,889	200,289,423
Work in process	106,434,607	130,456,225	105,914,946	129,587,003
Finished goods	116,869,283	139,904,209	116,869,283	139,904,209
Supplies and spare parts	46,801,380	50,714,940	44,877,579	48,291,971
Inventories in transit	36,125,741	50,366,649	36,125,741	50,366,649
	464,937,906	571,833,280	462,348,438	568,439,255
<u>Less</u> Allowance for inventories obsolescence - raw materials	(2,369,671)	(1,792,294)	(2,369,671)	(1,792,294)
Allowance for inventories obsolescence - finished goods	(2,906,181)	(1,939,862)	(2,906,181)	(1,939,862)
Allowance for inventories obsolescence - supplies and spare parts	(225,126)	-	(225,126)	-
Inventories, net	459,436,928	568,101,124	456,847,460	564,707,099

During 2020, the Group reversed a previous allowance for inventories obsolescence of Baht 3,843,061. The Group has destroyed and written-down those inventories at original cost.

The Group recognised loss on allowance for diminution in value of inventories and obsolete inventories of Baht 5,611,883 (2019: Baht 1,520,765) to the consolidated and separate statements of comprehensive income.

## 12 Investments in subsidiaries

As at 30 September 2020 and 2019, the Company had investments in subsidiaries as follows:

Company	Type of business	Country of incorporation	Separate financial statements As at 30 September 2020 and 2019		
			Registered capital Baht	% Ownership interest	Investments Baht
IRC (Asia) Research Limited	Research and development of products	Thailand	10,500,000	99.99	10,049,930
Kin No Hoshi Engineering Company Limited	Manufacture, repair and modification of metal molds	Thailand	10,000,000	99.99	9,999,300
Investments in subsidiaries					20,049,230

### Dividend income from subsidiaries

At the Annual General Meeting of shareholders for 2020 of IRC (Asia) Research Limited held on 29 January 2020, the shareholders passed a resolution approving dividend payment from its operating results for 2019 at Baht 4.33 per share from non-BOI promoted operations, amounting to a total dividend of Baht 13 million. The dividend was received on 28 February 2020.

At the Annual General Meeting of shareholders for 2019 of IRC (Asia) Research Limited held on 29 January 2019, the shareholders passed a resolution approving dividend payment from its operating results for 2018 at Baht 2.33 per share from non-BOI promoted operations, amounting to a total dividend of Baht 7 million. The dividends were distributed to shareholders on 28 February 2019.

At the Annual General Meeting of shareholders for 2020 of Kin No Hoshi Engineering Company Limited held on 29 January 2020, the shareholders passed a resolution approving dividend payment from its operating results for 2019 at



## Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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Baht 40 per share from non-BOI promoted operations, amounting to a total dividend of Baht 4 million. The dividend was received on 28 February 2020.

At the Annual General Meeting of shareholders for 2019 of Kin No Hoshi Engineering Company Limited held on 29 January 2019, the shareholders passed a resolution approving dividend payment from its operating results for 2018 at Baht 30 per share from non-BOI promoted operations, amounting to a total dividend of Baht 3 million. The dividends were distributed to shareholders on 28 February 2019.

### 13 Other long-term investment

As at 30 September 2020 and 2019, the Group had other long-term investment as follows:

Company	Type of business	Country of incorporation	Consolidated and Separate financial statements		
			Registered capital	Ownership interest	Investment Baht
Inoue Rubber Vietnam Company Limited	Manufacture of tires and tubes of motorcycles and industrial elastomer rubber parts	Vietnam	US Dollars 12.5 million	8 %	30,781,799
Other long-term investment					30,781,799

Other long-term investment is the investment in the limited company, which the holding percentage in the investment is insignificant cause to the Group has no influence control. Other long-term investment was stated at cost less impairment, if any.

#### Dividend income from other long-term investment

On 6 March 2020, Inoue Rubber Vietnam Company Limited declared dividend payment from its operating results for 2016 to 2018. The Group had the right to receive the dividend of VND 16,614 million (approximated Baht 22.10 million). The dividend was received on 31 March 2020.

### 14 Investment property, net

	Consolidated financial statements		
	Land Baht	Building and building improvements Baht	Total Baht
<b>As at 1 October 2018</b>			
Cost	9,020,819	6,493,523	15,514,342
Less Accumulated depreciation	-	(6,307,731)	(6,307,731)
Net book amount	9,020,819	185,792	9,206,611
<b>For the year ended 30 September 2019</b>			
Opening net book amount	9,020,819	185,792	9,206,611
Depreciation charges	-	(18,297)	(18,297)
Closing net book amount	9,020,819	167,495	9,188,314
<b>As at 30 September 2019</b>			
Cost	9,020,819	6,493,523	15,514,342
Less Accumulated depreciation	-	(6,326,028)	(6,326,028)

## Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2020

Net book amount	9,020,819	167,495	9,188,314
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### Consolidated financial statements

	Land Baht	Building and building improvements Baht	Total Baht
<b>For the year ended 30 September 2020</b>			
Opening net book amount	9,020,819	167,495	9,188,314
Transferred to property, plant and equipment, net (Note 15)	-	(162,894)	(162,894)
Depreciation charges	-	(4,599)	(4,599)
Closing net book amount	9,020,819	2	9,020,821
<b>As at 30 September 2020</b>			
Cost	9,020,819	6,330,629	15,351,448
<u>Less</u> Accumulated depreciation	-	(6,330,627)	(6,330,627)
Net book amount	9,020,819	2	9,020,821

### Separate financial statements

	Land Baht	Building and building improvements Baht	Total Baht
<b>As at 1 October 2018</b>			
Cost	9,564,949	16,307,503	25,872,452
<u>Less</u> Accumulated depreciation	-	(15,925,336)	(15,925,336)
Net book amount	9,564,949	382,167	9,947,116
<b>For the year ended 30 September 2019</b>			
Opening net book amount	9,564,949	382,167	9,947,116
Transferred to property, plant and equipment, net (Note 15)	-	(1,739)	(1,739)
Transferred from property, plant and equipment, net (Note 15)	-	3,831	3,831
Depreciation charges	-	(47,363)	(47,363)
Closing net book amount	9,564,949	336,896	9,901,845
<b>As at 30 September 2019</b>			
Cost	9,564,949	16,245,243	25,810,192
<u>Less</u> Accumulated depreciation	-	(15,908,347)	(15,908,347)
Net book amount	9,564,949	336,896	9,901,845

## Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2020

	Separate financial statements		
	Land Baht	Building and building improvements Baht	Total Baht
<b>For the year ended 30 September 2020</b>			
Opening net book amount	9,564,949	336,896	9,901,845
Transferred to property, plant and equipment, net (Note 15)	-	(162,894)	(162,894)
Depreciation charges	-	(33,856)	(33,856)
Closing net book amount	9,564,949	140,146	9,705,095
<b>As at 30 September 2020</b>			
Cost	9,564,949	15,931,220	25,496,169
<u>Less</u> Accumulated depreciation	-	(15,791,074)	(15,791,074)
Net book amount	9,564,949	140,146	9,705,095

As at 30 September 2020 and 2019, the fair values of investment property were as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Land	13,875,000	11,829,437	17,726,827	16,703,880
Building and building improvements	16,455,440	17,823,160	23,932,160	25,999,096
	30,330,440	29,652,597	41,658,987	42,702,976

The fair values of investment property are within level 3 of the fair value hierarchy which used significant unobservable inputs (Note 4.3).

The fair values of investment property were appraised by professional independent valuers, who qualified as expert and hold a recognised relevant professional qualification and have recent experience in the locations and categories of such investment property.

Amounts relating to investment property recognised in profit or loss were as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Rental income				
- Related parties (Note 26)	1,386,000	1,460,000	4,610,004	4,544,220
- Other party	587,000	575,000	587,000	575,000
Direct operating expense arising from investment property that generated rental income for the year	4,599	18,297	33,856	47,363
Direct operating expense arising from investment property that did not generated rental income for the year	-	-	-	-
	1,977,599	2,053,297	5,230,860	5,166,583

## Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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### 15 Property, plant and equipment, net

	Consolidated financial statements							Total Baht
	Land and land improvements Baht	Building and building improvements Baht	Machinery Baht	Tools and factory equipment Baht	Furniture, fixtures, and office equipment Baht	Motor vehicles Baht	Asset under construction and installation Baht	
<b>As at 1 October 2018</b>								
Cost	205,913,020	904,147,223	2,714,617,499	1,822,238,739	133,875,607	66,771,579	154,553,945	6,002,117,612
<u>Less</u> Accumulated depreciation	(53,052,198)	(641,562,871)	(1,810,826,118)	(1,598,909,198)	(102,635,372)	(44,901,803)	-	(4,251,887,560)
Net book amount	152,860,822	262,584,352	903,791,381	223,329,541	31,240,235	21,869,776	154,553,945	1,750,230,052
<b>For the year ended 30 September 2019</b>								
Opening net book amount	152,860,822	262,584,352	903,791,381	223,329,541	31,240,235	21,869,776	154,553,945	1,750,230,052
Additions	4,410,633	21,528,160	97,463,217	109,378,628	14,182,990	5,307,201	132,072,886	384,343,715
Disposals, net	-	(1,533,287)	(8,236,495)	(469,794)	(82,313)	(433,080)	(5,065,633)	(15,820,602)
Write-offs, net	(8,593)	(509,186)	(654,218)	(1,305,293)	(90,949)	-	-	(2,568,239)
Transfers in (out)	-	7,234,120	119,092,860	12,353,259	24,650	-	(138,704,889)	-
Depreciation charges	(7,436,293)	(39,000,564)	(157,372,936)	(87,816,873)	(13,163,584)	(7,732,590)	-	(312,522,840)
Closing net book amount	149,826,569	250,303,595	954,083,809	255,469,468	32,111,029	19,011,307	142,856,309	1,803,662,086
<b>As at 1 October 2019</b>								
Cost	210,137,447	925,536,691	2,834,660,307	1,915,640,138	142,804,709	68,397,520	142,856,309	6,240,033,121
<u>Less</u> Accumulated depreciation	(60,310,878)	(675,233,096)	(1,880,576,498)	(1,660,170,670)	(110,693,680)	(49,386,213)	-	(4,436,371,035)
Net book amount	149,826,569	250,303,595	954,083,809	255,469,468	32,111,029	19,011,307	142,856,309	1,803,662,086

## Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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### Consolidated financial statements

	Land and land improvements Baht	Building and building improvements Baht	Machinery Baht	Tools and factory equipment Baht	Furniture, fixtures, and office equipment Baht	Motor vehicles Baht	Asset under construction and installation Baht	Total Baht
<b>For the year ended 30 September 2020</b>								
Opening net book amount	149,826,569	250,303,595	954,083,809	255,469,468	32,111,029	19,011,307	142,856,309	1,803,662,086
Additions	3,141,140	12,149,385	158,964,035	62,170,762	11,573,490	2,700,929	112,671,349	363,371,090
Disposals, net	-	(138,998)	(4,555,572)	(519,464)	(58,836)	(38)	-	(5,272,908)
Write-offs, net	(1)	(1)	(189,863)	(1,146,436)	(62,010)	-	-	(1,398,311)
Transferred from investment property (Note14)	-	162,894	-	-	-	-	-	162,894
Transfers in (out)	108,000	42,272,783	109,896,065	14,181,592	1,708,950	-	(168,167,390)	-
Depreciation charges	(7,763,134)	(41,061,526)	(177,818,073)	(93,528,700)	(15,610,764)	(7,098,837)	-	(342,881,034)
Closing net book amount	145,312,574	263,688,132	1,040,380,401	236,627,222	29,661,859	14,613,361	87,360,268	1,817,643,817
<b>As at 30 September 2020</b>								
Cost	212,828,630	979,942,330	3,059,557,760	1,977,552,463	153,391,520	58,425,089	87,360,268	6,529,058,060
Less Accumulated depreciation	(67,516,056)	(716,254,198)	(2,019,177,359)	(1,740,925,241)	(123,729,661)	(43,811,728)	-	(4,711,414,243)
Net book amount	145,312,574	263,688,132	1,040,380,401	236,627,222	29,661,859	14,613,361	87,360,268	1,817,643,817

Depreciation charges of Baht 320,650,113 (2019: Baht 292,090,898) were included in the costs of sales and services, Baht 22,230,921 (2019: Baht 20,431,942) in administrative expenses for the consolidated statements of comprehensive income.

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Inoue Rubber (Thailand) Public Company Limited

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	Separate financial statements							Total Baht
	Land and land improvements Baht	Building and building improvements Baht	Machinery Baht	Tools and factory equipment Baht	Furniture, fixtures, and office equipment Baht	Motor vehicles Baht	Asset under construction and installation Baht	
<b>As at 1 October 2018</b>								
Cost	205,368,890	881,062,046	2,506,211,768	1,783,089,770	110,577,688	63,659,936	154,391,345	5,704,361,443
Less Accumulated depreciation	(53,052,198)	(620,403,766)	(1,662,030,062)	(1,563,799,470)	(80,513,055)	(43,394,743)	-	(4,023,193,294)
Net book amount	152,316,692	260,658,280	844,181,706	219,290,300	30,064,633	20,265,193	154,391,345	1,681,168,149
<b>Year ended 30 September 2019</b>								
Opening net book amount	152,316,692	260,658,280	844,181,706	219,290,300	30,064,633	20,265,193	154,391,345	1,681,168,149
Additions	4,410,632	20,972,545	95,766,067	107,801,108	12,909,104	5,013,411	130,405,286	377,278,153
Disposals, net	-	(1,533,287)	(7,476,471)	(469,793)	(82,308)	(433,080)	(5,065,633)	(15,060,572)
Writes-off, net	(8,593)	(496,282)	(654,218)	(1,305,204)	(90,926)	-	-	(2,555,223)
Transferred from investment property (Note 14)	-	1,739	-	-	-	-	-	1,739
Transferred to investment property (Note 14)	-	(3,831)	-	-	-	-	-	(3,831)
Transfers in (out)	-	7,234,120	118,320,861	12,353,258	24,650	-	(137,932,889)	-
Depreciation charges	(7,436,293)	(38,136,458)	(148,145,171)	(86,144,576)	(12,419,105)	(7,290,786)	-	(299,572,389)
Closing net book amount	149,282,438	248,696,826	901,992,774	251,525,093	30,406,048	17,554,738	141,798,109	1,741,256,026
<b>As at 1 October 2019</b>								
Cost	209,593,316	902,690,651	2,637,622,349	1,878,350,546	118,856,536	64,995,501	141,798,109	5,953,907,008
Less Accumulated depreciation	(60,310,878)	(653,993,825)	(1,735,629,575)	(1,626,825,453)	(88,450,488)	(47,440,763)	-	(4,212,650,982)
Net book amount	149,282,438	248,696,826	901,992,774	251,525,093	30,406,048	17,554,738	141,798,109	1,741,256,026



## Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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	Separate financial statements							Total Baht
	Land and land improvements Baht	Building and building improvements Baht	Machinery Baht	Tools and factory equipment Baht	Furniture, fixtures, and office equipment Baht	Motor vehicles Baht	Asset under construction and installation Baht	
<b>Year ended 30 September 2020</b>								
Opening net book amount	149,282,438	248,696,826	901,992,774	251,525,093	30,406,048	17,554,738	141,798,109	1,741,256,026
Additions	3,141,140	11,437,387	143,166,550	60,613,253	10,908,693	2,558,499	112,255,299	344,080,821
Disposals, net	-	(138,998)	(4,433,938)	(517,455)	(58,835)	(38)	-	(5,149,264)
Writes-off, net	(1)	(1)	(189,863)	(1,146,436)	(62,006)	-	-	(1,398,307)
Transferred from investment property (Note 14)	-	162,894	-	-	-	-	-	162,894
Transfers in (out)	108,000	42,272,783	109,099,565	14,181,592	1,708,950	-	(167,370,890)	-
Depreciation charges	(7,763,134)	(40,402,270)	(167,930,762)	(91,721,444)	(14,747,986)	(6,668,219)	-	(329,233,815)
Closing net book amount	144,768,443	262,028,621	981,704,326	232,934,603	28,154,864	13,444,980	86,682,518	1,749,718,355
<b>As at 30 September 2020</b>								
Cost	212,284,499	956,384,292	2,846,959,316	1,938,720,362	128,910,928	54,880,640	86,682,518	6,224,822,555
<u>Less</u> Accumulated depreciation	(67,516,056)	(694,355,671)	(1,865,254,990)	(1,705,785,759)	(100,756,064)	(41,435,660)	-	(4,475,104,200)
Net book amount	144,768,443	262,028,621	981,704,326	232,934,603	28,154,864	13,444,980	86,682,518	1,749,718,355

Depreciation charges of Baht 307,817,610 (2019: Baht 279,862,498) were included in the costs of sales and services, Baht 21,416,205 (2019: Baht 19,709,891) in administrative expenses for the separate statements of comprehensive income.

## Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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### 16 Computer software, net

	Consolidated financial statements Baht	Separate financial statements Baht
<b>As at 1 October 2018</b>		
Cost	86,510,287	56,545,065
<u>Less</u> Accumulated amortisation	(53,714,647)	(29,400,592)
Net book amount	32,795,640	27,144,473
<b>For the year ended 30 September 2019</b>		
Opening net book amount	32,795,640	27,144,473
Additions	15,701,298	15,475,298
Disposals, net	(11,712)	(11,712)
Amortisation charges	(5,987,385)	(4,849,723)
Closing net book amount	42,497,841	37,758,336
<b>As at 1 October 2019</b>		
Cost	102,196,584	72,005,363
<u>Less</u> Accumulated amortisation	(59,698,743)	(34,247,027)
Net book amount	42,497,841	37,758,336
<b>For the year ended 30 September 2020</b>		
Opening net book amount	42,497,841	37,758,336
Additions	16,122,283	13,502,883
Amortisation charges	(8,246,547)	(7,025,041)
Closing net book amount	50,373,577	44,236,178
<b>As at 30 September 2020</b>		
Cost	118,318,867	85,508,246
<u>Less</u> Accumulated amortisation	(67,945,290)	(41,272,068)
Net book amount	50,373,577	44,236,178

Amortisation charges of Baht 808,522 (2019: Baht 732,423) were included in the costs of sales and services and Baht 7,438,025 (2019: Baht 5,254,962) in administrative expenses for the consolidated statement of comprehensive income.

Amortisation charges of Baht 7,025,041 (2019: Baht 4,849,723) were included in the administrative expenses for the separate statement of comprehensive income.

## Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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### 17 Deferred income taxes

The analysis of deferred tax assets and deferred tax liabilities was as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
<b>The Company and subsidiary with net deferred tax asset position</b>				
<b>Deferred tax assets:</b>				
Deferred tax assets to be recovered within 12 months	2,414,329	4,878,066	2,395,606	4,877,052
Deferred tax assets to be recovered after 12 months	65,227,927	50,457,546	60,607,211	45,321,272
	67,642,256	55,335,612	63,002,817	50,198,324
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	(1,351,018)	(1,358,598)	(1,327,837)	(1,335,767)
Deferred tax liabilities to be settled after 12 months	(100,995)	(3,238,172)	(52,492)	(3,166,534)
	(1,452,013)	(4,596,770)	(1,380,329)	(4,502,301)
<b>Deferred income taxes, net (assets)</b>	66,190,243	50,738,842	61,622,488	45,696,023
<b>Subsidiary with net deferred tax liability position</b>				
<b>Deferred tax assets:</b>				
Deferred tax assets to be recovered within 12 months	892	233,298	-	-
Deferred tax assets to be recovered after 12 months	1,462,721	975,488	-	-
	1,463,613	1,208,786	-	-
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	(62,877)	(19,003)	-	-
Deferred tax liabilities to be settled after 12 months	(1,731,842)	(1,802,272)	-	-
	(1,794,719)	(1,821,275)	-	-
<b>Deferred income taxes, net (liabilities)</b>	(331,106)	(612,489)	-	-

Deferred tax assets and liabilities in the statements of financial position are presented at net position of deferred tax assets or liabilities incurred by each entity of the Group. Deferred tax assets and liabilities are offset where the income taxes relate to the same tax authority, being the Revenue Department.

The movements of deferred income taxes during the years were as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
<b>Net deferred taxes (assets):</b>				
Opening balance	50,738,842	40,237,702	45,696,023	36,795,953
Recognised to profit or loss	2,404,917	9,977,290	3,575,587	8,437,105
Recognised to other comprehensive income	13,046,484	523,850	12,350,878	462,965
Closing balance	66,190,243	50,738,842	61,622,488	45,696,023
<b>Net deferred taxes (liabilities):</b>				
Opening balance	(612,489)	(949,036)	-	-
Recognised to profit or loss	(156,558)	245,155	-	-

## Notes to the Consolidated and Separate Financial Statements

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Recognised to other comprehensive income	437,941	91,392	-	-
Closing balance	(331,106)	(612,489)	-	-

The deferred taxation relates to the temporary differences between the book values and the tax bases of significant assets and liabilities of the Group were summarised below:

	Consolidated financial statements			
	As at 1 October 2019 Baht	Recognised to profit or loss Baht	Recognised to other comprehensive income Baht	As at 30 September 2020 Baht
<b>Deferred income tax assets</b>				
Receivables and other assets	4,543,553	(695,275)	-	3,848,278
Provisions and accruals	51,889,879	668,875	12,587,872	65,146,626
	56,433,432	(26,400)	12,587,872	68,994,904
<b>Deferred income tax liabilities</b>				
Available-for-sale investments	(365,663)	-	896,554	530,891
Equipment under finance leases	(5)	-	-	(5)
Plant and equipment	(5,941,411)	2,274,758	-	(3,666,653)
	(6,307,079)	2,274,758	896,554	(3,135,767)
<b>Deferred income tax, net</b>	50,126,353	2,248,358	13,484,426	65,859,137
	Consolidated financial statements			
	As at 1 October 2018 Baht	Recognised to profit or loss Baht	Recognised to other comprehensive income Baht	As at 30 September 2019 Baht
<b>Deferred income tax assets</b>				
Receivables and other assets	5,637,428	(1,093,875)	-	4,543,553
Provisions and accruals	41,203,371	9,672,824	1,013,684	51,889,879
	46,840,799	8,578,949	1,013,684	56,433,432
<b>Deferred income tax liabilities</b>				
Available-for-sale investments	32,779	-	(398,442)	(365,663)
Equipment under finance leases	(104,233)	104,228	-	(5)
Plant and equipment	(7,480,679)	1,539,268	-	(5,941,411)
	(7,552,133)	1,643,496	(398,442)	(6,307,079)
<b>Deferred income tax, net</b>	39,288,666	10,222,445	615,242	50,126,353

## Notes to the Consolidated and Separate Financial Statements

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	Separate financial statements			
	As at 1 October 2019 Baht	Recognised to profit or loss Baht	Recognised to other comprehensive income Baht	As at 30 September 2020 Baht
<b>Deferred tax assets</b>				
Receivable and other assets	4,543,553	(695,275)	-	3,848,278
Provisions and accruals	45,654,771	2,045,444	11,454,324	59,154,539
	50,198,324	1,350,169	11,454,324	63,002,817
<b>Deferred tax liabilities</b>				
Available-for-sale investments	(365,663)	-	896,554	530,891
Equipment under finance leases	(5)	-	-	(5)
Plant and equipment	(4,136,633)	2,225,418	-	(1,911,215)
	(4,502,301)	2,225,418	896,554	(1,380,329)
<b>Deferred income tax, net</b>	45,696,023	3,575,587	12,350,878	61,622,488
	Separate financial statements			
	As at 1 October 2018 Baht	Recognised to profit or loss Baht	Recognised to other comprehensive income Baht	As at 30 September 2019 Baht
<b>Deferred tax assets</b>				
Receivable and other assets	5,637,427	(1,093,874)	-	4,543,553
Provisions and accruals	36,904,680	7,888,684	861,407	45,654,771
	42,542,107	6,794,810	861,407	50,198,324
<b>Deferred tax liabilities</b>				
Available-for-sale investments	32,779	-	(398,442)	(365,663)
Equipment under finance leases	(104,233)	104,228	-	(5)
Plant and equipment	(5,674,700)	1,538,067	-	(4,136,633)
	(5,746,154)	1,642,295	(398,442)	(4,502,301)
<b>Deferred income tax, net</b>	36,795,953	8,437,105	462,965	45,696,023

As at 30 September 2020, the Group only recognised those deferred tax assets that in the management's judgement were likely to be realised, due to the historical operating profits generated by the operations of the entities within the Group. This is disclosed in the note regarding the gross deferred and income taxes to enable users of the financial statements to understand the nature of the movements in this balance.

As at 30 September 2020, the Group has no tax loss carried forward.

Under the Thai Revenue Code, all entities are taxed as separate entities with no relief available for the Group.

## Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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### 18 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Trade payables - related companies (Note 26)	180,974,045	236,084,546	182,026,544	237,601,209
Trade payables - other companies	345,210,727	486,797,934	342,930,462	479,201,375
Amounts due to related parties (Note 26)	1,253,443	787,124	12,727,520	39,469,792
Accrued expenses	104,418,767	192,225,321	94,159,991	169,142,002
Down payments received from customers	1,373,093	1,476,634	1,373,093	1,476,634
Other payables	68,295,506	73,734,514	67,611,239	71,215,398
<b>Trade and other payables</b>	<b>701,525,581</b>	<b>991,106,073</b>	<b>700,828,849</b>	<b>998,106,410</b>

Outstanding accrued expenses as at 30 September 2020 and 2019 were as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Accrued bonuses	80,940,985	162,596,912	72,668,913	145,282,273
Accrued employee income taxes	5,068,205	9,032,333	4,382,099	7,375,513
Accrued employee welfare	7,866,843	6,191,804	7,866,843	6,191,804
Other accruals	10,542,734	14,404,272	9,242,136	10,292,412
<b>Accrued expenses</b>	<b>104,418,767</b>	<b>192,225,321</b>	<b>94,159,991</b>	<b>169,142,002</b>

### 19 Employee benefit obligations

The plans are final salary retirement plans. The level of benefits provided depends on members' length of service and their salaries in the final years leading up to retirement.

The movements in the obligations over the years were as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Beginning balances	260,550,489	207,176,072	228,820,114	185,127,774
Current service cost	19,780,385	15,182,022	17,741,149	13,666,356
Interest cost	7,382,350	5,788,684	6,590,407	5,162,382
Past service cost	-	57,902,143	-	50,896,141
Remeasurements on employee benefit obligations:				
Loss from change in financial assumptions	42,860,397	8,361,569	38,801,776	7,317,705
Experience gain	20,078,962	(3,293,150)	18,469,846	(3,010,668)
	350,652,583	291,117,340	310,423,292	259,159,690
<u>Add</u> Additional provisions from transfer of employees	-	-	7,560,473	-
<u>Less</u> Benefits paid during the year	(23,855,850)	(30,566,851)	(21,702,303)	(30,339,576)
<b>At 30 September</b>	<b>326,796,733</b>	<b>260,550,489</b>	<b>296,281,462</b>	<b>228,820,114</b>



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The amounts recognised in the statements of financial position were determined as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Present value of obligations	263,857,374	197,579,927	239,009,840	173,616,936
Past service cost	-	57,902,143	-	50,896,141
Remeasurements	62,939,359	5,068,419	57,271,622	4,307,037
<b>Total</b>	<b>326,796,733</b>	<b>260,550,489</b>	<b>296,281,462</b>	<b>228,820,114</b>

The amounts recognised in profit or loss were as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Current service cost	19,780,385	15,182,022	17,741,149	13,666,356
Interest cost	7,382,350	5,788,684	6,590,406	5,162,382
Past service cost	-	57,902,143	-	50,896,141
Additional provisions from transfer of employees	-	-	7,560,474	-
<b>Total</b>	<b>27,162,735</b>	<b>78,872,849</b>	<b>31,892,029</b>	<b>69,724,879</b>

The amounts recognised in other comprehensive income were as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Loss from change in financial assumptions	42,860,397	8,361,569	38,801,776	7,317,705
Experience gain	20,078,962	(3,293,150)	18,469,846	(3,010,668)
<b>Total</b>	<b>62,939,359</b>	<b>5,068,419</b>	<b>57,271,622</b>	<b>4,307,037</b>

Expense of Baht 21,823,525 (2019: Baht 63,288,191) was included in the costs of sales and services, Baht 5,339,210 (2019: Baht 15,584,658) was included in administrative expenses for the consolidated statement of comprehensive income.

Expense of Baht 26,584,840 (2019: Baht 54,385,453) was included in the costs of sales and services, Baht 5,307,189 (2019: Baht 15,339,426) was included in administrative expenses for the separate statement of comprehensive income.

The Group accounts for these liabilities on an estimated basis using the following principal actuarial assumptions:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Discount rate	1.75%	2.75%	1.75%	2.75%
Future salary increase rates	6.00% - 6.50%	5.00% - 7.00%	6.00% - 6.50%	5.00% - 7.00%
Other fixed allowance rate	1.75%	1.75%	1.75%	1.75%
1 Baht Gold price	Baht 21,500	Baht 20,000	Baht 21,500	Baht 20,000
Gold Inflation rate	3.00%	3.00%	3.00%	3.00%
Retirement age	58 years old	58 years old	58 years old	58 years old

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The sensitivity analysis for each significant assumption disclosed in 2020 were as follows:

	Consolidated financial statement		
	Change in assumptions	Impact on employee benefit obligations	
		Change in the obligations (%)	Change in the obligations (Baht)
Discount rate	Increased by 0.5%	Decreased by 6%	Decreased by Baht 20,055,306
	Decreased by 0.5%	Increased by 7%	Increased by Baht 21,923,780
Future salary increase rate	Increased by 1%	Increased by 13%	Increased by Baht 41,122,122
	Decreased by 1%	Decreased by 11%	Decreased by Baht 35,018,377
1 Baht Gold price	Increased by Baht 1,000	Increased by 0.4%	Increased by Baht 1,033,906
	Decreased by Baht 1,000	Decreased by 0.4%	Decreased by Baht 1,133,928
	Separate financial statement		
	Change in assumptions	Impact on employee benefit obligations	
		Change in the obligations (%)	Change in the obligations (Baht)
Discount rate	Increased by 0.5%	Decreased by 6%	Decreased by Baht 17,488,327
	Decreased by 0.5%	Increased by 6%	Increased by Baht 19,108,446
Future salary increase rate	Increased by 1%	Increased by 12%	Increased by Baht 35,670,162
	Decreased by 1%	Decreased by 10%	Decreased by Baht 30,394,811
1 Baht Gold Price	Increased by Baht 1,000	Increased by 0.4%	Increased by Baht 1,049,744
	Decreased by Baht 1,000	Decreased by 0.4%	Decreased by Baht 1,049,774

The above sensitivity analysis were based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method of calculating the retirement benefit obligation recognised within the statements of financial position at the end of the reporting period (present value of the defined benefit obligation calculated with the projected unit credit method).

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The weighted average duration of the retirement benefit obligation was 12.52 years.

Expected maturity analysis of undiscounted retirement benefits:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Less than a year	3,839,420	16,980,660	3,741,339	15,348,026
Between 1 - 5 years	45,228,523	32,868,201	44,240,671	32,409,767
Over 5 years	365,808,962	357,094,041	318,073,986	311,931,085
	414,876,905	406,942,902	366,055,996	359,688,878

## Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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### 20 Share capital and premium on share capital

	Consolidated and Separate financial statements			
	Number of shares	Ordinary shares	Share premium	Total
	shares	Baht	Baht	Baht
As at 1 October 2018	200,000,000	200,000,000	298,000,000	498,000,000
Issue of shares	-	-	-	-
As at 30 September 2019	200,000,000	200,000,000	298,000,000	498,000,000
Treasury shares (Note 22)	(7,792,300)	(114,011,638)	-	(114,011,638)
As at 30 September 2020	192,207,700	85,988,000	298,000,000	85,988,361.86

As at 30 September 2020, the total number of registered ordinary shares was 200 million shares (2019: 200 million shares) with a par value of Baht 1 per share (2019: Baht 1 per share). All issued shares are fully paid.

### 21 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 derived from the business of the Company after accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered share capital. This reserve is non-distributable.

In consolidated financial statements, legal reserve of subsidiaries included in unappropriated retained earnings.

### 22 Treasury shares

Where any companies within the Group repurchases its shares, the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

At the Board of Directors Meeting no. 8/2019 of the Company held on 22 November 2019, the meeting unanimously passed a resolution approving the share repurchase project for financial management purpose with amount not exceeding Baht 118 million, approximately represents 8 million shares or 4% of the total issued shares. The Company repurchases the ordinary shares via main board of the Stock Exchange of Thailand within 6 months, during the period from 9 December 2019 to 5 June 2020. Treasury share has to be resold after 6 months but no later than 3 years from the completion date of share repurchases. The payment for treasury shares presented as reduction in equity in the statement of financial position

As at 5 June 2020, the share repurchase project for financial management purpose had been completed. The Company had total treasury shares of Baht 114,011,638 for repurchased share of 7,792,300 shares, represents 3.9% of the Company's total issued shares.

## Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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### 23 Expenses by nature

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

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Raw materials and consumables used	1,862,670,323	2,596,791,785	1,855,795,533	2,575,503,678
Changes in inventories of finished goods and work in progress	(47,056,545)	(5,718,840)	(46,706,984)	(3,246,878)
Depreciation charges (Notes 14 and 15)	342,885,633	312,541,137	329,267,671	299,619,752
Amortisation charges (Note 16)	8,246,547	5,987,385	7,025,041	4,849,723
Staff costs	723,066,131	966,064,204	655,374,228	866,958,020
Advertising and promotion expenses	24,199,222	21,861,885	24,199,222	21,861,885
Rental expenses	4,808,544	7,021,646	1,559,712	3,937,426
Purchases of finished goods	602,430,345	724,732,127	586,915,756	705,216,899
Utility expenses	133,950,577	156,085,903	126,937,760	147,818,037
Transportation expenses	60,869,849	77,744,397	60,603,836	76,944,141
Repair and maintenance expenses	100,227,004	119,923,450	97,496,904	114,456,503
Professional fees	38,109,261	48,927,908	37,778,419	48,485,690
Insurance premiums	14,429,571	15,629,608	13,989,695	15,156,169

### 24 Income tax expenses

Income tax expenses for the years ended 30 September 2020 and 2019 were summarised below:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Current income tax	47,509,668	40,613,741	45,618,502	38,242,503
Deferred income tax (Note 17)	(2,248,359)	(10,222,445)	(3,575,587)	(8,437,105)
Income tax expenses	45,261,309	30,391,296	42,042,915	29,805,398

Reconciliation of income tax expenses and the results of accounting profit using the basic tax rate of the year was presented as below:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Profit before income tax expenses	264,324,159	196,933,761	266,252,034	197,597,696
Tax calculated at statutory tax rates of 20% Impact:	52,864,832	39,386,752	53,250,407	39,519,539
Income not subjected to tax and expenses that are deductible at a greater amount	(6,648,662)	(5,965,649)	(9,861,172)	(7,745,355)
Expenses not deductible for tax purpose	1,172,861	379,514	1,055,961	275,137
Additional income subjected to tax	321,303	50,801	321,303	50,801
Utilisation of previously unrecognised tax losses	-	(275,732)	-	-
Profit from promoted activities which exempt from payment of corporate income tax	(2,667,343)	(3,247,078)	(2,839,394)	(2,357,412)
Tax losses for which no deferred income tax asset was recognised	102,508	-	-	-
Adjustment in respect of prior year	115,810	62,688	115,810	62,688
Income tax expenses	45,261,309	30,391,296	42,042,915	29,805,398

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The tax relating to component of other comprehensive income was as follows:

	Consolidated financial statements					
	2020			2019		
	Before tax Baht	Tax Baht	After tax Baht	Before tax Baht	Tax Baht	After tax Baht
Fair value change in available-for-sale investments	(4,482,770)	896,554	(3,586,216)	(1,992,209)	398,442	(1,593,767)
Remeasurements of employee benefit obligations	(62,939,359)	12,587,872	(50,351,487)	5,068,419	(1,013,684)	4,054,735
	(67,422,129)	13,484,426	(53,937,703)	3,076,210	(615,242)	2,460,968
	Separate financial statements					
	2020			2019		
	Before tax Baht	Tax Baht	After tax Baht	Before tax Baht	Tax Baht	After tax Baht
Fair value change in available-for-sale investments	(4,482,770)	896,554	(3,586,216)	(1,992,209)	398,442	(1,593,767)
Remeasurements of employee benefit obligations	(57,271,622)	11,454,324	(45,817,298)	4,307,037	(861,407)	3,445,630
	(61,754,392)	12,350,878	(49,403,514)	2,314,828	(462,965)	1,851,863

### 25 Basic earnings per share

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

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Net profit attributable to the owners of the parent company (Baht)	219,062,878	166,541,961	224,209,119	167,792,298
Weighted average number of ordinary shares outstanding (shares)	195,686,863	200,000,000	195,686,863	200,000,000
Basic earnings per share (Baht per share)	1.12	0.83	1.15	0.84

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

### 26 Related party transactions

Individuals and entities that directly, or indirectly control or are controlled by or are under common control with the Company, including investment entities, associates, joint venture and individuals or entities having significant influence over the Company, key management personnel, including directors and officers of the Company and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

The Company's major shareholders are the Leeissaranukuls group in proportion of 39.36% and Inoue Rubber Company Limited, which is incorporated and domiciled in Japan, in proportion of 35.69%. The remaining 24.95% of the shares are widely held.

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

## Notes to the Consolidated and Separate Financial Statements

### Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2020

During the year, the Group and the Company entered into several transactions with its subsidiaries and related parties. The terms and basis of such transactions were negotiated between the parties in the ordinary course of business and according to normal trade conditions.

	<b>Terms and basis</b>
Sales of goods	Market price or cost plus margin according to type of products
Service income	Cost plus margin
Rental income	Contract price which is in line with market
Purchases of raw materials and metal molds	Prices which approximate to the price charged to a third party
Research and development expenses	Prices as agreed in the contract which is near to the market price
Technical assistance fee expenses	Prices as agreed in the contract based on percentage of sales
Advertising expenses	Prices which approximate to the price charged nearly to the market price
Utility expenses	Price as agreed to the price charged by a third party
Employee service sharing expenses	Prices which approximate to the price charged to a third party

The significant related party transactions for the years ended 30 September 2020 and 2019 were summarised as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Sales of goods</b>				
Subsidiaries	-	-	15,595,401	19,515,228
Related parties	1,952,187,394	2,356,203,316	1,950,570,204	2,355,048,001
	1,952,187,394	2,356,203,316	1,966,165,605	2,374,563,229
<b>Services income</b>				
Related parties	13,786,361	12,123,267	13,786,361	12,123,267
<b>Rental income</b> (Note 14)				
Subsidiaries	-	-	3,224,004	3,084,220
Related parties	1,386,000	1,460,000	1,386,000	1,460,000
	1,386,000	1,460,000	4,610,004	4,544,220
<b>Dividend income</b> (Note 12, 13)				
Subsidiaries	-	-	16,999,690	9,999,744
Related party	22,102,083	-	22,102,083	-
	22,102,083	-	39,101,773	9,999,744
<b>Purchases of raw materials</b>				
Related parties	663,852,651	760,060,693	663,852,651	760,060,693
<b>Purchases of metal molds</b>				
Subsidiary	-	-	26,927,200	57,811,400
Related parties	39,086,386	16,133,690	39,086,386	16,133,690
	39,086,386	16,133,690	66,013,586	73,945,090
<b>Research and development expenses</b>				
Subsidiary	-	-	96,426,297	114,873,531
Related party	1,338,119	1,688,634	-	-
	1,338,119	1,688,634	96,426,297	114,873,531
<b>Technical assistance fee expenses</b>				
Related parties	69,643,264	68,124,973	69,643,264	68,124,973
<b>Advertising expenses</b>				
Related parties	10,525,000	7,225,000	10,525,000	7,225,000
<b>Utility expenses</b>				



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Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2020

Related party	403,723	411,152	403,723	411,152
<b>Employee service sharing expenses</b>				
Subsidiary	-	-	800,000	1,651,200

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 4.6 million. The terms of the leases are between 1 - 3 years. These leases are renewable by giving the lessor a notice within 60 days prior to expiry of the agreement.

The Company charged certain utility expenses to certain related companies at which approximate to the price charged to a third 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 Company entered into a service agreement with a subsidiary to obtain employee service sharing. Under this agreement, the Company has obliged to pay service fee to the subsidiary at the rate stipulated in the agreement. The agreement is effective for a period of 1 year which commenced from February 2019.

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 is effective for a period of 1 year which commenced from May 2019.

The Company entered into professional service agreements with a local related company to provide the professional services at total annual services income of approximately Baht 11.67 million. The service fees will be reviewed mutually by both parties in June of a year. The agreement is effective for a period of 1 year which commenced from June 2019.

The outstanding balances as at 30 September 2020 and 2019 between the Company and those related companies were summarised as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
<b>Trade receivables</b>				
Subsidiaries	-	-	2,596,389	4,887,460
Related companies	406,335,696	500,872,818	406,335,697	500,872,818
<b>Total trade receivables</b>	406,335,696	500,872,818	408,932,086	505,760,278
<b>Amounts due from related parties</b>				
Subsidiaries	-	-	1,292,435	1,855,630
Related companies	1,405,924	1,421,941	1,405,924	1,421,941
<b>Total amounts due from related parties</b>	1,405,924	1,421,941	2,698,359	3,277,571
<b>Trade payables</b>				
Subsidiaries	-	-	1,056,410	1,532,775
Related companies	180,974,045	236,084,546	180,970,134	236,068,434
<b>Total trade payables</b>	180,974,045	236,084,546	182,026,544	237,601,209
<b>Amounts due to related parties</b>				
Subsidiaries	-	-	12,179,877	39,388,468
Related companies	1,253,443	787,124	547,643	81,324
<b>Total amounts due to related parties</b>	1,253,443	787,124	12,727,520	39,469,792

## Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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### Directors and key management's remunerations

The Company and its subsidiaries had the compensation paid or payable to their key directors and management for the years ended 30 September 2020 and 2019 as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Salaries and short-term employee benefits	63,389,451	65,285,697	63,389,451	65,285,697
Post-employee benefits	852,526	4,936,052	852,526	4,936,052
Other long-term employee benefits	1,184,940	1,185,688	1,184,940	1,185,688
	65,426,917	71,407,437	65,426,917	71,407,437

### 27 Promotional privileges

The Company and its subsidiary 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 follows:

Details	Inoue Rubber (Thailand) Public Company Limited	Kin No Hoshi Engineering Company Limited
1. Certificate No. Dated	2277(1)/2554 27 April 2010	1302(1)/2555 13 February 2012
2. Promotional privileges for	Manufacturing of tire products	Manufacturing of molds and repairing of its own manufactured molds
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.	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
3.3 Exemption/Reduction of import duty on machinery as approved by the Board.	Granted	Granted
3.4 Exemption of import duty on raw materials and significant supplies used in export production from the first import date.	Granted	None
3.5 50% reduction of corporate income tax rate for net income from promotional operations for a period of 5 years, after exemption period in 3.1.	Granted	Granted
4. Date of first earning operating income	1 October 2012	31 October 2012

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

	Consolidated financial statements					
	BOI		non-BOI		Total	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Sales						
Export	82,285,592	68,834,823	1,086,642,410	1,359,213,644	1,168,928,002	1,428,048,467
Local	44,065,002	54,594,963	3,151,115,570	3,946,999,293	3,195,180,572	4,001,594,256
	126,350,594	123,429,786	4,237,757,980	5,306,212,937	4,364,108,574	5,429,642,723
	Separate financial statements					
	BOI		non-BOI		Total	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Sales						
Export	82,285,593	68,834,823	1,085,252,963	1,358,919,932	1,167,538,556	1,427,754,755
Local	44,065,002	54,594,963	3,150,079,541	3,944,748,434	3,194,144,543	3,999,343,397
	126,350,595	123,429,786	4,235,332,504	5,303,668,366	4,361,683,099	5,427,098,152

### 28 Dividends paid

At the Annual General Meeting of shareholders for 2020 of the Company held on 29 January 2020, the shareholders passed a resolution approving dividend payment from its operating results for 2019 at Baht 0.4164 per share (Baht 0.0590 from BOI-promoted operations and Baht 0.3574 per share from non-BOI promoted operations), amounting to a total dividend of Baht 83.20 million. The dividends were distributed to shareholders on 28 February 2020.

At the Annual General Meeting of shareholders of the Company held on 29 January 2019, the shareholders passed a resolution approving dividend payment from its operating results for 2018 at Baht 0.8965 per share (Baht 0.1217 per share from BOI-promoted operations and Baht 0.7748 per share from non-BOI promoted operations), amounting to a total dividend of Baht 179.30 million. The dividends were distributed on 28 February 2019.

### 29 Commitments

#### 29.1 Operating lease commitments

The Group has entered into several non-cancellable operating lease agreements in respect of billboard space, building area, accommodation for employees, motor vehicles and office equipment with lease term of 1-3 years.

As at 30 September 2020 and 2019, the Group had future minimum lease payments required under these non-cancellable operating lease agreements as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Within 1 year	947,270	1,123,990	947,270	1,123,990
Later than 1 year but not later than 3 years	231,990	486,340	231,990	486,340
<b>Total</b>	<b>1,179,260</b>	<b>1,610,330</b>	<b>1,179,260</b>	<b>1,610,330</b>

#### 29.2 Letters of guarantee

As at 30 September 2020, the Company had outstanding letters of guarantee issued by financial institutions of approximately Baht 20.62 million (2019: Baht 20.62 million) to the Provincial Electricity Authority for electricity

## Notes to the Consolidated and Separate Financial Statements

### Inoue Rubber (Thailand) Public Company Limited

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consumption on behalf of the Company and Baht 0.32 million (2019: Baht 0.31 million) for the due fulfillment by the Company of the terms and conditions in respect of grant of Certification Mark License by the licensor.

The guarantees are issued in the ordinary course of business. No liabilities are expected to arise from the above guarantees.

#### 29.3 Operating commitments

The Company entered into agreements for technical assistance in production with foreign related companies. Under the agreements, the Company has obliged to pay technical assistance fees at the rates as stipulated in the agreements.

#### 29.4 Financial instruments

The Group entered into foreign exchange forward contracts in order to manage exposure to fluctuations in foreign currency exchange rates for specific transactions.

Foreign exchange forward contracts outstanding at 30 September 2020 and 2019 were summarised as follows:

	Consolidated and Separate financial statements			
	2020		2019	
	Sold amount Million	Bought amount Million	Sold amount Million	Bought amount Million
<b>Foreign currency</b>				
US Dollars	2.71	0.2	2.56	2.02
Japanese Yen	57.28	119.68	105.27	173.69
Euro	-	-	0.04	0.35

#### Net fair values

The net fair values of the open forward foreign exchange contracts as at 30 September 2020 and 2019 were as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Favourable forward foreign exchange contracts (gain)	-	-	-	-
Unfavourable forward foreign exchange contracts (loss)	(983,113)	(1,688,678)	(983,113)	(1,688,678)
<b>Net</b>	<b>(983,113)</b>	<b>(1,688,678)</b>	<b>(983,113)</b>	<b>(1,688,678)</b>

The fair values of foreign exchange forward contracts have been calculated using market price rates quoted by the Group's banks as if such forward contracts were to be terminated the contracts at the financial position date.

These fair values are within level 2 of the fair value hierarchy (Note 4.3).

At 30 September 2020 and 2019, the Group had outstanding foreign currency assets and liabilities as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Million	Million	Million	Million
<b>Assets</b>				
US Dollars	2.89	3.79	2.88	3.79
Japanese Yen	91.73	105.27	91.73	105.27
Euro	-	0.03	-	0.03
<b>Liabilities</b>				
US Dollars	0.89	1.92	0.89	1.92

## Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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Japanese Yen	119.21	197.60	119.21	197.60
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### 30 Events occurring after the reporting date

On 23 November 2020, the Board of Directors Meeting of the Company No.8/2020 passed a resolution approving the proposed dividend payment from its operating results for 2020 at Baht 0.5699 per share (Baht 0.0739 per share from BOI-promoted operations and Baht 0.4960 per share from non-BOI promoted operations) to shareholders who are on the register at [9 February 2021](#), amounting to a total dividend of Baht 109.53 million. The dividend will be distributed on [25 February 2021](#). The dividend has not been recognized as liability in the financial statements. The dividend payment will later be proposed for approval in the Annual General Meeting of the Company's shareholders.



**Inoue Rubber (Thailand) Public Co., Ltd.**

258 Soi Rangsit-Nakornnayok 49, Prachathipat,  
Thanyaburi, Pathumtani 12130

**Tel :** (662) 996-0890

**Email :** [info@ircthailand.com](mailto:info@ircthailand.com)

[www.ircthailand.com](http://www.ircthailand.com)