

*Annual Report 2010*

# 40<sup>th</sup> *Anniversary*



*Inoue Rubber (Thailand) Public Company Limited*

---



## 100% Carcinogen free



Our 40 years of pride to be a manufacturer and developer of quality products with our stance on 100% environmental friendly by refraining from using raw materials consisted of PAH which has been identified as carcinogen. This is because the Company gives priority to well-being and safety of users and human beings.



Financial Highlights	1	Shareholding Structure & Dividend Payment	15
Message from the Board of Directors	2	Management Structure	16
Message from the Audit Committee	3	IRC with Society, Community and Environment	26
Our Mission	4	Corporate Governance	28
General Information	5	Connected Transactions	37
Nature of Business	6	Explanation and Analysis of Operating Results	38
Revenue Structure	8	Auditor' Report	39
Company Structure	9	Financial Statements	40
Risk Factors	10	Board of Director and Executive Profile	73
Market and Competition	12		

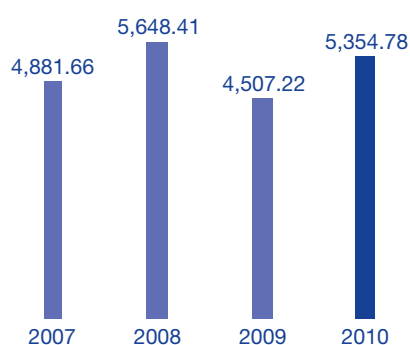


## Financial Highlights

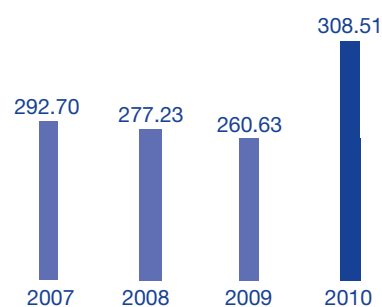
(Unit : Million Baht)

	2010	2009	2008
<b>Financial Status</b>			
Current Assets	1,791.86	1,491.03	1,839.59
Total Assets	3,136.37	2,848.85	3,217.01
Current Liabilities	1,088.74	959.95	1,613.74
Total Liabilities	1,137.96	1,074.95	1,613.74
Total Shareholders' Equity	1,998.41	1,773.90	1,603.27
<b>Company Performance</b>			
Sales and Service Income	5,354.78	4,507.22	5,648.41
Cost of Sales and Service	4,771.29	3,949.29	5,121.40
Total Revenues	5,389.60	4,539.94	5,694.23
Gross Profit	583.49	557.93	527.01
Selling and Administrative Expenses	209.25	216.28	234.73
Income before Financial Cost and Corporate Income Tax	400.82	358.23	338.11
Financial Cost	6.13	11.77	52.18
Corporate Income Tax	86.18	85.83	8.70
Net Income for the Year	308.51	260.63	277.23
<b>Financial Ratios</b>			
Current Ratio (Time)	1.65	1.55	1.14
Asset Turnover (Time)	1.80	1.50	1.95
Earning Per Share (Baht)	1.54	1.30	1.39
Book Value (Baht)	10.0	8.87	8.02

**Sales and Service Income**



**Net Income**



## Message from the Board of Directors



The year 2010 was extraordinary to the Company, which commemorated its 40th anniversary. Throughout 40 years, the Company has stressed its commitment to excellence in organizational management, filled with high efficiency and effectiveness, on the path to becoming the leading company in development and manufacturing of Industrial Elastomer Products and Motorcycle Tires and Tubes in ASEAN, by dedicating to enhance production efficiency and continuous development as well as relying on good corporate governance based on social, community, and environmental responsibility. Thus, the Company's products are well recognized and respected by both domestic and international customers.

Operating performance of the Company and its subsidiaries for the fiscal year 2010 (1 Oct 2009 - 30 Sep 2010), sales revenue was Baht 5,354.78 million, an increase by Baht 847.56 million or 18.80% from the previous year. The performance reflected the strong recovery of Thailand's automotive industry after suffering from US financial crisis in 2008. Although costs of goods sold were affected from increase in natural rubber price, which rose in line with the strong recovery of the global automotive industry and lower rubber output due to unfavorable weather condition, but the Company tried to control cost by increasing its selling price, adjusting purchasing plan for the appropriateness and highest efficiency, and managing financial cost at a minimum level. As a result, net profit was Baht 308.51 million, an increase by Baht 47.88 million or 18.37% from the previous year.

Over the past four decades, the Company has firmly committed itself to good corporate governance along with social and environmental responsibility. This year the Company was proud to be the first and only one Thai motorcycle tire manufacturers who eliminated entirely use of PAH, a chemical substance under low acute toxicity category and probable cancer-causing to humans from the abrasion surface of the motorcycle tires. Inhaling toxic dust for a long time may have a chance of getting cancer. Although there is no agency in Thailand restricting the motorcycle tire manufacturers from using this substance, the Company still takes priority over environmental concerns and safety of customers and all human beings. Therefore, the Company has put its budget and human resource into research and development to develop the new compound for society.

Finally, the Board of Directors would like to thank our shareholders, customers, executives, employees, trade allies as well as related governmental agencies who always support our business operation. May all of you confident that the Company shall continually develop our organization for lifetime progress.

(Mr. Koji Matsuda)  
Vice-Chairman

## Message from the Audit Committee



The Board of Directors of Inoue Rubber (Thailand) Public Company Limited consists of three audit members, namely Assoc.Prof.Dr. Chesada Loha-unchit as Chairman of the Audit Committee, with Mr. Vichit Vuthisombut and Ms. Chaovana Viwatpanachati as members of the Audit Committee. Each member of the Audit Committee is qualified as an independent director under the notification of the Securities and Exchange Commission. One member of the Audit Committee, namely Ms. Chaovana Viwatpanachati, has adequate expertise and experience to review creditability of the financial reports.

The Audit Committee performs its duty independently in line with the Charter of the Audit Committee. At each meeting, the Audit Committee reports its performance and gives opinion independently to the Board of Directors. In 2010, the Audit Committee held six meetings in which two meetings attended by the external auditor, and one meeting attended by the internal auditor, as summarized below.

1. Reviewed the Company's quarterly and the 2010 annual financial statements before proposing to the Board of Directors to ensure that the financial statements were prepared in accordance with the generally accepted accounting principles, along with correct and adequate information was disclosed in the financial statements. The Committee also met with the external auditor, the management, and the accounting section to acknowledge the financial information and discuss the relevant matters.

2. Reviewed the internal control system to ensure that it was adequate by meeting with the Company's internal control section and the management to consider an annual audit plan. For 2010, the Company engaged the internal auditor from KPMG Phoomchai Business Advisory Ltd. to conduct the internal audit on the

"Domestic Procurement Process" at Wangnoi Site. As a result of the audit, no significant findings or shortcoming were encountered.

3. Reviewed the compliance of the Securities and Exchange Acts, the notifications of the Stock Exchange of Thailand, and other relevant laws. The review showed no past issues of substance in non-compliance with the law, notifications of the Stock Exchange of Thailand, or other relevant laws.

4. Considered and determined independence of external auditor and appropriate auditing fee to the Board of Directors for submission to the shareholders at the AGM in 2011 for final approval and, thus, nominated the external auditor from PricewaterhouseCoopers ABAS Ltd. to be the Company's external auditor.

5. Reviewed the compliance with the good governance practice and the notifications regarding criteria, procedure, and disclosure of connected transactions or transactions with conflicts of interest, to be conducted for the benefits of the Company and the shareholders.

In view of the Audit Committee, the Company had a proper internal control and conducted the business in compliance with the notifications of Stock Exchange of Thailand and other relevant laws. The prepared financial statements, which were reviewed and audited by the external auditor, complied with generally accepted accounting principles. The connected transactions were conducted based on the arm's length principle and were disclosed adequately.

A handwritten signature in black ink, appearing to read '191987 Inuprot', is written over a light blue background.

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

## Our Mission

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

- (1) Safety works and environments
- (2) Quality in each product with international quality system
- (3) Best satisfaction to customers in all product dimensions:

Price/Cost	(P) at the best competitive level
Quality	(Q) at the best comparative quality rating by customers
Delivery	(D) at the best comparative delivery rating by customers
Service/solutions	(S) at the best service to solutions for customers at all time
- (4) Upward management team with full efficiency
- (5) Continuous research & development to be the innovative designer of the products
- (6) Generating strong financial status and attractive return to shareholders
- (7) Participate in community development



## General Information

Company Name	Inoue Rubber (Thailand) Public Company Limited
Head Office	258 Soi Rangsit-Nakornnayok 49, Prachatipat Thanyaburi, Pathumthanee 12130
Branch	157 Moo 5, Phaholyothin Rd., Lamsai, Wangnoi, Ayutthaya 13170
Telephone	(66 2) 996 0890 (23 Auto Lines)
Fax	(66 2) 996 1439
Investor Relations	(66 2) 996 0890 Ext. 212
Home Page	<a href="http://www.ircthailand.com">www.ircthailand.com</a>
E-mail Address	<a href="mailto:info@ircthailand.com">info@ircthailand.com</a>
Registration No.	0107536001737 (PCL.247)
Main Business	Manufacturer of Industrial Elastomer Parts, Motorcycle Tires, Motorcycle Tubes, and Wheel Set Assembly
Registered Capital	200,000,000 Baht (Fully paid)
Issued Shares	200,000,000 Shares
Par Value Per Share	1 Baht



# Nature of Business

Established on December 15, 1969, Inoue Rubber (Thailand) Public Company Limited is a joint venture between the Leeissaranukul Family, who has extensive experience in Thai automotive industry, and one of Japan's leading manufacturer of motorcycle tires and tubes, namely Inoue Rubber Co., Ltd. (Japan). The Company is the first manufacturer of motorcycle tires and tubes in Thailand and markets its products under "IRC" brand.

When the buyers' needs in the automotive market became more diversified, the Company decided to expand into new product line called Industrial Elastomer Parts supplying to the automotive and electrical appliance sectors under the customers' specifications in order to response to a variety of needs and add value to the business. On December 30, 1993, the Company registered its conversion into a listed company with a fully-paid registered capital of Baht 200 million and par value of Baht 1 per share.

During the past 40 years, the Company has experienced steady growth by focusing on development of manufacturing competency, development of new product, and good delivery. Thus, the Company has been recognized and accepted by the customers in both domestic and overseas. The Company has won many prestigious awards and achieved many international quality management certificates, including Quality Management System ISO 9001:2008, Quality Management System for the Automotive Industry ISO/TS16949, Thai Industrial Standard (Mor.Or.Kor.), European Standard (E-mark), and Environmental Management System ISO14001:2004.

At present, the Company has two production facilities divided by product category. The production facility of industrial elastomer parts is located at Amphur Wangnoi, Ayutthaya province while the production facility of motorcycle tires, motorcycle tubes, and wheel sets is located at Amphur Thanyaburi, Pathumthanee province.

## 1. Products

### 1.1 Industrial Elastomer Parts

Industrial elastomer parts require sophisticated process and high technology as their qualifications must withstand the different conditions of use. The parts can be divided into two categories including elastomer parts used for automobiles and motorcycles, such as engine mounting, weather strip, door sponge, bumper rubber, rubber gasket, and face comp drive, and elastomer parts used for other industries, such as hose water inlet, rubber insulator, butyl sheet, and gasket cover. The production facility is located at Amphur Wangnoi, Ayutthaya province.

Main customers include many leading auto and motorcycle makers, such as Honda, Toyota, Mitsubishi, Isuzu, Nissan, Ford, Suzuki, Yamaha, and Kawasaki.

### 1.2 Motorcycle Tire

The Company has been recognized as a pioneer in the market of motorcycle tires and tubes. It has succeeded in having market share in Thailand under "IRC" brand. The Company has continuously researched and developed new products to the market to meet various demands from customers such as design, size, qualification, performance, etc. Currently, the motorcycle tires produced by the Company can be categorized by purpose, such as On Road Tire, Off Road Tire, Scooter Tire and Heavy Duty Tire. Main customers include many leading motorcycle makers in domestic market, replacement market, and export market. The production facility is located at Amphur Thanyaburi, Pathumthanee province.



# Revenue Structure

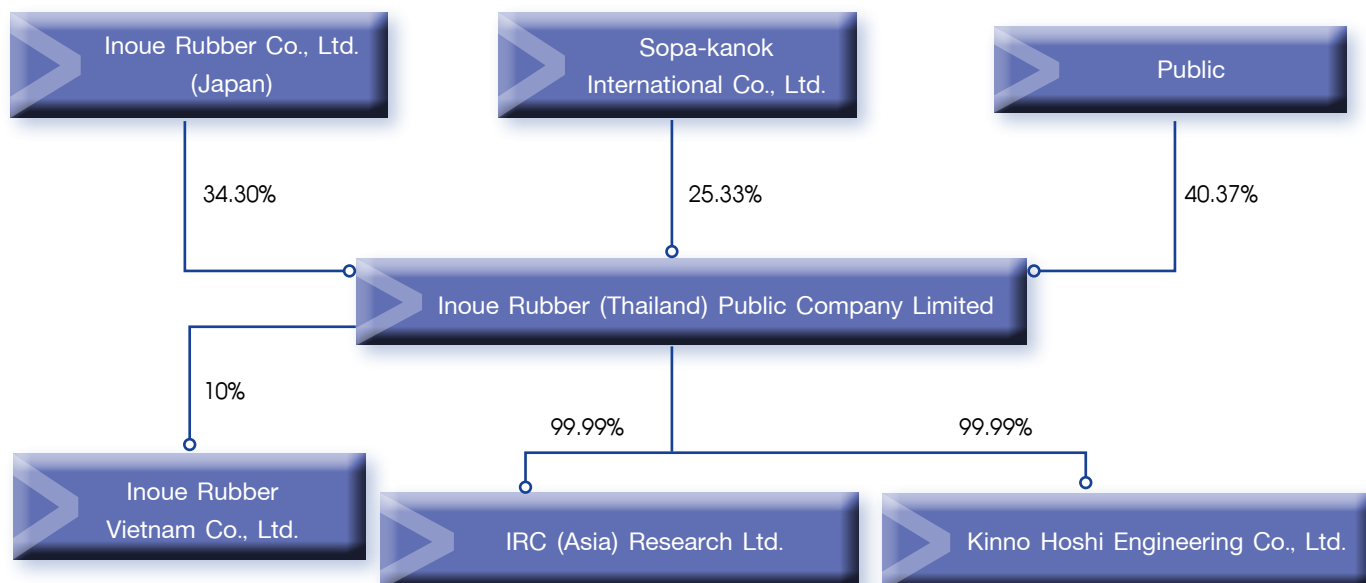
A revenue for the industrial elastomer parts accounted for 46.56% of total sales, 33.60% for the motorcycle tires, 11.14% for the motorcycle tubes, and 8.70% for the wheel set assembly. The proportion of local and export sales accounted for 79.18% and 20.82%, respectively. Details are as follows:

Product	2010		2009		2008	
	MB	%	MB	%	MB	%
<b>Local Sales</b>						
1. Industrial Elastomer Parts	2,109.94	39.41	1,645.23	36.50	2,482.58	43.95
2. Motorcycle Tire	1,313.11	24.53	1,203.29	26.70	1,211.47	21.45
3. Motorcycle Tube	350.39	6.54	332.15	7.37	322.03	5.70
4. Wheel Set Assembly (RIM)	465.93	8.70	250.84	5.56	321.52	5.69
<b>Total Local Sales</b>	<b>4,239.36</b>	<b>79.18</b>	<b>3,431.51</b>	<b>76.13</b>	<b>4,337.60</b>	<b>76.79</b>
<b>Export Sales</b>						
1. Industrial Elastomer Parts	382.96	7.15	251.65	5.58	372.43	6.59
2. Motorcycle Tire	485.63	9.07	561.84	12.47	761.27	13.48
3. Motorcycle Tube	246.19	4.60	262.22	5.82	177.11	3.14
4. Wheel Set Assembly (RIM)	-	-	-	-	-	-
<b>Total Export Sales</b>	<b>1,114.79</b>	<b>20.82</b>	<b>1,075.71</b>	<b>23.87</b>	<b>1,310.81</b>	<b>23.21</b>
<b>Total Sales</b>						
1. Industrial Elastomer Parts	2,492.90	46.56	1,896.88	42.08	2,855.01	50.54
2. Motorcycle Tire	1,798.74	33.60	1,765.13	39.17	1,972.73	34.93
3. Motorcycle Tube	596.58	11.14	594.37	13.19	499.14	8.84
4. Wheel Set Assembly (RIM)	465.93	8.70	250.84	5.56	321.52	5.69
<b>Total Revenue</b>	<b>5,354.15</b>	<b>100.00</b>	<b>4,507.22</b>	<b>100.00</b>	<b>5,648.41</b>	<b>100.00</b>
<b>Increased/(Decreased) of Revenue</b>	<b>18.79%</b>		<b>(20.20%)</b>		<b>15.72%</b>	



# Company Structure

Shareholding Structure Diagram of the Company and its affiliates



The Company presently holds a 99.99% stake in two subsidiaries, namely IRC (Asia) Research Ltd. and Kinno Hoshi Engineering Co., Ltd. and holds its 10% stake in Inoue Rubber Vietnam Co., Ltd. Details are as follows:

## 1. IRC (Asia) Research Ltd.

The Company has recognized the significant of research and development as the market has commanded for variety of products in terms of type, nature, and quality. In July 18, 1995, IRC (Asia) Research Ltd. was founded to provide research and development support service for the Company's materials and products by conducting the service in cooperation with Inoue Rubber Co., Ltd. (Japan) and customers.

## 2. Kinno Hoshi Engineering Co., Ltd.

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

## 3. Inoue Rubber Vietnam Co., Ltd.

Inoue Rubber Vietnam Co., Ltd. or Cong Ty TNHH Cao Su Inoue Vietnam Co., Ltd. was founded in 1996 by the Company which invested USD 1 million (10%), the Asian Inoue Rubber PTE, Ltd. (Singapore) and Sao Vang Rubber (Vietnam) Co., Ltd. with total registered capital of USD 10 million, to be the manufacturer of tires and tubes (for motorcycles, barrows, bicycles, and hand carts) as to serve the expanding market in Vietnam.

# Risk Factors

## 1. Business Risks

### 1.1 Risk from Market and Competition

Overall automotive original equipment manufacturing (OEM) market, our main market, continuously recovered after strong recessions in 2009. At the same time, effects from free trade resulted in relocation of some models of cars and motorcycles production base to Thailand to expand its export and the introduction of eco-car to the market. Though these factors led to increase in demand for products, the Company had to face with strong market competition. To manage the risk, the Company emphasized on its advantage in technology know-how transferred from Japanese Joint-Venture. Having its own research and development company contributed to capability to jointly develop product with customers, develop product to meet international standards, on time delivery, and create good relationship with customers which was its competitive strategy.

For the replacement market (REM) where prices and qualities are varied, competition was focused on price. The Company, therefore, faced risk in price cutting situation, counterfeit product or stolen market share by import spare part from countries with lower manufacturing cost. Also, increase in OEM demand has resulted in limited production capacity for REM and limited expansion, as a consequence the competitors were able to steal market shares. To manage this risk, the Company concentrated on providing knowledge on distinctive product quality, continuously launching marketing activities along with conducting feasibility study to expand production base in the future.

For the export market, Risk from fragile recovery in Europe and US still existed. To handle this risk, the Company had adjusted its sales plan since last year by underlying on exporting to the existing customers in Southeast Asia which were not strongly affected from the global economic crisis along with expanding import business to the new markets with the continuous economic growth such as India.

### 1.2 Risk from Fluctuation in Rubber Prices

Last year, fluctuation in natural rubber price was so strong due to many uncontrollable factors such as rapid economic recovery in new emerging countries such as China and India using natural rubber as their main raw materials in automotive tire industry. This resulted in increase in demand and increase in natural rubber price in the global market. Speculation in rubber future in Tokyo Community Exchange Market (TOCOM) and Singapore Community Exchange Market (SICOM) were also factors of soaring of natural rubber price. Fluctuating weather condition was a barrier for tapping latex bringing about declining quantity of rubber delivered to the market which was inadequate for market demand. Fluctuated price of rubber resulted in increase cost and put pressure on the Company's profitability. The Company managed the risk by negotiating with customers for price adjustment and with rubber sellers for future price of rubber, improving on production processes to reduce waste as much as possible, and controlling inventory to the appropriated level.

## **2. Exchange Rate Risk**

Since the Company imported raw material and exported some finished goods dominated in foreign currencies such as US dollar, Japanese Yen, and Euro, fluctuation in exchange rate may affected the Company's cost and revenue. For the preceding period, US dollar and Euro were still depreciated due to fragile economy while Japanese Yen was appreciation due to high demand from investors. The Company monitored the movement of exchange rate closely and agreed to enter into forward contract to eliminate the risk.

## **3. Credit Risk**

The Company had a credit risk with respect to trade accounts receivable. The Company managed the risk by adopting appropriate credit control policies and procedures, reviewing and monitoring payment ability and liquidity of each customer before entering into the transaction. The maximum exposure to credit risk was limited to carrying amounts of Baht 2.17 million of trade accounts receivables as stated in the balance sheet.

# Market and Competition

## 1. Industrial Elastomer Parts

### 1.1 Automotive Group

In 2010, Thai automotive market had strongly recovered after contraction during last year due to world financial crisis. Total vehicle assembly during the first nine months of 2010 was 83.74% rise comparing to the same period last year. Factors supporting the expansion were domestic and international economic situation were better especially in Asian countries, Australia and the Middle East as well as boosting up by growth in eco-car market which received high interests from customers. The Federation of Thai Industries predicted that for the year 2010, the output of Thailand's automotive industry would reach a historic high of 1.7 million units, of which 9.5 thousand units for domestic and 7.5 thousand units for export.

For 2011, automotive market still in bright direction due to trend of flexible energy car and eco-car are more evitable. Evident can be seen from the debut of eco-car from many manufacturers such as Honda, Suzuki, Mitsubishi and Toyota announcing their production plan. Manufacturers also plan to increase their production capacity and build new plants to meet the future demand for cars. Those factors are opportunities for the 7-8% expansion of automotive market next year.

### 1.2 Motorcycle Group

Motorcycle market expanded in the same direction of economic recovery. During the first nine months of 2010, total motorcycle assemblies were 29.37% increase comparing to the same period last year. This was resulted from economic recovery, debut of new models from many manufacturers as well as strategic promotion strategies continuously offered to customers to boost sales. In all categories of motorcycle sector, A.T. type and fuel injection type were still in demand with Honda as a market dominant. Trend for 2011 is expected to continue to grow due to customers' purchase powers stepped up in the same direction with economic recovery especially farmers whose income arose during the past period.

### 1.3 Sub Auto & Sub Motorcycle Group

From the research and summary, Japanese investment in Asian countries was declined but Statistic of Japanese foreign investment during the first half of the year, reviewed that Japanese investment in Thailand was ranked the second highest after China or 19% of total Japanese investment in Asia. It was noticeable that Thailand was the only main country which Japanese increased their investment during the first six months of this year while Japanese decreased their investment in other countries such as China, India, Hong Kong, Taiwan, South Korea and other Asian countries when comparing to last year. Also, Asian Free Trade Association (AFTA) zone effective since the 1<sup>st</sup> of January played a crucial role in the development of Thai automotive industry as AFTA had transferred Asian to one market resulted in market with many customers. This was an opportunity for Thai manufacturer especially automotive part to be able to manufacture commodities for assemblers. In the preceding year, many new models had been debuted to the market due to 0% tax rate for import commodity under Free trade zone especially AFTA which was opportunity for Thai automotive manufacturer to be able to export more of their products which in turn, produced more vehicles for export being advantages for parts manufacturer at the same time. The automotive industry is expected to maintain high growth in 2011.

Competition, in contrast, will be fiercer as it used to compete domestically, and in near future, competition will be among countries meaning parts from Taiwan, China, and India will be increased. The competition will be on both price and quality of parts imported from the mentioned countries. This is a challenge for each manufacturer on effectiveness in quality, price and cost control.

#### 1.4 Non Automotive Group

In 2010, non automotive market such as agribusiness, agricultural machine, air-conditioned business, water valve business and furniture business expanded comparing to last year especially air-conditioned business. Factors supporting this expansion were better economic situation resulted in customers' purchase power to rise, global warming leading to many countries in Asian and Europe import more air-conditioners, and exemption of tariff for air-conditioner whose size is less than 72,000 BTU, etc.

For next year, trend for this sector will continue to expand but not drastically because of appreciation in Thai Baht resulted in decrease in ability to compete with other countries whose currencies are less appreciated comparing to Thai Baht. However, even though this sector focused on price competition, demand for various parts makes this market interesting for rubber part manufacturer.

## 2. *Motorcycle Tires and Tubes*

### 2.1 OEM Market

This fiscal year, motorcycle market has expanded significantly comparing to last year although political instability resulted in economic slow down at the beginning of the year. The impact was less than expected as entrepreneurs strive to stimulate the market by adopting sales promotion as well as new product launch that better suit customers' demand. This has resulted in increase in sales of new motorcycles combining with increase in price of agricultural product comparing to last year resulted in purchase power to increase. Overall competition was in term of quality together with price as well as delivery service that response to customer's demand. The Company has always concentrated on these aspects; therefore the Company was able to maintain its leadership in this sector.

### 2.2 Replacement Market

Expansion in the replacement market was considered less than last year after the market experienced local political situation affecting on overall tourism business, and the local inflation rate increased which directly impact on domestic consumption. However, our sales turnover this year was considered satisfactory especially motorcycle parts which must be manufactured following Thai Industrial Standard (TIS). Customers were continuously confident with our products.

Market competition among this sector was aggressive and mainly focused on price. The Company applied best value strategy when comparing to product quality, continuously launch sales promotion with domestic dealers such as motorcycle racing campaign "IRC-DID RIDE FOR LIFE" covering 10 circuits, organize seminar for mechanics using spare parts within Thailand, jointly launch sales promotions with Honda, Suzuki, and Kawasaki dealers, provide knowledge on how to choose appropriated tire for customers directly, and continuously launch new products by focusing on better performance and market differentiation and up-to-date such as Wide Flare 14 inch sport motorcycle tire which well balance in designed performance and can be used with all models of automatic transmissions gear shift motorcycles

### **2.3 Export Market**

Although overall global economic situation was at recovery phase, economic recovery in US and Europe were fragile. The Company had adjusted its distribution plan to different countries to maintain our market and boost our sales especially in Southeast Asia and South America where impact of economic recession were not so strong comparing to US and Europe as well as expanding to new trade alley whose economic grows continuously such as India. The Company expected to expand this market in the future although the Company was affected directly from dollar depreciation since the end of last year. The Company was able to adjust from distribution plan to pricing negotiation allied with currency trend.

# Shareholding Structure & Dividend Payment

## 1. Securities

As of September 30, 2010, the Company's registered capital stood at Baht 200,000,000, with a paid-up capital of Baht 200,000,000, made up of 200,000,000 ordinary shares valued at Baht 1 each.

## 2. Major shareholders

Major shareholders list of the first 13 major shareholders (according to the latest share register closed date on December 14, 2010)

Shareholders	Number of Shares	%
1. Inoue Rubber Company Limited (Japan)	68,600,000	34.30
2. Sopa-kanok International Co., Ltd.	50,666,000	25.33
3. Mrs. Porndee Leeissaranukul	6,500,000	3.25
4. CITIGROUP GLOBAL MARKETS LIMITED-CUSTOMER SAFEKEEP ACCOUNT	6,235,000	3.12
5. Mrs. Powpirach Hemvachiravarakorn	5,400,000	2.70
6. Mrs. Pimjai Laochinda	4,363,275	2.18
7. Mr. Niti Osathanugrah	3,840,500	1.92
8. Dr. Pongsak Thamtataree	3,600,000	1.80
9. Mrs. Porntip Sethiwan	3,321,275	1.66
10. Ms. Vanida Khomthongsatit	3,318,800	1.66
11. Mr. Thanong Leeissaranukul	3,283,000	1.64
12. Mr. Apichart Leeissaranukul	3,283,000	1.64
13. Mr. Viriya Trangadisaiikul	3,134,000	1.57

## 3. Dividend payout

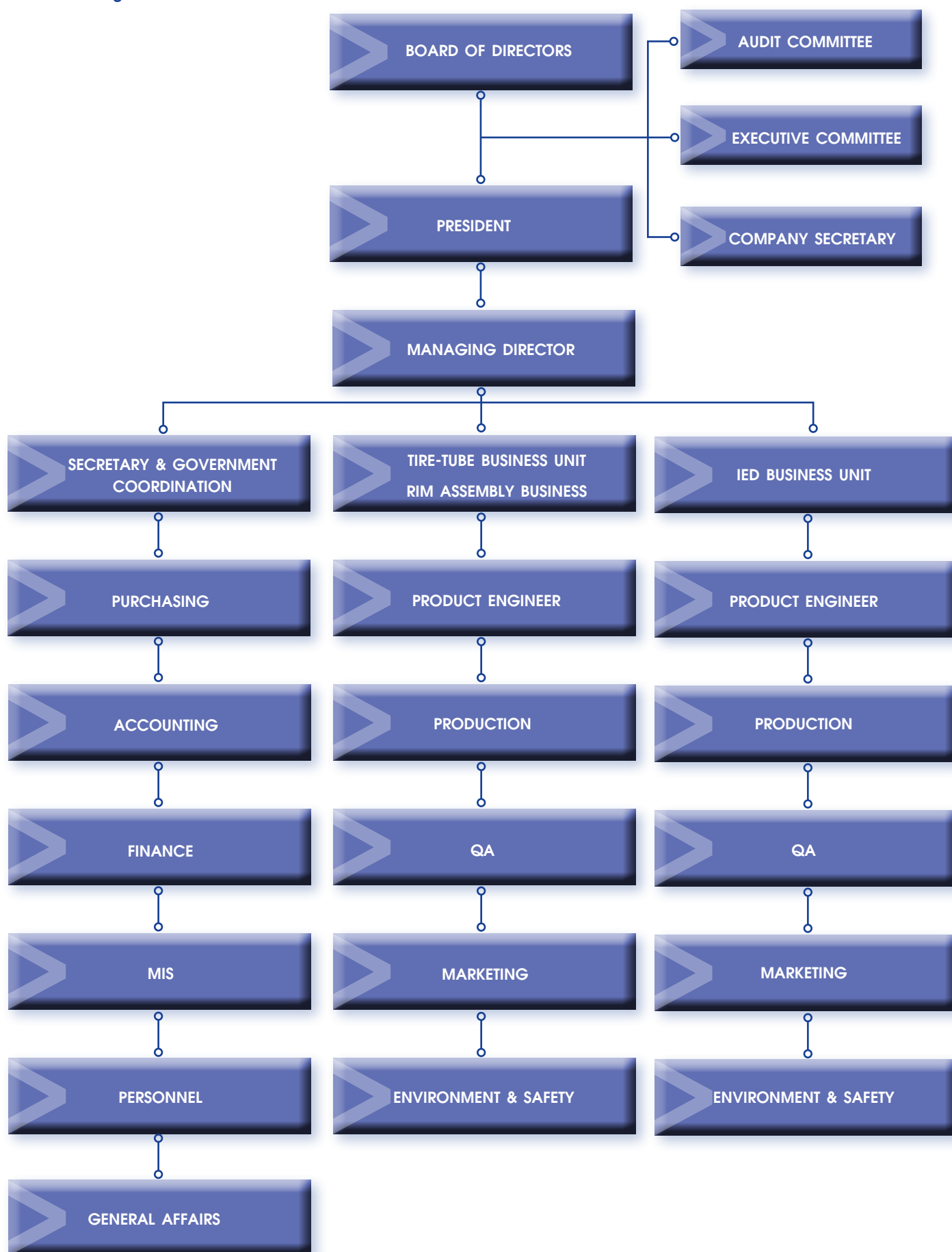
The Company has the dividend policy to pay dividend not more than 65% of net profit of the consolidated financial statements after deducting corporate income tax and legal reserve. The dividend will be considered based on the Company's annual operating results. The subsidiaries will pay the dividend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

Details of Dividend Payment	2010*	2009	2008
Net profit (Million Baht)	308.51	260.63	277.23
Number of Share (Million Shares)	200	200	200
Dividend Payment (Baht per Share)	0.50	0.42	0.45
Total Dividend Amount (Million Baht)	100	84	90
Dividend Payout Ratio (Percent)	32.41	32.23	32.46

\* Proposed the dividend to be approved by the AGM 1/2011

# Management Structure

## 1. Organizational Structure



## 2. Management Structure

The Company's management structure consists of Board of Directors, Audit Committee, and Executive Committee. The Company has a President as the top executive who executes an authority through Managing Director and Executive Director. Below are details of the Management structure.

### 2.1 Board of Directors

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

	Name	Non-ED	ED	ID	AC	Position
1.	Mr. Koji Matsuda	/				Vice-Chairman
2.	Mr. Soichi Inoue	/				Director
3.	Mrs. Pimjai Laochinda		/			Director and President
4.	Mr. Takeshi Arakawa		/			Director and Managing Director
5.	Mr. Masayuki Inoue	/				Director
6.	Mr. Thanong Leeissaranukul	/				Director
7.	Mr. Apichart Leeissaranukul	/				Director
8.	Mrs. Porn-tip Sethiwan	/				Director
9.	Mr. Yasumi Kawasaki	/		/		Independent Director
10.	Assoc.Prof.Dr. Chesada Loha-unchit	/		/	/	Independent Director/Chairman of Audit Committee
11.	Mr. Vichit Vuthisombut	/		/	/	Independent Director/Audit Committee
12.	Ms. Chaovana Viwatpanachati	/		/	/	Independent Director/Audit Committee

#### Remark :

- \* The Company has not yet appointed a Chairman since Mr. Vitya Leeissaranukul, former Chairman, passed away on January 31, 2006.
- \* Mr. Koji Matsuda, in place of Mr. Shigeru Uno, who resigned on February 10, 2010, and was appointed to be Vice-Chairman in place of Mr. Soichi Inoue.
- \* Assoc.Prof.Dr. Chesada Loha-unchit was appointed as Independent Director and Chairman of Audit Committee on February 10, 2010, in place of Mr. Kampanart Lohacharoenvanich, who resigned on November 24, 2009.
- \* Mr. Yasumi Kawasaki was appointed as Independent Director, in place of Mr. Kiyoshi Nomura who resigned on May 13, 2010.

Mrs. Avika Powintara, Chief of Finance, Investor Relations, is the Company Secretary to the Board of Directors.

### Directors Authorized to Sign and Bind for the Company

The Directors whose signatures are recognized as binding the Company consist of Mr. Thanong Leeissaranukul or Mrs. Pimjai Laochinda jointly sign with Mr. Masayuki Inoue or Mr. Koji Matsuda or Mr. Takeshi Arakawa and affix the Company's seal.

## Authority of the Board of Directors

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

## Nomination of the Board

Although the Company does not have the Nomination Committee, a director nominee shall meets qualifications according to selection criteria and qualification outlined in its Articles of Association. Each director shall not be a person who commits any offence against rules and regulations of the Stock Exchange of Thailand. His/her knowledge, ability, skill, experience, honesty, good working

record shall also take into consideration. A majority of the Company's directors has more than twenty years of experience in the automotive industry which is beneficial to the Company as a whole.

## 2.2 Audit Committee

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

- |                                      |  |
|--------------------------------------|--|
| 1. Asso.Prof.Dr. Chesada Loha-unchit | Independent Director/Chairman of Audit Committee<br>(In place of Mr. Kampanart Lohacharoenvanich who resigned on November 24, 2009)            |
| 2. Mr. Vichit Vuthisombut            | Independent Director/Audit Committee   |
| 3. Ms. Chaovana Viwatpanachati       | Independent Director/Audit Committee<br>(Who possesses the direct knowledge and experience in accounting, as shown in the Directors' profiles) |

Mrs. Avika Powintara, Chief of Finance, Investor Relations, is the Company Secretary to the Audit Committee.

### Authority of the Audit Committee

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

1. To verify in assuring that the Company's financial report is correct and accurate and sufficiently disclosed.
2. To verify in assuring that the Company shall have the appropriated effective internal control and internal audit systems on cooperation with the internal auditor and internal controller and to consider the independence of the internal audit agency as well as to provide the approval for the appointment, transfer, termination of the chief of the internal audit agency or any other agencies responsible for the internal audit.
3. To verify in assuring that the Company has acted in compliance with the law on Securities and Exchange, requirements of the Stock Exchange and the laws relating to the Company's business.
4. To consider, select, propose to appoint the independent person or persons to perform the duty as the Company's auditor and to propose the remuneration for such person/persons, considering the reliability, resources adequacy, workloads and personnel's experiences as well as participating in the meeting with the auditor without the involvement of the Management for at least once a year.
5. To consider the related items or the items that would have the conflict of interest to meet the requirement of law or the provision of the Stock exchange to assure that such items are reasonable and resulted in the maximum benefit to the Company.
6. To prepare the report of the Audit Committee's activities, consisting of the opinions about the preparation process and the disclosure of the Company's accurate, complete and reliable financial report, including the opinions relating to the adequacy of the Company's internal control system by disclosing it in the Company's annual report. Such report must be signed by the Chairman of the Audit Committee and must consist of at least the following information:

- 6.1 The opinions about the accuracy, completion and reliability of the Company's financial report.
- 6.2 The opinions about the adequacy of the Company's internal control system.
- 6.3 The opinions about the act in compliance with law on Securities and Stock Exchange, provisions of Stock Exchange or the laws relating to the Company's business.
- 6.4 The opinions about the appropriateness of the auditor.
- 6.5 The opinions about the items that may post the conflict of interest.
- 6.6 The number of the meeting of the Audit Committee and each member's meeting participation.
- 6.7 The overall opinions or the observations obtained by the Audit Committee from the operation as required in the charter.
- 6.8 Other items as deemed to be known by shareholders and general investors under the scope and responsibility assigned to them by the Company's Board of Directors.
7. Any other operations as assigned by the Company's Board of Directors with the approval of the Audit Committee who directly responsible for the Company's Board of Directors who shall remain to be responsible for the Company's operation against the third party.
8. To verify and amend the Audit Committee charter to be up to date and to suit with the Company's environmental conditions and circumstances.

## 2.3 Independent Director

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

Name		Position	Remark
1.	Assoc.Prof.Dr.Chesada Loha-unchit	Independent Director/ Chairman of Audit Committee	In place of Mr. Kampanart Lohacharoenvanich, who resigned on November 24, 2009
2.	Mr. Vichit Vuthisombut	Independent Director/ Audit Committee	
3.	Ms. Chaovana Viwatpanachati	Independent Director/ Audit Committee	
4.	Mr. Yasumi Kawasaki	Independent Director	In place of Mr. Kiyoshi Nomura, who resigned on May 13, 2010

### Qualification of Independent Directors

1. Holding shares not exceeding one percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate, major shareholder or a controlling person of the Company, including the shares held by related persons of the independent director;
2. Neither being nor having been an executive director, employee, staff, advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company unless the foregoing

status has ended not less than two years prior to the date of application filing with the Office. Such disqualifications shall not apply to the case that an independent director used to be government officer or advisor of government office who is a major shareholder or controlling person of the Company;

3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, of executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;
4. Not having a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder, or controlling person, in the manner which may interfere with his independent judgment, and neither being nor having been a principle shareholder, or controlling person of any person having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder, or controlling person of the Company unless the foregoing relationship has ended not less than two years prior to the date of application filing with the Office.

The term 'business transaction' aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or his counterpart being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Act of Listed Companies Concerning the Connected Transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

5. Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder, or controlling person of the Company, and not being a principle shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholder, or controlling person of the Company unless the foregoing relationship has ended not less than two years prior to the date of application filing with the Office;
6. Not being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiary, affiliate, major shareholder, or controlling person of the Company, and not being a principle shareholder, controlling person, and partner of such professional advisor unless the foregoing relationship has ended not less than two years prior to the date of application filing with the Office;
7. Not being a director who has been appointed as a representative of the Company's director, major shareholder, or shareholders who are related to the Company's major shareholder;

8. Not operate any business which has the same nature as and is in principle competition with the business of the Company or subsidiary, or not being a principle partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary, or holding shares not exceeding one percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or subsidiary;
9. Not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

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

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

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

- (a) Characteristic of business relationship or professional service which makes such individual disqualified.
- (b) Reasons or necessity on insisting such individual to be an independent director.
- (c) Opinion of the Company's committee on appointing such individual to be independent director.

For the benefit according to clause 1 (5) and (6), the word "partner" means an individual assigned from the audit office or a professional provider to be the authorized person whose signature shall be in an audit report or professional service report (as the case may vary) in the name of such juristic person.

## 2.4 Executive Committee

The Executive Committee consists of the following 10 members, who have been appointed by the Board of Directors, as the names are shown below:

Name		Position
1. Mr. Koji	Matsuda	Member Executive Committee
2. Mrs. Pimjai	Laochinda	Member Executive Committee
3. Mr. Takeshi	Arakawa	Member Executive Committee

Name	Position
4. Mr. Koji Yamauchi	Member Executive Committee
5. Mr. Hiroyuki Hibi	Member Executive Committee
6. Mr. Kazuhisa Usami	Member Executive Committee
7. Mr. Michio Nishitani	Member Executive Committee
8. Mr. Shigeru Uno	Member Executive Committee
9. Mr. Nareothai Boothong	Member Executive Committee
10. Mr. Jatupol Lawhachainam	Member Executive Committee

Remask : Mr. Hiroyuki Hibi, Mr. Kazuhisa Usami, Mr. Michio Nishitani, and Mr. Shigeru Uno, are not an executive or a person in the first four executive levels; therefore, they have not to disclose report as specified in Section 59.

### Authority of the Executive Committee

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

### 2.5 The First Four Executives

An executive under the definition prescribed by the Capital Market Supervisory Board means a manager or a person in the first four executives after a chief executive or in similar positions (after the President who is regarded as the highest position of the executive), accounting or finance department managers or above. As of September 30, 2010, the first four executives consisted of the following six members (details shown in the Directors' Profiles).

Name	Position
1. Mrs. Pimjai Laochinda	President
2. Mr. Takeshi Arakawa	Managing Director
3. Mr. Koji Yamauchi	Executive Director
4. Mr. Nareothai Boothong	Executive Director
5. Mr. Jatupol Lawhachainam	Executive Director
6. Mrs. Sopha Lumlerdvoravith	Senior Accounting Manager

### 2.6 Criminal Record

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

### 2.7 Remuneration Paid to Directors and Executives

The remuneration for the directors, approved by the Annual General Meeting on January 29, 2010, was paid to each non-executive director of Baht 120,000 per year, executive director of Baht 80,000 per year, chairman of audit committee of Baht 300,000 per year, and audit committee of Baht 220,000 per year.

Total remuneration paid to the directors and audit committees (between October 1, 2009 - September 30, 2010) was Baht 1,854,599, detailed as follows:

Name	Position	Remuneration (Baht)	Remark
1. Mr. Koji Matsuda	Vice-chairman	76,484	In place of Mr. Shigeru Uno on February 10, 2010
2. Mr. Soichi Inoue	Director	120,000	
3. Mrs. Pimjai Laochinda	Director/President	80,000	
4. Mr. Takeshi Arakawa	Director/Managing Director	80,000	
5. Mr. Masayuki Inoue	Director	120,000	
6. Mr. Thanong Leeissaranukul	Director	120,000	
7. Mr. Apichart Leeissaranukul	Director	120,000	
8. Mrs. Pornpip Sethiwan	Director	120,000	
9. Mr. Shigeru Uno	Director	43,187	Resigned on February 10, 2010
10. Mr. Kazuhisa Usami	Director	17,802	Resigned on November 24, 2009
11. Mr. Hiroyuki Hibi	Director	17,802	Resigned on November 24, 2009
12. Mr. Chayud Lee-isanukul	Director	11,868	Resigned on November 24, 2009
13. Mr. Nareothai Boothong	Director	11,868	Resigned on November 24, 2009
14. Mr. Kiyoshi Nomura	Independent Director	73,644	Resigned on May 13, 2010
15. Mr. Yasumi Kawasaki	Independent Director	46,230	In place of Mr. Kiyoshi Nomura on May 13, 2010
16. Mr. Kampanart Lohacharoenvanich	Independent Director/Chairman of Audit Committee	44,505	Resigned on November 24, 2009
17. Assoc.Prof.Dr.Chesada Loha-unchit	Independent Director/Chairman of Audit Committee	311,209	In place of Mr. Kampanart Lohacharoenvanich on February 10, 2010
18. Mr. Vichit Vuthisombut	Independent Director/Audit Committee	220,000	
19. Ms. Chaovana Viwatpanachati	Independent Director/Audit Committee	220,000	
Total remuneration (October 1, 2009 - September 30, 2010)		1,854,599	

### **Remuneration Paid to Executives**

As of September 30, 2010, the remuneration including salary and bonus paid to the executives was Baht 19.48 million.

### **2.8 Number of Employee**

As of September 30, 2010, the Company had 1,529 employees including 930 men, 597 women, and 2 expatriates.

### **2.9 Remuneration for Employee**

The remuneration for the employees has been paid in form of salary, bonus, provident fund, welfares, such as medical treatment, grants for marriage, grants for Buddhist ordination, etc. The Company, the subsidiary companies, and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiary companies, and its employees contributed to the fund monthly at the rate of 3-6 percent of basic salary. The fund, which is managed by Bualuang Securities Public Company Limited, will be paid to employees upon termination in accordance with the fund rules.

Total compensation for employee was Baht 387.78 million, which comprised of salary, overtime, bonus, and welfares of Baht 380.87 million and provident fund of Baht 6.91 million.

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

### **2.10 Employee Development Policy**

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

### **2.11 Inside Information Control**

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

## IRC with Society, Community, and Environment

*“From the past....until present, this is our 40<sup>th</sup> anniversary of being a manufacturer and developer of quality products concurrently with responsibility to society, community, and environment.”*

- *Eco-product: Free of Carcinogen for Social Responsibility and Environmental Awareness*

For two years, the Company has devoted its budget and personnel to the research, development and design of environmental friendly and safety products. By research on Plasticizer (Extender oil) that is free of PAH (Polycyclic Aromatic Hydrocarbon), a carcinogen substance, the Company has employed Low PAH with 100% carcinogen free as raw materials for tire manufacturing of all categories. The efficiency remains unchanged and the standards are equivalent to the new regulation of European Tyre and Rubber Manufacturers Association. The Company began using this new raw material since the beginning of 2010. Although no agency has issued a regulation prohibiting tire manufacturers from using Plasticizer with carcinogen, the Company cares and gives priority to environment and safety of public. The Company is considered as the first Thai motorcycle tire manufacturer adopting Low PAH raw materials into manufacturing processes.



- *IRC Safety Ride for Life 2010*

IRC Safety Ride for Life is our continuous project organized in all regions. Short training in safety is provided to motorcyclists to enhance their knowledge of traffic regulations, necessary practices as well as motorcycle tire to prevent accident and loss of lives and property.



- *Wear Helmet for Safety Ride Project*

Statistics on road accident showed that accidents are caused from drinking alcohol, reckless and not wearing helmet. To promote safety to motorcyclists, and prevent motorcyclists and pedestrians from loss of lives and property, in 2010 the Company has cooperated with Pathumthani Province and Provincial Police Station of Pathumthani in the campaign “Wear Helmet for Safety Ride” to create “Pathumthani Model” before expanding to other provinces.

- *IRC Smoke Free Project*

To support the Company to a true smoke free corporation and good environmental workplace as well as operating in a social responsibility manner by developing good health for employees, the Company has joined with Association for the Development of Environmental Quality in smoke free enterprise project (TPF) and was awarded Platinum Level of Smoke Free Enterprise





### • *CSR Day for Directors*

As the Company gives important on taking a part in stimulating our CSR initiatives to a clearer and better direction, the Company has participated in CSR Day for Directors, a project initiated from cooperation between Corporate Social Responsibility Institute of The Stock Exchange of Thailand, Thaiapat Institute and Thai Rural Reconstruction Movement to provide CSR knowledge for directors and executives resulting in our directors and executives to understand CSR principles and able to guide CSR plan to the direction that truly benefit its stakeholders within and outside the organization.

### • *Maintenance and Preservation of Environment*

In 2010, the Company carried on the Maintenance and Preservation of Environment Project with a policy to conduct waste and pollutants management in compliance with Environmental law, used treated water to water plants instead of tap water, installed air treatment system before emitting outside, installed ceiling insulation to reduce temperature inside factory, applied engineering work on machineries to reduce energy consumption and carbon dioxide emission, and reduce heavy oil consumption which is another way to diminish carbon dioxide emission.



### • *Corporate Philanthropy*

The Company continued to support CSR activities throughout the year as follow:

- Provided mask for Bangkok Metropolitan officers in order to prevent pollutant from tire burning during political instability during April 2010
- Made a donation to help victims in Haiti via The Stock Exchange of Thailand
- Made a donation to help flood victims via Krobkruakao 3
- Provided scholarship and educational supplies for students with financial needs
- Sponsored Chulalongkorn University student team to participate in 2010 Student Formula SAE Competition, Japan
- Supported Red Cross Fair organized by Federation of Thai Industries, Pathumthani Province
- Donated computers to Suankaew temple
- Provided lunch for detainee at Ayutthaya prison



# Corporate Governance

The Company operates under supervision of Board of Directors with intention to operate with good governance, integrity and responsibility toward shareholders and stakeholders by creating corporate governance policy in written together with providing employees and directors with business ethics and code of conducts manual to acknowledge. Throughout the years, the Company has applied good governance practices and the Principles of Corporate Governance by Securities and Exchange Commission as guidelines as well as integrating to Company's operation to increase efficiency.

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

According to the procedures of the Stock Exchange of Thailand, the Company's corporate governance practices adopted for the year 2010 covered in five categories as follows:

## 1. Rights of Shareholders

The Company recognizes the important of rights of all shareholders by complying with the principles prescribed by law. In 2010, the Company held the Annual General Meeting on January 29, 2010, which the Company promoted the shareholders' rights as well as facilitated the shareholders to exercise their rights, as follows:

- 1.1 The Company proposed significant agenda items to the shareholders for their approval. The agenda items included the appointment of director, the approval of director's compensation, the approval of the appointment of auditor and auditor's remuneration fee, and the approval of dividend payment, etc. In each agenda, the Company provided facts, along with reasons and opinions of the Board of Directors to support the shareholders' decision-making in voting. Moreover, no additional meeting agenda without prior notice was brought into the past shareholder meetings.
- 1.2 The Company assigned Thailand Securities Depository Co., Ltd., its securities registrar, to mail the invitation letters to the shareholders at least 14 days prior to the meeting date. The said letters were also made available on the Company's website at least 30 days ahead of the meeting date. In case a shareholder cannot attend the meeting, the Company allowed the shareholder to authorize someone as a proxy to participate the meeting on his/her behalf by using a proxy form as attached to the invitation letters and disseminated on the Company's website.
- 1.3 Prior to the meeting commencement, the Chairman of the meeting announced the number of shareholders presenting in person or by proxy as well as the number of shares represented in the meeting, and clarified to the shareholders of voting and vote count procedures. The Chairman also provided adequate time for the shareholders to express opinions and raise questions.
- 1.4 The Company made the shareholders' meeting minutes that contain record of questions posed by the shareholders and answers on various items at the meeting allowing the absent shareholders to receive all details of the meeting. Moreover, the minutes were clearly recorded resolutions of the meeting, together with votes to agree, disagree and abstain on all agenda items, and were disseminated on the Company's website.

## *2. Equitable Treatment to Shareholders*

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

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

The Board of Directors has required all executives and employees in a department, which might have conflict of interest, such as Purchasing Department, Marketing Department, and Personal Department, to make an annual conflict of interest report to their supervisors and forward the reports to the Investor Relations Section for collection since 2007. In the year 2009, the Board of Directors approved the Form of Conflict of Interest and required all directors and executives to file with the Company a report on their interests within 30 September of every year. The Company Secretary then submitted a copy of report on interest to the Vice-Chairman (the Company has not yet appointed a Chairman since Mr. Vitya Leeissaranukul, former Chairman, passed away on 31 January 2006) and the Chairman of Audit Committee within seven business days from the date on which the Company had received such report.

## *3. Roles of Stakeholders*

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

### **3.1 Shareholders**

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

### 3.2 Employees

The Company gives high concern about creating safety and good health to employees at all level since employee is the most valuable asset and the most important factor contributed to Company's success. The Company sets an explicit policy about safety, occupational health and



environment management in compliance with international standards and regulations. In addition, the Company promotes and develops a good labor relation system for employees to have a better quality of lives leading to a better cooperation among employees.

As a result, in 2010 the Company was awarded by Ministry of Labor, Department of Labor Protection and Welfare for "An Excellent Enterprise for Safety, Occupational Health and Environmental Workplace", "Bronze Level" in Zero Accident Project as well as by Thai Health Promotion Foundation, Association for the Development of Environmental Quality in Smoke Free Enterprise project for Platinum Level.

Throughout 2010, the Company conducted employees' responsibility as summarized below:

#### Safety

The Company has formed a Safety Committee as to set guidelines and monitor safety conditions in every department. In 2010, the safety trainings were provided in order to control hazardous substances in the workplace, such as instructions on how to use safety



equipment, forklift safety drive training, preliminary for fire suppression, annual fire evacuation drill, motorcycle safety drive, and participating in Zero Accident and won Bronze Award from the Department of Protection and Ministry of Labor.

#### Welfare

The Company has a clear policy to provide employees with good and adequate welfares for their livelihoods including transportation, free rice, shift wage, overtime wage, and other grants for marriage, child delivery, provident fund, etc. There is a nursing room available and medical treatment fee can be reimbursed. The said welfares have been announced and disclosed on the Company's internal website and work regulations in section of employee welfares. The Human



Resource department always informs a new employee about the work regulations upon orientation. Besides, to establish "Vitya Memorial Hall" at Wangnoi site to be a leisure place for the employees to eating, playing sports, and reading books.

## Training and development

The Company plans in advance each year about which training should be provided to the employees by focusing on quality of people and work. Each year, various training courses will be selected and matched with the needs of every section. The training courses are provided to enhance management team effectiveness. It also adopts KPI assessment annually. In 2010, the training courses included The Rights and Duties of Employers and Employees, QCC Management,



5S, Leadership Technique on How to Be a Good Leader, IFRS accounting principles, New Technical and Improvement by sending the employees for overseas training at Japan. The Company also sent its investor relations to attend the seminars in order to ensure that the Company has complied with all regulations and good corporate governance practices.

### 3.3 Customers

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

### 3.4 Business partners and creditors

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

### 3.5 Competitors

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

### 3.6 Society and environment

The Company has always given top priority to society and environment by establishing safety, occupational health and environmental committee to control and study for alternatives of waste and pollutant management to prevent its effect on society, employees and environment as well as study analysis methods of energy consumption in all production parts to gain the most economic benefits. In 2010, the Company carried out the concrete environmental and social projects as follows.

#### ● Society

- Developed the new compound with carcinogen free by eliminated entirely use of Polycyclic Aromatic Hydrocarbon: PAH, a chemical substance under low acute toxicity category and probable cancer-causing. The Company is considered as the first Thai motorcycle tire manufacturer adopting Low PAH raw materials, which is same standard of the new regulation of European Tyre and Rubber Manufacturers Association.
- Carried out the project of "Wear Helmet for Safety Ride" cooperated with Pathumthani Province and Provincial Police Station of Pathumthani to promote the use of helmets by motorcycle drivers.
- Carried out the project of "IRC Safety Ride for Life" organized annually in every part of Thailand to educate the motorcycle drivers about traffic regulations and safety driving.
- Provided masks for Bangkok Metropolitan officers in order to prevent pollutant from tire burning during political instability during April 2010.
- Made a donation to help flood victims via Krobkruakao 3
- Provided scholarship and educational supplies for students with financial needs
- Supported the Red Cross Fair organized by Federation of Thai Industries, Pathumthani Province
- Donated computers to Suankaew temple
- Donated to help victims in Haiti via The Stock Exchange of Thailand

#### ● Environment

- All trash was segregated prior to disposal and notified the garbage collection agency authorized by the Ministry of Industry to bury in a landfill, and sorted out rubbish for sale as recycle rubbish.
- Installed a cyclone system to capture dust particles from combustion, as well as installed a dust collector system to prevent any spread of airborne dust to nearby community. The Company also engaged an agency to periodically measure the concentration of dust to ensure that the dust level does not exceed the standard.
- Installed a wet scrubber air treatment before emitting outside.
- Installed ceiling insulation 15,000 square metres to reduce temperature inside factory at Wangnoi facility.
- Performed maintenance and repaired machines and equipments in the good conditions.
- Reduced the electrical power consumption and the use of heavy oil, which is another way to diminish carbon dioxide emission.

#### 4. Disclosure and Transparency

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

4.1 The Company made available the disseminations of the Company's various information which include information on financial statements in an accurate, complete and timely manner through the Securities and Exchange channel, Annual Information List Form (Form 56-1) and Annual Report including other reports in compatibility with related regulations of the Securities and Exchange Commission and Stock Exchange of Thailand and that, over the past years, the Company had no history of any delay in submission of financial statements.

4.2 The Company updated website data in compatibility with a good way of information disclosure which is the disclosure of important information: such as; the Company's shareholding structures, business group structures, financial statements, annual report, prepared in both Thai and English which can be downloaded from Company's website [www.ircthailand.com](http://www.ircthailand.com).

4.3 The Company has formed the Investor Relations Section to be as a channel in maintaining direct communication contacts with shareholders, investors, both small and institutional, analysts including and other related entities, such as the Securities Exchange Commission and the Stock Exchange of Thailand. The Company Investor Relations Office can be reached at Telephone No. 02-996-0890 Ext. 212. The Investor Relations' main activities in 2010 can be concluded as follows:

- Coordinated conference calls between President and analysts.
- Coordinated conference calls and personal interviews between President and local and foreign reporters.
- Gathered and summarized the Company's analyst reports and reported to President
- Gathered related news and information and reported to President
- Reported importance information through SET system in accordance with the notifications and principle of good corporate governance.
- Gathered questioned raised by shareholders to President, and answered the questions to the shareholders and investors via phone and e-mail [ir@ircthailand.com](mailto:ir@ircthailand.com).
- Disclosed and updated significant information in the Company website.

4.4 The Company is mindful of the importance of quality of financial information in order to make the financial statements accurate, complete and in accordance with the generally accepted accounting standard by having such financial statements audited by independent certified accountant and verified by the Audit Committee, an independent Committee. Over the past year, the Company financial statements, both quarterly and yearly, were certified unconditionally by the independent certified accountant.

4.5 The Company is caused to disclose the authorities and duties of the Company Board of Directors and the Audit Committee, the details of which appear on the subject of Management including the number of the meetings and number of meetings attended by each Director, the details of which appear on the subject of Corporate Governance in section "Responsibility of Board of Directors," including the disclosure on the payments of remunerations to Directors and the first four Executives next level down from the Managers, in details on the subject of the management Structure.

## 5. Responsibilities of the Board

### 5.1 Director Structure

According to the Articles of Association of the Company, the Board of Directors consist at least five directors and at least half of the directors are required to have a domicile in the Kingdom. The director shall be appointed and removed by the meeting of shareholders. As of September 30, 2010, the Board of Directors consisted of twelve directors, including 10 non-executive directors (four of whom are independent directors) and two executive directors, as their names were shown in the section of organizational structure.

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

### 5.2 Sub-committee

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

In 2010, the Audit Committee held a total of 6 meetings (attendance of the directors is detailed under the "Board of Directors' Meeting" section). The Audit Committee performed its duties in accordance with the Charter of Audit Committee and reported its performance to the Board of Directors in every meeting as well as in the annual report under the message of audit committee.

### 5.3 Duties and Responsibilities of the Board of Directors

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

### 5.4 The Board of Directors Meeting

The Company sets the Board of Directors' meeting and notified each director on a meeting calendar in advance in order to enable the directors to attend the meeting. The Board of Directors shall conduct the meeting at least one meeting per quarter and hold special meeting as necessary. The President and the Managing Director jointly consider the meeting agenda, which each director is permitted to propose any matter in the meeting as needed. In 2010, the Board of Directors held a total of 5 meetings and the Audit Committee held a total of 6 meetings. The details of directors' attendance are as follows:

Name		Board of Directors	Audit Committee	Remark
1.	Mr. Koji Matsuda	3/5		Appointed as director on Feb 10, 2010
2.	Mr. Soichi Inoue	0/5		
3.	Mrs. Pimjai Laochinda	5/5		
4.	Mr. Takeshi Arakawa	5/5		
5.	Mr. Masayuki Inoue	2/5		
6.	Mr. Thanong Leeissaranukul	4/5		
7.	Mr. Apichart Leeissaranukul	5/5		
8.	Mrs. Porntip Sethiwan	4/5		
9.	Mr. Kiyoshi Nomura	0/5		Resigned on May 13, 2010
10.	Mr. Yasumi Kawasaki	0/5		Appointed as independent director on May 13, 2010
11.	Mr. Shigeru Uno	1/5		Resigned on Feb 10, 2010
12.	Assoc.Prof.Dr.Chesada Loha-unchit	3/5	5/6	Appointed as director on Feb 10, 2010
13.	Mr. Vichit Vuthisombut	5/5	6/6	
14.	Ms. Chaovana Viwatpanachati	5/5	6/6	

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

### 5.5 Board of Directors' Self-Assessment

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

### 5.6 Remuneration

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

## 5.7 Development for Directors and Executives

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

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

# Connected Transactions

## *1. Connected Transaction with Parties with Possible Conflict of Interest*

During the year 2010, the Company and the subsidiaries entered into the connected transactions with the parties or persons who might have conflict of interest to the Company. Most of the transactions were related to sales and purchases of raw materials and products, short-term lease of assets, and services rendered/received. The said transactions were engaged in accordance with the conditions mutually agreed between the Company and the related parties, which relied on the normal business conditions and the Arm's length basis. The Company already disclosed information on such connected transaction, such as description of transaction, transaction value, and pricing policy in note 18 in the financial statements.

## *2. Necessity and Reasonableness*

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

## *3. Procedures for Connected Transaction*

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

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

The Company has to enter into the connected transactions, but such transactions shall be conducted based on the normal business conditions by not transferring any benefits to the parties who might have the conflict of interest with the Company. The Company shall assign the Audit Committee or the external auditor or independent specialists to consider an appropriate value, and disclose type of transaction, value, and rational in conducting the transactions to the shareholders as required by the notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand.

## Explanation and Analysis of Operating Results

In 2010, Thai economy in general has recovered. During the first half of 2010, economy growth rate has increased by 10.60%. Despite political uncertainty, export sector growth rate has reached the highest with automotives and spare parts, electronic parts and electrical appliances as the export commodities with the highest growth rate. As a result of export expansion combining with increase in revenue in agricultural sector from continuously increase in selling price of important agricultural commodities such as rubber and tapioca, consumption in private sector has also risen respectively.

The Company as a manufacturer of tire parts which mainly support automotive industry was benefited from the recovery in automotive sector as revenue from sales and service of the Company has reached Baht 5,355 million increased by Baht 848 million or 19% comparing to the same period last year. The revenue consisted of Baht 2,493 million from industrial elastomer parts, Baht 1,799 million from tire, tube for motorcycle tire of Baht 597 million and Baht 466 million from wheel set assembly respectively.

Since world's economy has recovered especially automotive sector in China which has expand substantially leading to increase in demand for rubber. In contrast, climate change has resulted in rubber production to drop which was insufficient to meet current demand. These factor affected rubber price in 2010 to rise gradually which in turn, affected the Company's cost of goods sold. This year cost of goods sold is amounted to Baht 4,771 Baht increased from the same period last year by Baht 822 million or 21%. The Company strived to improve production processes to reduce waste, negotiate for future price with sellers and increase some selling prices to manage cost. Gross margin for the period ended September 30, 2010 equals to Baht 583 million increased by Baht 25 million and Gross Profit Margin of 11% decrease by 1% from the same period last year.

Selling and administrative expenses was amounted to Baht 217 million decreased by Baht 15 million or 6% comparing to the same period last year. This was resulted from declining in administrative and other expenses. Financial cost of Baht 6 million, decrease by Baht 6 million or 48% comparing to last year, was resulted from gradually paying back the loans. Corporate income tax was amounted to Baht 86 million, slightly increase from the same period last year by Baht 0.35 million or 0.41% resulted from tax privilege from new Promotion Certificate granted in August 2009.

For the year ended September 30, 2010, the Company and its subsidiaries has net profit of Baht 309 million increased by Baht 48 million or 18% comparing to last year.

### Financial Status

Comparing to September 30, 2009, the Company and its subsidiaries has total assets amounted to Baht 3,136 million increased by Baht 288 million or 10%. This was resulted from increase in trade account receivable and inventory in accordance with economic recovery. Total liability was amounted to Baht 1,138 million increased by Baht 63 million or 6% due to increase in trade account payable. Shareholder' equity was amounted to Baht 1,998 million, increased by Baht 225 million or 13%. Debt to Equity ratio (D/E ratio) for consolidated financial statements as of September 30, 2010 was equal to 0.57 while as of September 30, 2009 was equal to 0.61.

For cash flows statement for the year ended September 30, 2010, the Company and its subsidiaries has net cash and cash equivalents amounted to Baht 200 million reduced by Baht 23 million. This consisted of net cash from operating activities of Baht 326 million, net cash from investing activities amounted to Baht 195 million and net cash from financing activities of Baht 153 million.

Liquidity ratio was equal to 1.65 times, and quick ratio equals to 1.14 times slightly increase from last year. Collection period of 64 days faster than last year and asset turnover ratio increased to 1.80 times due to recovery in automotive industry.

# Auditor's Report

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

I have audited the accompanying consolidated and company balance sheet as at 30 September 2010, the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the year then ended of Inoue Rubber (Thailand) Public Company Limited and its subsidiaries, and of Inoue Rubber (Thailand) Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated and company financial statements for the year ended 30 September 2009 of Inoue Rubber (Thailand) Public Company Limited and its subsidiaries and of Inoue Rubber (Thailand) Public Company Limited were audited by another auditor, whose report dated 24 November 2009 expressed an unqualified opinion on those financial statements.

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

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



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

23 November 2010

# Balance Sheets

Inoue Rubber (Thailand) Public Company Limited

As at 30 September 2010 And 2009

	Notes	Consolidated		Company	
		2010 Baht	2009 Baht	2010 Baht	2009 Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5	200,025,831	222,618,039	175,737,018	196,830,507
Trade accounts receivable					
- related companies	6, 18	259,476,916	226,903,209	259,476,916	226,380,206
- other companies, net	6	778,166,918	627,363,785	778,166,918	627,363,785
Inventories, net	7	526,546,440	373,712,832	520,108,928	365,461,553
Other current assets		27,645,529	40,435,650	26,145,362	38,170,779
<b>Total current assets</b>		<b>1,791,861,634</b>	<b>1,491,033,515</b>	<b>1,759,635,142</b>	<b>1,454,206,830</b>
<b>Non-current assets</b>					
Investments in subsidiaries	10	-	-	20,049,230	20,049,230
Other long-term investment	11	30,781,799	30,781,799	30,781,799	30,781,799
Property, plant and equipment, net	8	1,277,966,191	1,288,843,052	1,210,906,177	1,212,034,352
Intangible assets, net	9	8,114,893	10,324,487	1,788,523	2,122,102
Other assets		27,647,556	27,870,500	27,647,355	27,800,300
<b>Total non-current assets</b>		<b>1,344,510,439</b>	<b>1,357,819,838</b>	<b>1,291,173,084</b>	<b>1,292,787,783</b>
<b>Total assets</b>		<b>3,136,372,073</b>	<b>2,848,853,353</b>	<b>3,050,808,226</b>	<b>2,746,994,613</b>

The notes to the consolidated and company financial statements on pages 10 to 34 form an integral part of these financial statements.

## Balance Sheets (Cont'd)

Inoue Rubber (Thailand) Public Company Limited

As at 30 September 2010 And 2009

	Notes	Consolidated		Company	
		2010	2009	2010	2009
		Baht	Baht	Baht	Baht
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions		-	1,054,572	-	-
Trade accounts payable					
- related companies	18	164,391,254	192,008,583	195,308,876	202,276,869
- other companies		712,153,329	528,185,417	704,411,733	523,829,586
Current portion of long-term loans	12	68,000,000	68,000,000	68,000,000	68,000,000
Current portion of finance lease obligations	12	1,026,084	-	1,026,084	-
Accrued income tax		31,300,752	55,722,910	29,159,664	55,722,910
Accrued expenses		73,939,156	87,346,533	68,194,966	82,034,341
Other current liabilities		37,935,139	27,631,803	37,084,220	26,960,560
<b>Total current liabilities</b>		<b>1,088,745,714</b>	<b>959,949,818</b>	<b>1,103,185,543</b>	<b>958,824,266</b>
<b>Non-current liabilities</b>					
Finance lease obligations	12	2,214,706	-	2,214,706	-
Long-term loans from financial institutions	12	47,000,000	115,000,000	47,000,000	115,000,000
<b>Total non-current liabilities</b>		<b>49,214,706</b>	<b>115,000,000</b>	<b>49,214,706</b>	<b>115,000,000</b>
<b>Total liabilities</b>		<b>1,137,960,420</b>	<b>1,074,949,818</b>	<b>1,152,400,249</b>	<b>1,073,824,266</b>

The notes to the consolidated and company financial statements on pages 10 to 34 form an integral part of these financial statements.

## Balance Sheets (Cont'd)

Inoue Rubber (Thailand) Public Company Limited

As at 30 September 2010 And 2009

	Notes	Consolidated		Company	
		2010	2009	2010	2009
		Baht	Baht	Baht	Baht
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital	13				
Registered share capital		200,000,000	200,000,000	200,000,000	200,000,000
Issued and fully paid-up share capital		200,000,000	200,000,000	200,000,000	200,000,000
Share premium	13	298,000,000	298,000,000	298,000,000	298,000,000
Retained earnings					
Appropriated - legal reserve	14	20,000,000	20,000,000	20,000,000	20,000,000
Unappropriated		1,480,404,692	1,255,896,358	1,380,407,977	1,155,170,347
Total parent's shareholders' equity		1,998,404,692	1,773,896,358	1,898,407,977	1,673,170,347
Minority interests		6,961	7,177	-	-
Total shareholders' equity		1,998,411,653	1,773,903,535	1,898,407,977	1,673,170,347
Total liabilities and shareholders' equity		3,136,372,073	2,848,853,353	3,050,808,226	2,746,994,613

The notes to the consolidated and company financial statements on pages 10 to 34 form an integral part of these financial statements.

# Statements of Income

Inoue Rubber (Thailand) Public Company Limited  
For the years ended 30 September 2010 and 2009

	Notes	Consolidated		Company	
		2010 Baht	2009 Baht	2010 Baht	2009 Baht
<b>Revenues</b>					
Sales and service income	20	5,354,782,149	4,507,224,289	5,354,154,132	4,507,224,289
Dividend income	18	-	-	14,998,950	16,998,810
Other income		34,818,891	32,716,993	35,995,825	34,651,852
<b>Total revenues</b>		<b>5,389,601,040</b>	<b>4,539,941,282</b>	<b>5,405,148,907</b>	<b>4,558,874,951</b>
<b>Expenses</b>					
Cost of sales and service	20	4,771,293,553	3,949,290,662	4,796,877,702	3,965,397,986
Selling expenses	20	74,949,546	74,335,141	74,949,546	74,335,141
Administrative expenses		113,234,690	127,127,705	106,900,846	121,011,412
Managements remuneration	18	21,066,782	14,821,399	21,066,782	14,821,399
Other expenses		8,232,395	16,128,379	8,122,372	16,110,906
<b>Total expenses</b>		<b>4,988,776,966</b>	<b>4,181,703,286</b>	<b>5,007,917,248</b>	<b>4,191,676,844</b>
<b>Profit before financial costs and income tax</b>	15	<b>400,824,074</b>	<b>358,237,996</b>	<b>397,231,659</b>	<b>367,198,107</b>
Financial costs	17	(6,130,927)	(11,772,902)	(6,095,601)	(11,741,295)
<b>Profit before income tax</b>		<b>394,693,147</b>	<b>346,465,094</b>	<b>391,136,058</b>	<b>355,456,812</b>
Income tax		(86,183,978)	(85,832,845)	(81,898,428)	(85,042,854)
<b>Profit for the year</b>		<b>308,509,169</b>	<b>260,632,249</b>	<b>309,237,630</b>	<b>270,413,958</b>
<b>Attributable to:</b>					
Equity holders of the parent		308,508,334	260,631,808	309,237,630	270,413,958
Minority interest		835	441	-	-
		<b>308,509,169</b>	<b>260,632,249</b>	<b>309,237,630</b>	<b>270,413,958</b>
<b>Earnings per share for the attributable to the equity holders of the parent</b>					
Basic earnings per share (Baht)	16	1.54	1.30	1.55	1.35

The notes to the consolidated and company financial statements on pages 10 to 34 form an integral part of these financial statements.

# Statements of Changes in Shareholders' Equity

Inoue Rubber (Thailand) Public Company Limited

For the years ended 30 September 2010 and 2009

	Consolidated					
	Equity holders of the Company				Minority interest	Total
	Issued and fully paid-up share capital Baht	Share premium Baht	Legal reserve Baht	Unappropriated retained earnings Baht	Total Baht	Total Baht
<b>Balance as at 30 September 2009</b>	200,000,000	298,000,000	20,000,000	1,255,896,358	1,773,896,358	1,773,903,535
Net profit for the year	-	-	-	308,508,334	308,508,334	308,509,169
Total	200,000,000	298,000,000	20,000,000	1,564,404,692	2,082,404,692	2,082,412,704
Dividend paid (Note 23)	-	-	-	(84,000,000)	(84,000,000)	(84,001,051)
<b>Balance as at 30 September 2010</b>	200,000,000	298,000,000	20,000,000	1,480,404,692	1,998,404,692	1,998,411,653
<b>Balance as at 30 September 2008</b>	200,000,000	298,000,000	20,000,000	1,085,264,550	1,603,264,550	1,603,272,476
Net profit for the year	-	-	-	260,631,808	260,631,808	260,632,249
Total	200,000,000	298,000,000	20,000,000	1,345,896,358	1,863,896,358	1,863,904,725
Dividend paid	-	-	-	(90,000,000)	(90,000,000)	(90,001,190)
<b>Balance as at 30 September 2009</b>	200,000,000	298,000,000	20,000,000	1,255,896,358	1,773,896,358	1,773,903,535

The notes to the consolidated and company financial statements on pages 10 to 34 form an integral part of these financial statements.

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

Inoue Rubber (Thailand) Public Company Limited

For the years ended 30 September 2010 and 2009

	Company				
	Issued and fully paid-up share capital Baht	Share premium Baht	Legal reserve Baht	Unappropriated retained earnings Baht	Total Baht
Balance as at 30 September 2009	200,000,000	298,000,000	20,000,000	1,155,170,347	1,673,170,347
Net profit for the year	-	-	-	309,237,630	309,237,630
Dividend paid (Note 23)	-	-	-	(84,000,000)	(84,000,000)
Balance as at 30 September 2010	200,000,000	298,000,000	20,000,000	1,380,407,977	1,898,407,977
Balance as at 30 September 2008	200,000,000	298,000,000	20,000,000	974,756,389	1,492,756,389
Net profit for the year	-	-	-	270,413,958	270,413,958
Dividend paid	-	-	-	(90,000,000)	(90,000,000)
Balance as at 30 September 2009	200,000,000	298,000,000	20,000,000	1,155,170,347	1,673,170,347

The notes to the consolidated and company financial statements on pages 10 to 34 form an integral part of these financial statements.

# Statements of Cash Flows

Inoue Rubber (Thailand) Public Company Limited

For the years ended 30 September 2010 and 2009

	Notes	Consolidated		Company	
		2010 Baht	2009 Baht	2010 Baht	2009 Baht
<b>Cash flows from operating activities</b>					
Net profit before income tax		394,693,147	346,465,094	391,136,058	355,456,812
Adjustments for:					
Depreciation	8	235,409,697	225,348,715	218,714,205	209,347,954
Amortisation	9	4,049,507	5,321,946	1,002,029	2,059,246
Reversal of allowance for doubtful debts		(504,516)	-	(504,516)	-
Allowance for obsolete inventories (reversal)		(2,707,607)	5,375,195	(2,707,607)	5,375,195
Gain on disposals of property, plant and equipment		(2,120,077)	(3,218,351)	(2,528,052)	(3,612,005)
Dividend income		-	-	(14,998,950)	(16,998,810)
Interest income		(753,945)	(85,899)	(587,841)	(32,403)
Interest expenses		5,668,566	11,248,755	5,664,452	11,245,556
Changes in operating assets and liabilities					
Trade accounts receivable		(182,872,324)	290,816,508	(183,395,326)	291,054,672
Inventories		(150,126,002)	218,290,180	(151,939,767)	218,665,549
Other current assets		10,379,722	16,597,455	10,270,750	16,923,517
Other assets		222,944	6,505,807	152,944	6,375,807
Trade accounts payable		130,967,716	(468,400,223)	148,805,471	(482,567,841)
Other current liabilities and accrued expenses		(3,476,173)	(2,431,438)	(2,791,957)	601,055
<b>Net cash receipts from operating activities</b>		438,830,655	651,833,744	416,291,893	613,894,304
Interest received		685,288	59,646	527,599	6,668
Interest paid		(6,592,325)	(11,150,124)	(6,588,211)	(11,146,925)
Income tax paid		(106,831,187)	(47,010,009)	(106,646,764)	(44,725,472)
<b>Net cash flows from operating activities</b>		326,092,431	593,733,257	303,584,517	558,028,575

The notes to the consolidated and company financial statements on pages 10 to 34 form an integral part of these financial statements.

# Statements of Cash Flows (Cont'd)

Inoue Rubber (Thailand) Public Company Limited

For the years ended 30 September 2010 and 2009

		Consolidated		Company	
		2010	2009	2010	2009
	Notes	Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>					
Purchases of property, plant and equipment	8	(197,850,610)	(254,037,629)	(190,954,288)	(233,163,370)
Purchases of intangible assets	9	(1,839,913)	(1,364,100)	(668,450)	(325,000)
Dividend received from subsidiary		-	-	14,998,950	16,998,810
Proceeds from disposals of property, plant and equipment		4,490,807	7,243,893	4,375,082	7,123,344
<b>Net cash flows from investing activities</b>		<b>(195,199,716)</b>	<b>(248,157,836)</b>	<b>(172,248,706)</b>	<b>(209,366,216)</b>
<b>Cash flows from financing activities</b>					
Increase in bank overdrafts and short-term loans from financial institutions		(1,054,572)	(257,144,542)	-	(258,182,499)
Long-term loans from financial institutions		-	200,000,000	-	200,000,000
Repayment of long-term loans	12	(68,000,000)	(17,000,000)	(68,000,000)	(17,000,000)
Finance lease obligations	12	(429,300)	-	(429,300)	-
Dividend paid	23	(84,000,000)	(90,000,000)	(84,000,000)	(90,000,000)
Dividend paid by subsidiary to minority interests		(1,051)	(1,190)	-	-
<b>Net cash flows from financing activities</b>		<b>(153,484,923)</b>	<b>(164,145,732)</b>	<b>(152,429,300)</b>	<b>(165,182,499)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(22,592,208)</b>	<b>181,429,689</b>	<b>(21,093,489)</b>	<b>183,479,860</b>
Cash and cash equivalents, beginning balance		222,618,039	41,188,350	196,830,507	13,350,647
<b>Cash and cash equivalents, ending balance</b>		<b>200,025,831</b>	<b>222,618,039</b>	<b>175,737,018</b>	<b>196,830,507</b>

## Non-cash transactions

Significant non-cash activities for the years ended 30 September 2010 and 2009 comprise:

- Accounts payable - Property, plant and equipment	54,511,696	25,458,740	53,046,050	24,567,276
--	------------	------------	------------	------------

The notes to the consolidated and company financial statements on pages 10 to 34 form an integral part of these financial statements.

# Notes to the Consolidated and Company Financial Statements

*Inoue Rubber (Thailand) Public Company Limited*  
*For the years ended 30 September 2010 and 2009*

## 1 General information

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

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

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

The principal business operations of the Group are summarised below:

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

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

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

These consolidated and company financial statements were authorised for issue by the Board of Directors on 23 November 2010.

## 2 Accounting policies

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

### 2.1 Basis for preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

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

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

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

## 2 Accounting policies (Cont'd)

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

#### a) Accounting framework

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

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

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

##### Effective for the periods beginning on or after 1 January 2011

TAS 1	(Revised 2009)	Presentation of Financial Statements
TAS 2	(Revised 2009)	Inventories
TAS 7	(Revised 2009)	Statement of Cash Flows
TAS 8	(Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	(Revised 2009)	Events after the Reporting Period
TAS 11	(Revised 2009)	Construction Contracts
TAS 17	(Revised 2009)	Leases
TAS 23	(Revised 2009)	Borrowing Costs
TAS 24	(Revised 2009)	Related Party Disclosures
TAS 27	(Revised 2009)	Consolidated and Separate Financial Statements
TAS 28	(Revised 2009)	Investments in Associates
TAS 29		Financial Reporting in Hyperinflationary Economies
TAS 31	(Revised 2009)	Interests in Joint Ventures
TAS 33	(Revised 2009)	Earnings per Share
TAS 34	(Revised 2009)	Interim Financial Reporting
TAS 36	(Revised 2009)	Impairment of Assets
TAS 37	(Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	(Revised 2009)	Intangible Assets
TAS 40	(Revised 2009)	Investment Property
TFRS 3	(Revised 2009)	Business Combinations
TFRS 5	(Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6		Exploration for and Evaluation of Mineral Resources

##### Effective for the periods beginning on or after 1 January 2013

TAS 12		Income taxes
TAS 20	(Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance

The Group's management has determined that the new accounting standards, new financial reporting standards and amendments to accounting standards will not significantly impact the financial statements being presented.

## **2 Accounting policies (Con'd)**

### **2.3 Foreign currency translation**

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

### **2.4 Financial instruments**

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

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

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

### **2.5 Cash and cash equivalents**

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

### **2.6 Trade accounts receivable**

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

### **2.7 Inventories**

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

## 2 Accounting policies (Cont'd)

### 2.8 Investments in subsidiaries

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

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

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

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

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

### 2.9 Investment in other company

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

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

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

### 2.10 Property, plant and equipment

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

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

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

## **2 Accounting policies (Cont'd)**

### **2.10 Property, plant and equipment (Con'd)**

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

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

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

### **2.11 Intangible assets**

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

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

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

### **2.12 Impairment of assets**

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

### **2.13 Leases - where a Group company is the lessee**

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

## **2 Accounting policies (Cont'd)**

### **2.14 Leases - where a Group company is the lessor**

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

### **2.15 Income taxes**

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

### **2.16 Related parties**

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

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

### **2.17 Provident fund**

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

### **2.18 Provisions**

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

### **2.19 Revenue recognition**

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

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

## **2 Accounting policies (Cont'd)**

### **2.19 Revenue recognition (Cont'd)**

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

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

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

### **2.20 Segment reporting**

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

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

## **3 Critical accounting estimates, assumptions and judgements**

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

### **a) Impairment of receivable**

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

### **b) Tangible assets and intangible assets**

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

### **c) Allowance for inventories**

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

#### 4 Capital risk management

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

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

#### 5 Cash and cash equivalents

	Consolidated		Company	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Cash on hand	65,000	65,000	50,000	50,000
Deposits held at call with banks	199,960,831	222,553,039	175,687,018	196,780,507
	200,025,831	222,618,039	175,737,018	196,830,507

The weighted average effective interest rate of deposits held at call with banks was 0.75 % per annum (2009: 0.50% per annum).

#### 6 Trade accounts receivable, net

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

	Consolidated		Company	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht
<b><u>Related companies</u></b>				
Current	259,476,916	226,062,042	259,476,916	225,539,039
Overdue not over 3 months	-	601,644	-	601,644
Overdue 3-6 months	-	-	-	-
Overdue 6-12 months	-	9,423	-	9,423
Overdue more than 12 months	-	230,100	-	230,100
	259,476,916	226,903,209	259,476,916	226,380,206
<b><u>Other companies</u></b>				
Current	776,997,039	619,088,151	776,997,039	619,088,151
Overdue not over 3 months	1,082,192	4,228,691	1,082,192	4,228,691
Overdue 3-6 months	-	100,080	-	100,080
Overdue 6-12 months	-	3,761,731	-	3,761,731
Overdue more than 12 months	2,255,462	2,857,423	2,255,462	2,857,423
Total	780,334,693	630,036,076	780,334,693	630,036,076
<u>Less</u> Allowance for doubtful accounts	(2,167,775)	(2,672,291)	(2,167,775)	(2,672,291)
	778,166,918	627,363,785	778,166,918	627,363,785
<b>Total trade accounts receivable, net</b>	<b>1,037,643,834</b>	<b>854,266,994</b>	<b>1,037,643,834</b>	<b>853,743,991</b>

## 7 Inventories, net

	Consolidated		Company	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Raw materials (net with allowance)	265,784,025	146,695,215	265,600,868	146,695,215
Work in process	75,423,443	65,931,759	72,132,933	62,435,257
Finished goods (net with allowance)	113,040,094	94,381,018	113,040,094	94,381,018
Supplies and spare parts	26,441,286	22,075,805	23,477,442	17,321,028
Raw materials in transit	45,857,592	44,629,035	45,857,591	44,629,035
<b>Total inventories, net</b>	<b>526,546,440</b>	<b>373,712,832</b>	<b>520,109,928</b>	<b>365,461,553</b>

During 2010, the Group and the Company reversed their allowance for diminution value of inventories to net realisable value and obsolete inventories to the statement of income amounting to Baht 2,707,607 (2009: allowance for diminution value of inventories to net realisable value and obsolete inventories was charged to the statement of income amounting to Baht 5,375,195).

## 8. Property, plant, and equipment, net

	Consolidated							
	Land and land improvement Baht	Building and building improvement Baht	Machinery Baht	Tools and factory equipment Baht	Furniture, fixture and ofce equipment Baht	Motor vehicle Baht	Construction in progress Baht	Total Baht
<b>As at 30 September 2008</b>								
Cost	131,492,436	605,631,346	1,452,022,849	1,055,883,642	73,410,105	19,653,214	105,397,183	3,443,490,775
<u>Less</u> Accumulated depreciation	(13,174,239)	(322,324,761)	(903,400,454)	(843,782,679)	(53,965,503)	(8,859,259)	-	(2,145,506,895)
Net book amount	118,318,197	283,306,585	548,622,395	212,100,963	19,444,602	10,793,955	105,397,183	1,297,983,880
<b>For the year ended 30 September 2009</b>								
Opening net book value	118,318,197	283,306,585	548,622,395	212,100,963	19,444,602	10,793,955	105,397,183	1,297,983,880
Additions	2,399,000	5,813,825	118,551,643	59,437,018	2,102,058	4,099,824	27,830,061	220,233,429
Disposals	-	-	(588,029)	(2,428,018)	(36,635)	(972,860)	-	(4,025,542)
Transfers	1,066,800	-	107,857,435	3,918,514	-	-	(112,842,749)	-
Depreciation charge	(1,252,491)	(30,942,092)	(99,158,649)	(82,632,925)	(8,169,261)	(3,193,297)	-	(225,348,715)
Closing net book amount	120,531,506	258,178,318	675,284,795	190,395,552	13,340,764	10,727,622	20,384,495	1,288,843,052
<b>As at 30 September 2009</b>								
Cost	134,958,236	611,445,171	1,672,179,137	1,113,198,033	72,672,879	20,830,903	20,384,495	3,645,668,854
<u>Less</u> Accumulated depreciation	(14,426,730)	(353,266,853)	(996,894,342)	(922,802,481)	(59,332,115)	(10,103,281)	-	(2,356,825,802)
Net book amount	120,531,506	258,178,318	675,284,795	190,395,552	13,340,764	10,727,622	20,384,495	1,288,843,052
<b>For the year ended 30 September 2010</b>								
Opening net book value	120,531,506	258,178,318	675,284,795	190,395,552	13,340,764	10,727,622	20,384,495	1,288,843,052
Additions	384,000	16,237,477	38,080,384	115,753,389	5,202,945	6,503,415	44,741,955	226,903,565
Disposals	-	-	(349,861)	(1,612,584)	(47,202)	(262,098)	-	(2,271,745)
Write off	-	-	(66,717)	-	(32,267)	-	-	(98,984)
Transfers	-	-	11,453,136	1,734,161	-	-	(13,187,297)	-
Depreciation charge	(1,370,897)	(31,096,511)	(107,247,794)	(84,717,611)	(6,871,904)	(4,104,980)	-	(235,409,697)
Closing net book amount	119,544,609	243,319,284	617,153,943	221,552,907	11,592,336	12,863,959	51,939,153	1,277,966,191
<b>As at 30 September 2010</b>								
Cost	135,342,235	627,682,648	1,701,945,679	1,215,219,008	75,247,884	26,788,917	51,939,153	3,834,165,524
<u>Less</u> Accumulated depreciation	(15,797,626)	(384,363,364)	(1,084,791,736)	(993,666,101)	(63,655,548)	(13,924,958)	-	(2,556,199,333)
Net book amount	119,544,609	243,319,284	617,153,943	221,552,907	11,592,336	12,863,959	51,939,153	1,277,966,191

9. Property, plant, and equipment, net (Cont'd)

	Company							
	Land and land improvement Baht	Building and building improvement Baht	Machinery Baht	Tools and factory equipment Baht	Furniture, xture and ofce equipment Baht	Motor vehicle Baht	Construction in progress Baht	Total Baht
As at 30 September 2008								
Cost	131,492,436	601,837,793	1,339,640,203	1,031,389,069	57,156,707	19,423,780	102,819,513	3,283,759,501
Less Accumulated depreciation	(13,174,239)	(320,873,127)	(845,934,594)	(829,098,411)	(41,041,992)	(8,681,714)	-	(2,058,804,077)
Net book amount	118,318,197	280,964,666	493,705,609	202,290,658	16,114,715	10,742,066	102,819,513	1,224,955,424
Year ended 30 September 2009								
Opening net book value	118,318,197	280,964,666	493,705,609	202,290,658	16,114,715	10,742,066	102,819,513	1,224,955,424
Additions	2,399,000	5,337,626	113,564,511	56,035,476	1,144,983	3,978,403	17,478,222	199,938,221
Disposals	-	-	(73,833)	(2,428,014)	(36,632)	(972,860)	-	(3,511,339)
Write off	1,066,800	-	96,511,673	3,577,607	-	-	(101,156,080)	-
Depreciation charge	(1,252,491)	(30,119,408)	(89,223,099)	(78,991,939)	(6,593,486)	(3,167,531)	-	(209,347,954)
Closing net book amount	120,531,506	256,182,884	614,484,861	180,483,788	10,629,580	10,580,078	19,141,655	1,212,034,352
As at 30 September 2009								
Cost	134,958,236	607,175,419	1,545,009,786	1,085,525,827	55,529,056	20,480,048	19,141,655	3,467,820,027
Less Accumulated depreciation	(14,426,730)	(350,992,535)	(930,524,925)	(905,042,039)	(44,899,476)	(9,899,970)	-	(2,255,785,675)
Net book amount	120,531,506	256,182,884	614,484,861	180,483,788	10,629,580	10,580,078	19,141,655	1,212,034,352
Year ended 30 September 2010								
Opening net book value	120,531,506	256,182,884	614,484,861	180,483,788	10,629,580	10,580,078	19,141,655	1,212,034,352
Additions	384,000	15,770,333	37,901,779	114,387,960	4,187,463	6,429,416	40,372,111	219,433,062
Disposals	-	-	(349,860)	(1,133,027)	(3,068)	(262,098)	-	(1,748,053)
Write off	-	-	(66,717)	-	(32,262)	-	-	(98,979)
Transfers	-	-	9,894,297	1,564,081	-	-	(11,458,378)	-
Depreciation charge	(1,370,897)	(30,190,107)	(96,471,986)	(81,136,721)	(5,483,205)	(4,061,289)	-	(218,714,205)
Closing net book amount	119,544,609	241,763,110	565,392,374	214,166,081	9,298,508	12,686,107	48,055,388	1,210,906,177
As at 30 September 2010								
Cost	135,342,236	622,945,752	1,573,661,063	1,188,022,134	57,304,081	26,364,064	48,055,388	3,651,694,718
Less Accumulated depreciation	(15,797,627)	(381,182,642)	(1,008,268,689)	(973,856,053)	(48,005,573)	(13,677,957)	-	(2,440,788,541)
Net book amount	119,544,609	241,763,110	565,392,374	214,166,081	9,298,508	12,686,107	48,055,388	1,210,906,177

**9 Intangible assets, net**

	Consolidated		
	Computer software Baht	Golf membership Baht	Total Baht
<b>As at 30 September 2008</b>			
Cost	44,772,286	1,015,050	45,787,336
<u>Less</u> Accumulated amortisation	(30,867,253)	(637,750)	(31,505,003)
Net book value	13,905,033	377,300	14,282,333
<b>Year ended 30 September 2009</b>			
Opening net book value	13,905,033	377,300	14,282,333
Additions	1,364,100	-	1,364,100
Amortisation charge	(5,133,296)	(188,650)	(5,321,946)
Closing net book value	10,135,837	188,650	10,324,487
<b>As at 30 September 2009</b>			
Cost	46,136,386	1,015,050	47,151,436
<u>Less</u> Accumulated amortisation	(36,000,549)	(826,400)	(36,826,949)
Net book value	10,135,837	188,650	10,324,487
<b>Year ended 30 September 2010</b>			
Opening net book value	10,135,837	188,650	10,324,487
Additions	1,839,913	-	1,839,913
Amortisation charge	(3,860,857)	(188,650)	(4,049,507)
Closing net book value	8,114,893	-	8,114,893
<b>As at 30 September 2010</b>			
Cost	47,976,299	1,015,050	48,991,349
<u>Less</u> Accumulated amortisation	(39,861,406)	(1,015,050)	(40,876,456)
Net book value	8,114,893	-	8,114,893

9 Intangible assets, net (Cont'd)

	Company		
	Computer software Baht	Golf membership Baht	Total Baht
<b>As at 30 September 2008</b>			
Cost	24,361,066	1,015,050	25,376,116
<u>Less</u> Accumulated amortisation	(20,882,018)	(637,750)	(21,519,768)
Net book value	3,479,048	377,300	3,856,348
<b>Year ended 30 September 2009</b>			
Opening net book value	3,479,048	377,300	3,856,348
Additions	325,000	-	325,000
Amortisation charge	(1,870,596)	(188,650)	(2,059,246)
Closing net book value	1,933,452	188,650	2,122,102
<b>As at 30 September 2009</b>			
Cost	24,686,066	1,015,050	25,701,116
<u>Less</u> Accumulated amortisation	(22,752,614)	(826,400)	(23,579,014)
Net book value	1,933,452	188,650	2,122,102
<b>Year ended 30 September 2010</b>			
Opening net book value	1,933,452	188,650	2,122,102
Additions	668,450	-	668,450
Amortisation charge	(813,379)	(188,650)	(1,002,029)
Closing net book value	1,788,523	-	1,788,523
<b>As at 30 September 2010</b>			
Cost	25,354,516	1,015,050	26,369,566
<u>Less</u> Accumulated amortisation	(23,565,993)	(1,015,050)	(24,581,043)
Net book value	1,788,523	-	1,788,523

10 Investments in subsidiaries

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

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

## 10 Investments in subsidiaries (Cont'd)

Subsidiaries	Type of business	Registered country	Company		
			30 September 2009		
			Registered capital Baht	Percentage of holding %	Investment Baht
IRC Asia Reserch Ltd.	Research and development of product	Thai	10,050,000	99.99	10,049,930
Ki No Hoshi Engineering Co., Ltd.	Manufacture and repair of mold	Thai	10,000,000	99.99	9,999,300
Investment in subsidiaries, net					20,049,230

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

## 11 Other long-term investment

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

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

Subsidiaries	Type of business	Registered country	Consolidated and company		
			30 September 2009		
			Registered capital	Percentage of holding %	Investment Baht
Inoue Rubber Vietnam Co., Ltd.	Manufacturing of tires and tubes of motorcycles	Vietnam	US\$ 10 Million	10	30,781,799
					30,781,799

## 12 Borrowings

### 12.1 Long term loan from financial institutions

	Consolidated		Company	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Current	68,000,000	68,000,000	68,000,000	68,000,000
Non-current	47,000,000	115,000,000	47,000,000	115,000,000
Total long-term loans from financial institutions	115,000,000	183,000,000	115,000,000	183,000,000

The movements in long-term loans from financial institutions for the year ended 30 September 2010 are as follows:

	Consolidated Baht	Company Baht
Opening balance	183,000,000	183,000,000
Repayments	(68,000,000)	(68,000,000)
Closing balance	115,000,000	115,000,000

Long-term loans from financial institutions represent loans denominated in Baht comprise:

- a) In January 2009, the Company entered into a loan agreement for loan of Baht 100 million with a local branch of a foreign commercial bank which is payable on a semi-annual basis from July 2009 to January 2012 of Baht 17 million each and in January 2012 of Baht 15 million. The loan carries interest at the rate of 4.25 percent per annum. As at 30 September 2010, the outstanding balance of the loan was Baht 49 million.
- b) In April 2009, the Company entered into a loan agreement for loan of Baht 100 million with a local branch of a foreign commercial bank which is payable on a semi-annual basis from November 2009 to May 2011 of Baht 17 million each which the interest rate is of 3.60 percent per annum and from November 2011 to May 2012 of Baht 16 million each which the interest rate will be of 3.65 percent per annum. As at 30 September 2010, the outstanding balance of the loan was Baht 66 million.

## 12 Borrowings (Cont'd)

### 12.2 Finance lease

	Consolidated		Company	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Finance lease liabilities - minimum lease payments:				
Not later than 1 year	1,266,590	-	1,266,590	-
Later than 1 year	2,503,940	-	2,503,940	-
	3,770,530	-	3,770,530	-
Future finance charges on finance leases	(529,740)	-	(529,740)	-
Present value of finance lease liabilities	3,240,790	-	3,240,790	-
Representing lease liabilities:				
- current	1,026,084	-	1,026,084	-
- non current	2,214,706	-	2,214,706	-
	3,240,790	-	3,240,790	-

Movement in finance lease obligations for the year ended 30 September 2010 is as follows:

	Consolidated Baht	Company Baht
Opening balance	-	-
Additions	3,670,090	3,670,090
Repayment	(429,300)	(429,300)
Closing balance	3,240,790	3,240,790

## 13 Share capital and premium on share

	Consolidated and company			
	Number of shares	Ordinary shares Baht	Share premium Baht	Total Baht
As at 30 September 2009	200,000,000	200,000,000	298,000,000	498,000,000
As at 30 September 2010	200,000,000	200,000,000	298,000,000	498,000,000

As at 30 September 2010, the total registered number of ordinary shares is 200 million shares (2009: 200 million shares) with a par value of Baht 1 per share (2009: Baht 1 per share) of which are issued and fully paid.

#### 14 Legal reserve

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

#### 15 Expense by nature

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

	Consolidated	
	2010 Baht	2009 Baht
Raw materials and consumables used	3,174,055,676	2,448,613,253
Changes in inventories of finished goods and work in progress	24,927,950	(40,835,304)
Depreciation on property, plant and equipment (Note 8)	235,409,697	225,348,715
Staff costs	419,425,206	404,339,401
Advertising and promotion expenses	17,013,090	23,213,880
Amortisation	4,049,507	5,321,946
Gain (loss) on exchange	4,731,398	(2,822,680)
Rental expenses	2,892,070	1,657,757

	Company	
	2010 Baht	2009 Baht
Raw materials and consumables used	3,160,521,506	2,438,991,971
Changes in inventories of finished goods and work in progress	25,133,941	(39,618,405)
Depreciation on property, plant and equipment (Note 8)	218,714,205	209,347,954
Staff costs	387,775,486	373,520,601
Advertising and promotion expenses	17,013,080	23,213,880
Amortisation	1,002,029	2,059,246
Gain (loss) on exchange	4,681,111	(3,013,577)
Rental expenses	2,861,809	1,607,079

#### 16 Basic earnings per share

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

	Consolidated	
	2010	2009
Net profit attributable to equity holders of the parent (Baht)	308,509,169	260,632,249
Weighted average of issued ordinary shares during the year (Shares)	200,000,000	200,000,000
Basic earnings per share (Baht)	1.54	1.30

	Company	
	2010	2009
Net profit attributable to equity holders of the parent (Baht)	309,237,630	270,413,958
Weighted average of issued ordinary shares during the year (Shares)	200,000,000	200,000,000
Basic earnings per share (Baht)	1.55	1.35

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

## 17 Financial costs

	Consolidated		Company	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Interest expenses	5,667,645	11,249,671	5,664,452	11,245,556
Bank charge	463,282	523,231	431,149	495,739
Financial costs	6,130,927	11,772,902	6,095,601	11,741,295

## 18 Related party transactions

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

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

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

	Consolidated		Company	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
<b>Sale of goods</b>				
Related companies	1,346,064	1,446,314	1,346,064	1,446,314
<b>Service and other income</b>				
Related companies	6,040	6,751	6,040	6,751
<b>Rental income</b>				
Subsidiaries	-	-	2,372	2,372
Related companies	7,275	7,458	7,275	7,458
	7,275	7,458	9,647	9,830
<b>Dividend income</b>				
Subsidiaries	-	-	14,999	16,999
<b>Purchases of raw materials</b>				
Related companies	651,242	469,115	651,242	469,115
<b>Purchases of equipment</b>				
Subsidiaries	-	-	56,580	41,173
Related companies	-	1,904	-	1,904
	56,580	1,904	56,580	43,077

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

	Consolidated		Company	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
<b>Research and development expense</b>				
Subsidiaries	-	-	47,974	44,427
Related companies	-	2,325	-	-
	-	2,325	47,974	44,427
<b>Technical assistance fee expenses</b>				
Related companies	57,164	38,997	55,167	35,563
<b>Advertising expenses</b>				
Related companies	3,390	454	3,390	454

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

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

The Company entered into technical assistance and professional service agreements with an overseas related company. Under those agreements, the Group have obliged to pay technical assistance and service fees to such company at the rates stipulated in the agreements. The agreements have been in effect since April 1994 to July 2010 and January 2001, respectively, or until cancelled by either party.

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

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

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

	Consolidated		Company	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht
<b>Trade accounts receivable</b>				
Related companies:				
The Sittipol (1919) Co., Ltd.	101,495,404	107,014,489	101,495,404	107,014,489
Inoac Tokai (Thailand) Co., Ltd.	118,472,344	81,153,467	118,472,344	81,153,467
Inoue Rubber Co., Ltd. - Japan	16,616,472	19,533,778	16,616,472	19,010,775
SK Rubber Product Co., Ltd.	10,033,863	8,419,735	10,033,863	8,419,735
Thai Stanley Public Co., Ltd.	4,291,207	6,871,517	4,291,207	6,871,517
Inoac International Co., Ltd.	125,965	1,529,063	125,965	1,529,063
Inoue Rubber Vietnam Co., Ltd.	2,066,545	2,381,160	2,066,545	2,381,160
Sirivit-Stanley Co., Ltd.	3,037,748	-	3,037,748	-
Toei - Inoac Limited	1,402,586	-	1,402,586	-
Inoac Vietnam Co., Ltd.	1,934,782	-	1,934,782	-
<b>Total trade accounts receivable</b>				
- related companies	259,476,916	226,903,209	259,476,916	226,380,206

## 18 Related party transactions (Cont'd)

	Consolidated		Company	
	2010 Baht	009 Baht	2010 Baht	2009 Baht
<b>Trade accounts payable</b>				
Subsidiaries:				
IRC (Asia) Research Ltd.	-	-	9,327,010	5,242,914
Kin No Hoshi Engineering Co., Ltd.	-	-	24,021,955	7,618,721
	-	-	33,348,965	12,861,635
Related companies:				
Inoac International Co., Ltd.	54,733,284	96,954,610	54,490,805	96,835,365
Inoac Tokai (Thailand) Co., Ltd.	55,912,612	47,593,902	55,912,612	47,593,902
Pacific Industries (Thailand) Co., Ltd.	14,103,245	16,442,549	14,103,245	16,442,549
SK Rubber Product Co., Ltd.	16,016,762	13,229,634	16,016,762	13,229,634
Inoue Rubber Co., Ltd. - Japan	11,712,384	11,668,187	11,531,451	10,486,108
Inoac Thailand Co., Ltd.	10,688,900	4,218,475	8,691,075	2,926,450
Total Oil (Thailand) Co., Ltd.	1,084,472	1,104,483	1,084,472	1,104,483
Inoac Corporation Co., Ltd.	139,595	614,807	129,489	614,807
Inoac Elastomer Co., Ltd.	-	181,936	-	181,936
<b>Total trade accounts payable</b>				
- related companies	164,391,254	192,008,583	195,308,876	202,276,869

### Directors and management's remuneration

The Company and its subsidiaries paid salaries, bonus, meeting allowances and gratuities to their directors and management for year ended 30 September 2010 totaling Baht 21.07 million and Baht 21.07 million for the Group and the Company, respectively (2009: Baht 14.82 million and Baht 14.82 million, respectively).

## 19 Commitments and contingent liabilities

- As at 30 September 2010, there were outstanding bank guarantees of approximately Baht 17.1 million (2009: Baht 17.1 million) issued by banks to the Provincial Electricity Authority for electricity consumption on behalf of the Company.
- As at 30 September 2010, the Company had lease commitments in respect of equipment rental contracts with a period of 1 - 3 years, for which the future minimum charges of approximately Baht 0.50 million (2009: Baht 1.68 million).

## 20 Segment information

The Group operations involve principally the manufacture and distribution of rubber and elastomer products mainly for automobile industry with manufacturing facilities in Thailand and operations in both domestic and overseas markets.

Financial information of the Group for the years ended 30 September 2010 and 2009 classified by market are presented as follows:

Consolidated (Baht)			
	Local	Export	Total
<b>For the year ended 30 September 2010</b>			
Sales	4,239,529,99	1,115,252,159	5,354,782,149
Cost of sales	(3,797,548,289)	(973,745,264)	(4,771,293,553)
Gross margin	441,981,701	141,506,895	583,488,596
Other income			34,818,891
Selling expenses			(74,949,546)
Administrative expenses			(142,533,867)
Financial costs			(6,130,927)
Income tax			(86,183,978)
Income of minority interest			(835)
<b>Net profit</b>			308,508,334

Consolidated (Baht)			
	Local	Export	Total
<b>For the year ended 30 September 2009</b>			
Sales	3,429,992,009	1,077,232,280	4,507,224,289
Cost of sales	(3,059,736,427)	(889,554,235)	(3,949,290,662)
Gross margin	370,255,582	187,678,045	557,933,627
Other income			32,716,993
Selling expenses			(74,335,141)
Administrative expenses			(158,077,483)
Financial costs			(11,772,902)
Income tax			(85,832,845)
Income of minority interest			(441)
<b>Net profit</b>			260,631,808

## 21 Promotional privileges

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

Details	Inoue Rubber (Thailand) Public Company Limited	Kin No Hoshi Engineering Company Limited		IRC (Asia) Research Limited
1. Certificate No. Dated	1119(2)/2009 9 December 2008	1758(1)/2001 30 November 2001	1682(2)/2007 12 July 2007	1211(4)/2005 16 March 2005
2. Promotional privileges for	Manufacturing of vehicle component, plastic or plastic coated products	Manufacturing of mould	Manufacturing of mould and repairing of its own manufacturing of mould	Research and Development
3. The significant privileges are				
3.1 Exemption of corporate income tax for net income from promotional operations and exemption of income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.	3 years	8 years	8 years	8 years
3.2 Allowance for carry-forward of annual loss from operations incurred during the exemption of corporate income tax on net income to offset with net income for a period of 5 years, after exemption period in 3.1.	Granted	Granted	Granted	Granted
3.3 Exemption/Reduction of import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted
3.4 Exemption of import duty on raw materials and significant supplies used in export production from the first import date.	Granted	Granted	Granted	-
4. Date of first earning operating income	August 2009	February 2002 and expired in February 2010	May 2010	Not use promotional privilege

## 21 Promotional privileges (Cont'd)

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

	BOI		Non-BOI		Total	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Sales						
Export	170,733,017	59,373,819	944,228,232	1,017,858,461	1,114,961,249	1,077,232,280
Local sales	533,006,370	273,850,914	3,706,814,530	3,156,141,095	4,239,820,900	3,429,992,009
Total sales	703,739,387	333,224,733	4,651,042,762	4,173,999,556	5,354,782,149	4,507,224,289

## 22 Provident fund

The Group operates a registered provident fund, which is a defined contribution plan, the assets of which are held in a separate fund which is managed by the external fund manager. The provident fund is funded by payments from employees and by the Company. The Company's contributions to the provident fund were charged to the statement of income for the year ended 30 September 2010 amounting to Baht 7.6 million (2009: Baht 7.6 million).

## 23 Dividends paid

At the Annual General Meeting of shareholders held on 29 January 2010, the shareholders passed a resolution approving divided payment from its operating results for 2009 at Baht 0.42 per share (from Non-BOI-promoted operations Baht 0.32 per share and BOI-promoted operations Baht 0.10 per share), totaling Baht 84 million. The dividends were distributed on 22 February 2010.

## 24 Financial instruments

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

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

### Foreign exchange risk

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

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

Foreign currency	2010		2009	
	Sold amount million	Bought amount million	Sold amount million	Bought amount million
US Dollars	1.53	1.59	1.83	1.89
Japanese Yen	-	42.14	58.03	134.75
Euro	0.14	-	0.11	-

## 24 Financial instruments (Cont'd)

### Net fair values

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

	Consolidated	
	2010 Baht	2009 Baht
Favourable forward foreign exchange contracts	1,375,292	1,916,662
Unfavourable forward foreign exchange contracts	(2,311,889)	(1,614,743)
Net	(956,597)	(301,919)

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

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

	Consolidated		Company	
	2010 million	2009 million	2010 million	2009 million
<b>Assets</b>				
US Dollars	1.99	1.79	1.99	1.79
Japanese Yen	36.40	51.49	36.40	51.49
Euro	0.11	0.11	0.11	0.11
<b>Liabilities</b>				
US Dollars	2.40	2.14	2.40	2.14
Japanese Yen	82.33	180.47	81.15	180.47

### Interest rate risk

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

### Credit risk

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

## **24 Financial instruments (Cont'd)**

### **Fair values**

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

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

## **25 Event after balance sheet date**

On 23 November 2010, the Board of Directors' Meeting of the Company No. 5/2010 pass a resolution approving the proposed dividend payment from its operating results for 2010 at Baht 0.50 per share (from Non-BOI - promoted operations Baht 0.18 per share and BOI - promoted operations Baht 0.32 per share), totaling Baht 100 million. The dividend payment will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

# Board of Director and Executive Profile

Name Position	Shareholding* ended 23 Nov 2010	Family ties with executives	Educational Qualification/ Training Program	Experience		
				Period	Position	Company Name
1. Mr. Koji Matsuda Vice-Chairman 60 yrs. Old	-	-	Bachelor's degree in Engineering, Osaka Prefecture University, Japan DAP 83/2010 from IOD	2000 - 2005	Executive Director, Personnel and Administration and Marketing of Industrial Product Division	Inoac Corporation
				2005 - 2008	President	Inoac Corporation
				2008 - Present	Director	Inoac Corporation
				2010 - Present	Vice-Chairman	Inoue Rubber (Thailand) PCL.
2. Mr. Soichi Inoue Director 81 yrs. Old	-	Father of Mr. Masayuki Inoue	Bachelor's degree in Economic, Kobe University, Japan	Feb 2010 - Present	Director	Inoue Rubber (Thailand) PCL.
				1969 - Feb 2010	Vice-Chairman	Inoue Rubber (Thailand) PCL.
				1973 - Present	President	Inoue Rubber Co., Ltd., Japan
				1975 - Present	President	Inoac International Co., Ltd.
				1986 - Present	President	Inoac Technical Center Co., Ltd.
				2000 - Present	Chairman & CEO	Inoac Corporation Co., Ltd.
3. Mrs. Pimjai Laochinda President 49 yrs. Old	2.18	Sister of Mr.Thanong, Mr.Apichart, Mrs.Pornpip	Bachelor's Degree in Engineering, Chulalongkorn University Master's Degree in Business Administration, Drexel University, USA Director Certification Program 37/2003 from IOD Capttal Market Acadamy Leadership Program class 10, from Capital Market (CMA)	1983 - Present	Director	Thai Stanley Electric PCL.
				2007 - Present	President	Inoue Rubber (Thailand) PCL.
				1993 - May 2007	Vice-President & Managing Director	Inoue Rubber (Thailand) PCL.
				1993 - Present	Director	Sopa-Kanok International Co., Ltd.
				1995 - Present	President	Toei-Inoac Ltd.
					Executive Director	IRC (Asia) Research Ltd.
					Executive Director	Sungold Holding Co., Ltd.
				2001 - Present	Executive Director	Kinno Hoshi Engineering Co., Ltd.
				2003 - Present	Director	S.K. Rubber Co., Ltd.
				2006 - Present	Director	Dido Sittipol Co., Ltd.
				2010 - Present	Global Advisory Board Member	Babson College, MA, U.S.A.
				2010 - Present	Executive Board as external advisory expert	Faculty of Engineering, Chulalongkorn University
4. Mr. Takeshi Arakawa Managing Director 51 yrs. Old	0.01	-	Bachelor's degree in Mechanical Engineering, Nihon University, Japan Director Accreditation Program 65/2007 from IOD	2000 - 2004	Engineering Manager	Bridgestone IRC Manufacturing Co., Ltd
				2004 - 2005	General Manager Production division	Bridgestone IRC Manufacturing Co., Ltd
				2006 - 2009	Executive Director	Inoue Rubber (Thailand) PCL.
				2009 - Present	Managing Director	Inoue Rubber (Thailand) PCL.
				2009 - Present	Director	Sungold Holding Co., Ltd.
				2010 - Present	Director	IRC (Asia) Research Ltd.

Name Position	Shareholding* ended 23 Nov 2010	Family ties with executives	Educational Qualification/ Training Program	Experience		
				Period	Position	Company Name
5. Mr. Thanong Leeissaranukul Director 50 yrs. Old	1.61	Brother of Mrs. Pimjai, Mr. Apichart, and Mrs. Pornthip	Bachelor's degree in Business Administration, Nansan University, Japan	1983 - Present 1986 - Present 1988 - Present 1993 - Present 1995 - Present 1995 - Present 1996 - Present 1998 - Present 2001 - Present 2003 - Present 2007 - Present	Director Managing Director Director Director Executive Director Executive Director Director Director President Vice President Executive Director Director President Director President	Thai Stanley Electric PCL. Sittipol 1919 Co., Ltd. Inoue Rubber (Thailand) PCL. Asian Stanley International Co., Ltd. Sopa-Kanok International Co., Ltd. Total Oil (Thailand) Co., Ltd. Toei-Inoac Ltd. IRC (Asia) Research Co., Ltd. Sungold Holding Co.,Ltd. Bike Clinic Co.,Ltd. Dido Sittipol Co., Ltd. Seng Guan Hong Co., Ltd. The Studio Production Co., Ltd. Smart Sport Promotion Co., Ltd. S.K. Rubber Co.,Ltd. Kanok - Sopa Foundation
6. Mr. Apichart Leeissaranukul Director 47 yrs. Old	1.61	Brother of Mr. Thanong, Mrs. Pimjai, Mrs. Pornthip	Bachelor's degree in Business Administration, University of the Thai Chamber of Commerce Master's degree in Business Administration, Oklahoma University, USA Director Certification Program 8/2001 from IOD	1987 - Present 1991 - Present 1992 - Present 1993 - Present 1996 - Present 1997 - Present 1999 - Present 2000 - Present 2002 - Present 2003 - Present 2004 - Present 2005 - Present 2006 - Present 2008 - Present	Director Director Vice-President Director Director Vice-President Director Director President Director Director Director Director Director Director Executive Director	Rocket Steel Industry Co., Ltd. Inoue Rubber (Thailand) PCL. Thai Stanley Electric PCL. Sopa-Kanok International Co., Ltd. Pacific Industry (Thailand) Co., Ltd. Asian Stanley International Co., Ltd. Sirivit Stanley Co., Ltd. Dido Sittipol Co., Ltd Lao Stanley Co., Ltd Vietnam Stanley Electric Co., Ltd. Investor Club Association S.K. Rubber Co., Ltd. Investor Club Association Thai Lists Companies Association Total Oil (Thailand) Co., Ltd PT. Indonesia Stanley Electric Sungold Holding Co., Ltd
7. Mrs. Pornthip Sethiwan Director 43 yrs. Old	1.68	Sister of Mr. Thanong, Mrs. Pimjai, Mr. Apichart	Bachelor's degree in Business Administration Chulalongkorn University Director Accreditation Program 5/2003 from IOD	1980 - Present 1986 - Present 1990 - Present 1991 - Present 1990 - Present 1993 - Present 1996 - Present 2003 - Present 2006 - Present	Director Director Executive Director Director Managing Director Director Vice-President Director Director	Thai Stanley Electric PCL. Seng Guan Hong Co.,Ltd. Sittipol 1919 Co., Ltd. Inoue Rubber (Thailand) PCL. Pacific Industry (Thailand) Co., Ltd. Sopa-Kanok International Co., Ltd. Bike Clinic Co.,Ltd. S.K. Rubber Co., Ltd. IRC (Asia) Research Ltd.

Name Position	Shareholding* ended 23 Nov 2010	Family ties with executives	Educational Qualification/ Training Program	Experience		
				Period	Position	Company Name
8. Mr.Masayuki Inoue Director 45 yrs. Old	-	Son of Mr.Soichi Inoue	Master's degree in International Management, Aoyama Gakuin Graduate School, Japan Director Accreditation Program 65/2007 from IOD	1991 - Apr. 2004 Apr. 2004 - Present 1991 - Present 1993 - Mar. 2007 Apr. 2007 - Present 1995 - Present	Director & General Manager Executive Vice President Director Director Managing Executive Office. Director	Inoue Rubber Co., Ltd, Japan Inoue Rubber Co., Ltd, Japan Inoue Rubber (Thailand) PCL. Inoac Corporation Co., Ltd. Inoac Corporation Co., Ltd. Sungold Holding Co., Ltd.
9. Assoc.Prof. Dr.Chesada Loha-unchit Independent Director/ Chairman of Audit Committee 62 yrs. Old	-	-	Princeton University, USA Doctor of Philosophy (Economics), Princeton University, Director Accreditation Program 82/2010 from IOD	2003 2003 - 2005 2005 - 2009 2007 - 2009 2003 - Present 2006 - Present 2009 - Present Feb.2010-Present	Advisor External Lecturer Associate Professor Director Columnist Director Audit Committee Member Independent Director and Chairman of Audit Committee	Stock Exchange of Thailand Faculty of Economics, Thammasat University School of Management, Walailak University Financial and Economic Information Center School of Management, Walailak University Krungthep Turakit business newspaper Asset Plus Fund Management. Co., Ltd Asset Plus Fund Management. Co., Ltd Inoue Rubber (Thailand) PCL.
10. Mr. Vichit Vuthisombut Independent Director/ Audit Committee 69 yrs. Old	-	-	Bachelor's degree in Economics, Thammasat University Director Accreditation Program 27/2004 and Director Certification Program 51/2004 from IOD	2000 - Present 2002 - Present 2006 - Present 2009 - Present	The Committee & Subcommittee Consultant Consultant Independent Director and Audit Committee Independent Director Independent Director and Audit Committee	The Investor Club Association(IC) Jongsathit Co., Ltd A J Plast PCL. Inoue Rubber (Thailand) PCL. Thai-German products PCL. Siam Steel Service Center PCL.
11. Ms. Chaovana Viwatpanachati Independent Director/ Audit Committee 49 yrs. Old	-	-	Bachelor's degree in Accounting, Chulalongkorn University Diploma of Management University of Newcastle, NSW Australia	1994 - Present	Director Director Independent Director and Audit Committee	Moore Stephens Asia Pacific Limited (Hong Kong) Moore Stephens DIA Sevi Limited Inoue Rubber (Thailand) PCL.

Name Position	Shareholding* ended 23 Nov 2010	Family ties with executives	Educational Qualification/ Training Program	Experience		
				Period	Position	Company Name
11. Ms. Chaovana Viwatpanachati Independent Director/ Audit Committee (cont.)			Diploma in Auditing, 1994, Thammasat University Master of Management University of Wollongong, NSW Australia Master's Degree in Accounting, Chulalongkorn University Director Certification Program 58/2005 and Audit Committee Program 14/2006 DAP 2/2003 from IOD	1995 - Present	Independent Director and Audit Committee Senior Partner	Food and Drink PCL. Pitisevi & Company (A Member of Moore Stephens International Limited Group of Independent Firms)
				2001 - 2007	Liquidator (Appointed by the Ministry of Finance)	Tanapat Credit Fancier Limited (2003) Saving Assets Management Co., Ltd. (2001)
				2005 - Present	Member of the subcommittee of Activity & Member of Relation and Vice Treasurer	Federation Accounting Professions.
				2008 - Present	Auditing Standards Committee Member and Professional Ethics Subcommittee Member The Committee of the Alumni Association of the Faculty of Commerce and Accountancy	Federation Accounting Professions.  Chulalongkorn University Alumni Association
12. Mr. Yasumi Kawasaki Independent Director 59 yrs. Old	-	-	Bachelor's degree in Management Engineering, Tokyo Institute of Technology	Jan 2006	Plant Manager, Tochigi Plant	Bridgestone Tire Co., Ltd
				Oct 2006	Vice President and Officer Production and Distribution, Mold Technology and Manufacturing	Bridgestone Tire Co., Ltd
				Mar 2008	Vice President and Senior Officer Production and Distribution, Mold Technology and Manufacturing Concurrently Director, Tire Production and Distribution Administration Division	Bridgestone Tire Co., Ltd

Name Position	Shareholding* ended 23 Nov 2010	Family ties with executives	Educational Qualification/ Training Program	Experience		
				Period	Position	Company Name
12. Mr. Yasumi Kawasaki Independent Director (cont.)				Jul 2008	Vice President and Senior Officer Responsible for Quality Management	Bridgestone Tire Co., Ltd
				Oct 2008	Vice President and Senior Officer Responsible for Quality Management	Bridgestone Tire Co., Ltd
				Mar 2009	Vice President and Senior Officer Responsible for Japan Tire Production	Bridgestone Tire Co., Ltd
				Mar 2010	Vice President and Senior Officer Responsible for Global Logistics Center, Internal Manufacturing Management	Bridgestone Tire Co., Ltd
				May 2010	Independent Director	Inoue Rubber (Thailand) PCL.
				Jul 2010	Vice President and Senior Officer Responsible for Global Logistics Center	Bridgestone Tire Co., Ltd
13. Mr. Koji Yamauchi Executive 50 yrs. Old	-	-	Bachelor's degree in Engineering Toyama University Japan	1997 - Present	Manager of Technical section	Inoac Elastomer, Japan
				2009 - Present	Executive Director	Inoue Rubber (Thailand) PCL.
				2009 - May 2010	Director	Kinno Hoshi Engineering Co., Ltd. IRC (Asia) Research Ltd.
14. Nareothai Boothong Executive 53 yrs. Old	-	-	Bachelor's degree in Rubber Chemical and Technology, Prince of Songkla University M.A. NIDA Director Accreditation Program 11/2004 from IOD	1992 - Present	Executive Director	Inoue Rubber (Thailand) PCL.
				1995 - Nov 2009	Director	Inoue Rubber (Thailand) PCL.
				2001 - Present	Director	Kinno Hoshi Engineering Co., Ltd.
				2005 - Present	Director	Toei-Inoac Ltd.
15. Mr. Jatupol Lawhachainam Executive 51 yrs. Old	-	-	Bachelor's degree in Management, Bangkok University	Feb 1992	Assistant Manager of Marketing	Inoue Rubber (Thailand) PCL.
				Oct 1992	Marketing Manager	
				1996	Deputy Executive Director of Marketing	
				2010 - Present	Executive	

Name Position	Shareholding* ended 23 Nov 2010	Family ties with executives	Educational Qualification/ Training Program	Experience		
				Period	Position	Company Name
16. Mrs. Sopa Lumlerdvoravith Executive 45 yrs. Old	-	-	Bachelor's Degree in Mathematics- Science, King Mongkut's Institute of Technology Thonburi Master's Degree in Business Administration, Kasetsart University.	2000 - 2003	Manager of M.I.S.	Inoue Rubber (Thailand) PCL.
				2004 - 2006	Senior Manager of M.I.S. & Finance	Inoue Rubber (Thailand) PCL.
				2007 - Present	Senior Manager of Accounting	Inoue Rubber (Thailand) PCL. IRC (Asia) Research Ltd. Kinno Hoshi Engineering Ltd.

\* Remark : including shares of spouse and minor children