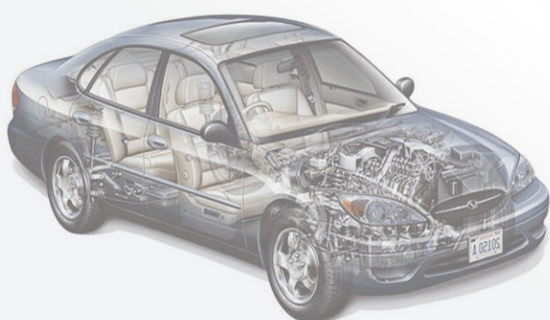


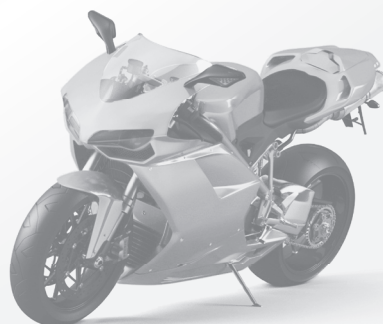
Be the Leading Company in development and Manufacturing of Elastomer Products and Motorcycle Tyres and Tubes Products in **ASEAN**



Industrial Elastomer Parts



Motorcycle Tire, Tube and Industrial Elastomer Parts



2013 Annual Report



Inoue Rubber (Thailand) Public Company Limited

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MISSION

“Be the leading company in development and manufacturing of elastomer products and motorcycle tyres and tubes products in Asean on the 7 policies of;

1. Increasing workplace safety and environmental awareness
2. Creating each high quality product with international quality system
3. Elevating customer satisfaction in all dimensions of products and services

Price/Cost

(P) At the best competitive level

Quality

(Q) At the best level of quality criteria as specified by customers

Delivery

(D) At the best level of delivery criteria as specified by customers

Services/Solutions

(S) At the best level of effective services and solutions for customers at all times

4. Providing competency-based professional development to all staff levels
5. Continuous technical research and development of raw materials, process and products
6. Generating strong financial status and attractive return to all shareholders
7. Participation in community development



AN

Safety and Environments

International Quality System

Customer Satisfaction

Human Resource Development

Continuous Research and Development

Strong Financial Status and Return

Community



Financial Highlights

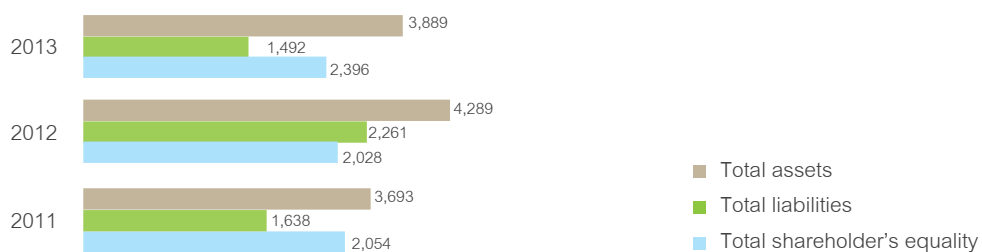
Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

As at 30 September

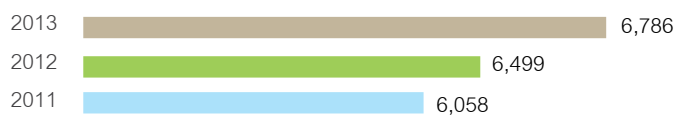
Unit : (Baht)

	2013	2012	2011
Statement of Net Comprehensive Income			
Sales and service income	6,786,137,455	6,499,549,527	6,058,600,134
Cost of sales and service	5,986,953,517	6,139,007,605	5,662,749,733
Gross margin	799,183,938	360,541,922	395,850,401
Net profit	409,098,103	102,532,103	151,935,878
Statement of Financial Position			
Total assets	3,889,205,299	4,289,229,404	3,693,593,673
Total liabilities	1,492,981,713	2,261,083,921	1,638,861,336
Total shareholder's equality	2,396,223,586	2,028,145,483	2,054,732,337
Financial Ratio			
Net Profit Margin (%)	5.99	1.56	2.49
Return on Equity (%)	18.49	5.02	7.49
Return on Total Asset (%)	10.00	2.57	4.45
Net Debt / Equity (Times)	0.62	1.11	0.79
Book Value per Share (THB)	11.98	10.14	10.27

Statement of Financial Position (Million Baht)



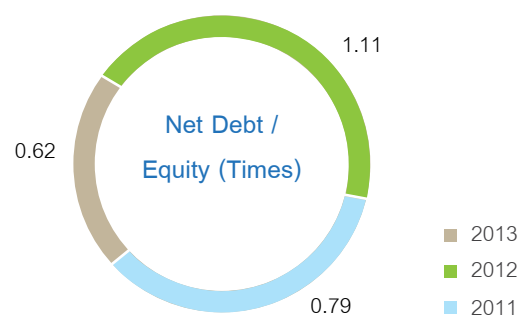
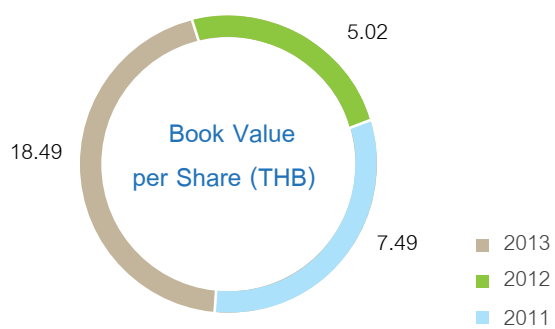
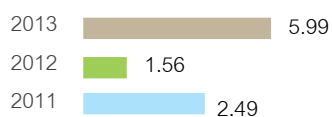
Sales and service income (Million Baht)



Net profit (Million Baht)



Net Profit Margin (%)



CSR Activities and Awards



Last year, the Company insisted on CSR activities continuously for common interests, both local and community surrounding the Company levels because we believed that an organization would succeed and grow sustainably and stably in the future, we must run business following good governance, morality and ethics, along with developing community for trust and assistance in society and growing together sustainably.

Give Work and Give Life Campaign

Give Work and Give Life Campaign was the corporation between Department of Corrections which Director General Suchart Wongananchai was a representative, and Inoue Rubber (Thailand) Public Company Limited. The campaign provided prisoners in the penitentiary professional training activities that gave basic working knowledge such as 5 S Principle, Safety Principle, Standard Work Instruction (WI) and Quality Control together with Morality Training. Therefore, when prisoners are acquitted, they will have expertise and basic skill to make a living or be professional workers in industrial sector. The Company gave advice on quality and prisoners' working control which were practiced and controlled by officers of Department of Corrections. All works produced by prisoners were also sent back to IRC. Prisoners who were taught and trained following specific procedures, earn expertise and passed competency test and had definite passing score would receive training certificate from Inoue Rubber (Thailand) Public Limited Company.

The Company received the honorable certification of **"Best Social Activity"** according to being an outstanding volunteer that performed duty with strength, sacrifice and benefit to society and country on the occasion of National Social Work Day and Thai Volunteer Day of 2013 from Minister of Social Development and Human Security.

IRC supported Ecorun tyres to Nakhonpathom Vocational College which was a representative of Thailand that participated in an international competition named "Soichiro Honda cup 2013 Honda Eco Mileage Challenge 33rd Nation Competition," in which IRC team won the 4th place.



Inoue Rubber (Thailand) Public Company Limited creates confidence among business partners continuously. This year, the Company received a certificate of Accreditation Laboratory ISO/IEC 17025: 2005 from Thai Industrial Standards Institute, Ministry of Industry. The Company was regarded as the first tyre manufacturer that got an accreditation laboratory certification which resulted in the competitive advantage according to cost reduction, confidence creation and efficiency development. By receiving this certification also opened the door to global markets and enable the Company to challenge the laboratory management system to develop continuously in quality and academic competency of laboratory and staff.



Inoue Rubber (Thailand) Public Company Limited joined **“Environmental Good Governance Project by Ministry of Industry”** which was a project of the Office of the Permanent Secretary for Ministry of Industry that aimed to encourage industrial entrepreneurs to have knowledge and understanding in an environmental good governance system under transparency and fair principles, be able to use it in industrial business operation with social responsibility and stay with community happily. The Company has been “an industrial establishment which operated in line with environmental good governance.”



Inoue Rubber (Thailand) Public Company Limited received **Green Industry Certification Level 2: Green Activities** which indicated that the Company was aware of the policy of environmental effect reduction and set up an environmental plan to minimize environmental impacts, prevent pollution, efficiently and sustainably uses of resources, lower impacts towards climate change or protect and restore nature.



Energy Saving Campaign In order to response to energy saving policy, the Company conserved energy on electrical lighting by changing light bulbs from Hi-Bay 250 w to Fluorescent 125 w 176 Set which enable approximately 50% of energy saving . The Company also has a project of reducing loss of raw materials from curing by designing a new mold which could reduce unnecessary loses of about 80%.

occasions as well as neighboring schools in order to give to their students regarding appropriateness. The Company also joined in making a donation for buying computer equipment for temples as instruction media for monks and neophytes.

Education Campaign The Company constantly provides scholarships to children in the community on various

Buddhism Campaign The Company was a head of presenting royal robes to the monks at KheanKhet Temple in which business partners, employees and neighboring communities were joined in donating money and attending Buddhism activities.



ตรวจประเมินโครงการรางวัลหน่วยงานต้นแบบด้านการสมทบกันถือ 100%
เขตคณะกรรมการโครงการรางวัลหน่วยงานต้นแบบด้านการสมทบกันถือ 100% จังหวัดปทุมธานี
วันที่ 18 ธันวาคม 2556



Public Relations Campaign Last year, the Company had built up good relationship with the community constantly by participated in activities conducted by the community such as monetary donation to support Children Day's activities, financial support in buying medical equipment for the hospitals and the donation of out-of-order computer equipment to Suankaew Temple for further utilization.

Safety

Safety Ride Campaign The Company together with PratunamChulalongkorn Provincial Police Station joined Safety Ride with Helmet Campaign to collaboratively encourage people to wear a helmet for safety.

IRC Ride for Life Campaign IRC Ride for Life Campaign is conducted continuously every year all over Thailand to encourage motorcycle riders to have both theoretical and practical knowledge on how to ride a motorcycle safely. Participants are trained by police officers and experts from Motorcycle Riders Association of Thailand to allow them to be able to practice in daily life in order to prevent and decrease road accidents that could possibly cause any injurious effect to assets and lives.



Accidents in Establishment Reduction Campaigns such as "Stop - Call - Wait " Campaign, Safety Talk Campaign, CCCF Activities and Zero Accident Campaign.

Employee

Good Governance Awareness Campaign among IRCT Group's Employees Mr. YuthVorachattarn, subcommittee of Corporate Governance Development & Alliance Department, the Stock Exchange of Thailand trained employees in working with Good Governance.



White Establishment Campaign

The Company joined White Establishment Campaign and received a certificate of Standard on Prevention and Solution to Drug Problems in an Establishment. The Company prevented and solved drug problems in an establishment and took part in supporting employees to be secure and have good quality of life. The Company had a policy in encouraging employees to obtain good sanitation, be deprive of sickness and drug dangers and to have safety and good occupational environment. The Company also conducted activities which promoted sanitation, safety and environment continuously.



Labor Relations Campaign

An effort in creating labor relations system or cooperation between employers and employees system in an establishment is essential in preventing and eliminating labor conflicts which might occur in the future. Good labor relations management and suitable welfare allow employees to acquire stability and security in work, and good quality of life which result in employees' positive feeling and bound organization. This leads to cooperation in raising working efficiency in order to increase products and coordination in solving possible problems. The important principle in creating labor relations management is to insist on trusting and respecting each other which leads to an attempt to create and develop quality of life, safety and good occupational environment to employees.



Message from Board of Director



Global economy, during the year 2012 and 2013, remained in its downturn. Despite of the recovery in the core countries like United State of America, Japan and some European countries, yet the depression in economic growth in China, India and Latin America affected the overall global economic situation.

The dependency on Thai exports was considerably high that Thailand was markedly affected by the aforementioned global economic situation. In addition, the highly competitive world market also caused impact on the exports of agricultural products of Thailand directly.

Thai Automotive Industry was advantaged from the domestic market and consumption stimulation by First Car policy lunched in 2012. The First Car policy accelerated automotive production and domestic car sales of 1.43 million cars or the total of 2.45 million in 2012 which resulted in economic impacts in the first quarter of 2013.

In 2013, since the second fiscal quarter, global economic depression and the deceleration in Thai exports of agricultural products posted some effects on the delivery of the cars ordered under the First Car policy and the purchasing power of people. This influenced the growth of Thai automotive industry to be lower than what it should be. Moreover, the motorcycle production was yet in steady state.

Benefit that was brought forward from the aforementioned economic conditions was the fall in prices of various raw materials, particularly natural rubber and several types of synthetic rubber. The fall in raw material prices combining with the continuous development in efficiency of the production process, research and development to increase potential productivity, quality and products in the future facilitated the Company's operating result for the year 2012-2013 (fiscal year 2013) as the followings. The Company has its total revenue increased by 4 percent and net profit

increased by 299 percent. Total assets dropped by 9 percent due to the decrease in current assets.

In the last fiscal year, the Company was awarded with The Outstanding Labor Relations and Welfare from Ministry of Labor, Award of Industrial Establishment in Line with Environmental Good Governance from Ministry of Industry, Outstanding Award of Labor Relations and Welfare for 2013 from Ministry of Labor, Certificate of Accreditation Laboratory ISO/IEC 17025: 2005 by Thai Industrial Standards Institute from Ministry of Industry, Standard on Prevention and Solution to Drug Problems in an Establishment, Honorable Certification of Best Social Activity according to be an outstanding volunteer that performed duty with strength, sacrifice and benefit to society and country from Minister of Social Development and Human Security and The Green Industry Certification : Level 2 Green System.

Lastly, we, the Board of Directors, would like to thank the shareholders, customers, executives, employees, business allies, related government agencies as well as other related parties for your grateful support in every step we took.

Pimjai Leeissaranukul
Chairman

Message from Audit Committee 2013



The Audit Committee of Inoue Rubber (Thailand) Public Company Limited consists of three independent directors, namely, Associate Professor Dr. Chesada Loha-unchit as Chairman and Mr. Vichit Vuthisombut and Ms. Chaovana Viwatpanachati as members. In 2013, the Committee has performed its duty independently according to the Charter of Audit Committee relating to regulations and principles which are in line with those of the Stock Exchange of Thailand and with a policy emphasizing Good Corporate Governance Principles and an adequate internal audit system.

The Audit Committee has provided as usual its independent opinion on the Company's financial performance to the Board of Directors at every meeting. For the 2013 financial year, the Committee held six meetings, with two attended by external auditors and one attended by independent internal auditors, covering the following issues:

1. Reviewing the Company's and its consolidated quarterly and annual financial statements for the year 2013 before proposing them to the Board of Directors for approval in order to ensure that they were prepared in accordance with generally accepted accounting practices and principles including the disclosure of correct and adequate information. Accordingly, meetings were held between the Audit Committee and Management to review the Company's financial information to ensure their accuracy and completeness as well as any significant adjustments which might impact on the financial statements. The Audit Committee also met twice with the Company's auditors without Management in order to enquire about the adequacy of information, accounting appropriateness and independence of auditors to ensure that financial statements were prepared according to generally accepted accounting practices and principles. Auditors reported that no abnormal incidents and information were found. In addition, the Company cooperated fully in the auditing work.

The Audit Committee is of the opinion that the financial statements were prepared in accordance with generally accepted accounting principles and found no basis to believe that they were incorrect.

2. Reviewing and providing opinions on connected transactions or items with potential conflicts of interest to ensure that any such transaction is reasonable and of benefit to the Company and its shareholders as well as ensuring that they were fully and accurately disclosed to the public in accordance with laws and regulations of the Office of the Securities and Exchange Commission.

3. Selecting auditors as well as fixing their remuneration for the financial year for the Board of Directors' consent before forwarding them for shareholder approval. In selecting the auditors, the Audit Committee considered their working experience, expertise, auditing standard and independence of not having any relationship and conflict of interest with the Company and its executives.

4. Considering an internal audit plan for the years 2013 - 2014 with the appointment of KPMG Phoomchai Business Advisory Ltd. as the independent internal auditor to audit the storage system of the T-Park Branch for 2013 as well as to follow up on the improvement of working systems as advised by internal auditors in previous years.

5. Holding a meeting with Pricewaterhouse Coopers ABAS Ltd. ("PwC"), the Company's auditor, to review the Company's information system. The auditor found no internal control deficiency which might affect the financial statements while most of the suggestions for improvements in the past have been remedied.

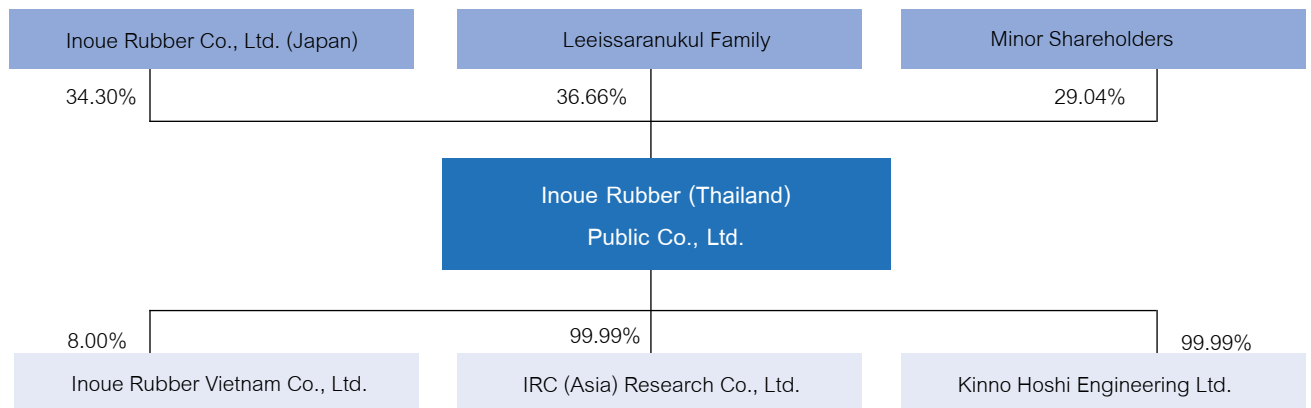
6. Reviewing the Company's operation to ensure that it complied with the Securities and Exchange law as well as other laws relating to the Company's business. The review found no significant cases of non-compliance.

7. Supporting Management in implementing Good Corporate Governance Principles to maintain transparency and ethical conduct in order to create confidence among shareholders and stakeholders.

In summary, the Audit Committee has performed its duty in accordance with its duties and responsibilities as stated in the Charter of Audit Committee which was approved by the Board of Directors by applying the knowledge, ability, concern and independence that it possesses for the equal benefit of all stakeholders. In addition, the Audit Committee is of the view that the financial statements are accurate and were prepared in accordance with generally accepted accounting principles.

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

Shareholding Structure



As for operation and management policy of subsidiaries and joint venture, the Company has appointed the management to be directors and executives in order to allow the Company to closely participate in administrating and setting up the policy. Subsidiaries have been operated under the same administration structure and manageable authority as the Company.

Shareholding proportion of Inoue Rubber Vietnam Co., Ltd had been changed. In 2013, Inoue Rubber Vietnam Co., Ltd. increased the registered capital from 10 million US dollar to 12.50 million US dollar which resulted in decreasing shareholding proportion from 10% to 8%.

Dividend Policy

• Dividend Policy of the Company

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

• Dividend Policy of Subsidiaries

As for dividend policy of subsidiaries, the Company will consider paying dividend in line with each subsidiary's performance.

Development and Alternation

The Company has invested in land, machine, equipment and technology in research and development in order to increase production potentiality and support business expansion all the time. For example, the Company improves the production line by using Automation System to increase production efficiency. Moreover, the Company has developed Nanotechnology to create compound formula. The Company is also the first motorcycle tyre manufacturer in Thailand that stops using raw materials containing PAH which is identified as a carcinogen, and uses Low PAH rubber production which is the same standard as the new regulation of European Tyre & Rubber Manufacturers' Association.

For the past 3 years, the Company has not changed shareholding structure, management, nature of business and controlling authority significantly.

Awards in the past 3 years

2011

- Silver Trophy for Zero Accident Campaign of the year 2011 from Ministry of Labor
- Basic Certificate of Zero Accident Campaign for the year 2011 from Ministry of Labor
- Honorable Mention – Consolidation Prize for Occupational Safety, Health and Working Environment Administration and Protection at Provincial Level from Ministry of Labor
- Trophy of Outstanding Establishment on Labor Relations and Welfare for the year 2011 from Department of Labor Protection and Welfare, Ministry of Labor
- Honorable Mention – Complete Level in Initial Stage of Participating in Project of TLS: 8001-2010 for Labor Welfare, Ministry of Labor
- Bronze Award for Excellent Cooperation from Kobota
- Award of Safety Activity Target and Passed the Audit in Level A from Toyota Co-Operation Club
- Award of Advance Toyota Jishuken Activity 2010 from Toyota Co-Operation Club
- Trophy of TPS TOP Management Seminar Activity Model Line 2010 from Toyota Co-Operation Club
- Trophy of TPS Activity 2010 (TPS Leader Group 1-16) from Toyota Production System
- Trophy of The Best of Cooperation & System Development for year 2010 from Summit Corporation
- Delivery Award 2010 from Honda Manufacturing Co., Ltd.

2012

- Certificate for Sponsor of 1st Creating Volunteering Hired-motorcyclists to Decrease Accidents in Community Project from Ministry of Interior
- Trophy for Sponsoring and Participating in Management of Municipal Solid Waste for Sustainable Development from Rangsit Municipality
- Certificate for Industrial Establishment in Line with Environmental Governance from Ministry of Industry
- Certificate of Green Industry Level 2: Green Activities from Ministry of Industry
- Champion Trophy of QCC Kaizen Southeast Asia Competition 2011 from Inoac (Thailand) Company Limited





- Champion Trophy of QCC Kaizen Southeast Asia Competition 2012 from Inoac (Thailand) Company Limited 2012
- Outstanding Establishment on Occupational Safety, Health and Environment Award from Prime Minister
- Award of Establishment Participating in Blood Donation Regularly From Pra Nakhon Sri Ayutthaya Red Cross Society
- Certification Awarded ISO 9001: 2008 from Bureau Veritas
- J.I.T. Service Parts Performance Award from Toyota
- Silver Award from Hino
- Bronze Award for Excellent Cooperation in Year 2011 from Kubota
- Award of In Appreciation of Your Cooperation of this Activity from HRD

2013

- Certificate of Accreditation Laboratory ISO/IEC 17025: 2005 from Thai Industrial Standards Institute from Ministry of Industry
- Award of Industrial Establishment in Line with Environmental Governance from Ministry of Industry
- Certificate of Standard on Prevention and Solution to Drug Problems in an Establishment
- Award of Outstanding Establishment on Labor Relations and Welfare from Ministry of Labor
- Honorable Certification of Best Social Activity according to be an outstanding volunteer that performed duty with strength, sacrifice and benefit to society and country from Minister of Social Development and Human Security
- Certificate of Green Industry Level 2: Green Activities
- 2nd place in QCC Kaizen Competition among Inoac Group (Thailand)
- 1st place in Quality Control Competition among Inoac Group (International) at Japan

Board of Directors



1. Mrs. Pimjai Leeissaranukul
Chairman

2. Mr. Kazuo Sato
President

3. Mr. Soichi Inoue
Director

4. Mr. Thanong Leeissaranukul
Director

5. Mr. Apichart Leeissaranukul
Director

6. Mrs. Pornthip Sethiwan
Director

7. Mr. Masayuki Inoue
Director

8. Assoc.Prof.Dr. Chesada Loha-unchit
Independent Director /
Chairman of Audit Committee

9. Mr. Vichit Vuthisombut
Independent Director /
Audit Committee

10. Ms. Chaovana Viwatpanachati
Independent Director /
Audit Committee

11. Mr. Makoto Hashimoto
Independent Director

12. Mr. Kiyoharu Mizushima
Director

Executive committee



1. Mr. Kazuo Sato
President of Committee

2. Mr. Takenori Nakamoto
Committee Member

3. Mr. Jatupol Lawhachainam
Committee Member

4. Ms. Witchuda Kupongsak
Committee Member

5. Mr. Suchart Kootiratrakarn
Committee Member

6. Mr. Hiroyuki Hibi
Committee Member

7. Mr. Yasuo Iida
Committee Member

8. Mr. Hirozo Mizuno
Committee Member

9. Mr. Noriyoshi Suzuki
Committee Member

Profiles of Directors

1 Mrs. Pimjai Leeissaranukul [52 years]

Chairman

Educational qualification

Bachelor's Degree in Engineering, Chulalongkorn University

Master's Degree in Business Administration,

Drexel University, Philadelphia, USA

Training Courses from Thai Institute of Directors Association (IOD)

Director Certification Program (DCP) 37/2013

Role of the Chairman Program (RCP) 31/2013

Risk Management Committee Program (RMP) 1/2013

Training Courses Capital Market Academy Leadership Program class 10 from Capital Market (CMA)

Shareholding proportion as of 12 December 2013 2.44%

Relation with directors Sister of Mr. Thanong Leeissaranukul, Mr. Apichart Leeissaranukul
and Mrs. Pornthip Sethiwan

Illegal record in the past 10 years None

Work experiences within the past 5 years

1983 - present ■ Director of Thai Stanley Electric PLC.

1986 - 1993 ■ Managing Director of Inoue Rubber (Thailand) Co., Ltd.

1993 - May 2007 ■ Managing Director & Vice President of Inoue Rubber (Thailand) PLC.

2007 - 2013 ■ Director & President of Inoue Rubber (Thailand) PLC.

2013 - Present ■ Chairman of Inoue Rubber (Thailand) PLC.

1993 - Present ■ Director of Sopa-Kanok International Co., Ltd.

1995 - Present ■ President of Toei-Inoac Co., Ltd.

1995 - Present ■ Director of IRC (Asia) Research Co., Ltd.

1995 - Present ■ Director of Sungold Holding Co., Ltd.

2001 - Present ■ Director of Kinno Hoshi Engineering Co., Ltd.

2003 - Present ■ Director of S.K. Rubber Co., Ltd.

2006 - Present ■ Director of Daido Sittipol Co., Ltd.

2010 - Present ■ Global Advisory Board Member of Babson College, MA, USA

2010 - Present ■ Executive Board as External Advisory Expert of Faculty of Engineering,
Chulalongkorn University

2012 - Present ■ Director of Risk Management Club Thai Listed Companies Association

2 Mr. Kazuo Sato [56 years]

President

Educational qualification

Bachelor of Engineering, Nagoya Institute of Technology, Japan

Shareholding proportion as of 12 December 2013 None

Relation with directors None

Illegal record in the past 10 years None

Work experiences within the past 5 years

1993 - 1994 ■ Technical Advisor of Inoac FKR Malaysia Sdn., Bhd., Malaysia

1994 - 1997 ■ Manager of Technical Section of Inoue Rubber Co.,Ltd., Japan

1997 - 1999 ■ Manager of Seino Inoac Co., Ltd., Japan

2000 - 2004 ■ Manager of Inoue Rubber (Vietnam) Co., Ltd.

2004 - 2007 ■ General Manager of Bridgestone IRC Manufacturing Co., Ltd., Japan

2007 - 2013 ■ Management Director of Inoue Rubber (Vietnam) Co., Ltd.

2013 - present ■ President of Inoue Rubber (Thailand) PLC.

3 Mr. Soichi Inoue [85 years]

Director

Educational qualification

Bachelor's degree in Economics, Kobe University, Japan

Shareholding proportion as of 12 December 2013 None

Relation with directors Father of Mr. Masayuki Inoue

Illegal record in the past 10 years None

Work experiences within the past 5 years

- 1969 - Feb 2010 ■ Vice-Chairman of Inoue Rubber (Thailand) PLC.
- Feb 2010 - Present ■ Director of Inoue Rubber (Thailand) PLC.
- 1973 - Present ■ President of Inoue Rubber Co., Ltd, Japan
- 1975 - Present ■ President of Inoac International Co., Ltd.
- 1986 - Present ■ President of Inoac Technical Center Co., Ltd.
- 2000 - Present ■ Chairman & CEO of Inoac Corporation Co., Ltd.

4 Mr. Thanong Leeissaranukul [54 years]

Director

Educational qualification

Bachelor's degree in Business Administration, Nanzan University, Japan

Shareholding proportion as of 12 December 2013 1.70%

Relation with directors Brother of Mrs. Pimjai Leeissaranukul, Mr. Apichart Leeissaranukul and Mrs. Pornthip Sethiwan

Illegal record in the past 10 years None

Work experiences within the past 5 years

- 1983 - Present ■ Director of Thai Stanley Electric PLC.
- 1986 - Present ■ Managing Director of The Sittipol 1919 Co., Ltd.
- 1986 - Present ■ Director of Inoue Rubber (Thailand) PLC.
- 1993 - Present ■ Director of Sopa - Kanok International Co., Ltd.
- 1995 - Present ■ Executive Director of Total Oil (Thailand) Co., Ltd.
- 1995 - Present ■ Director of Toei-Inoac Co., Ltd.
- 1995 - Present ■ Director of Sungold Holding Co., Ltd.
- 1995 - Present ■ Director of IRC (Asia) Research Co., Ltd.
- 1996 - Present ■ President of Bike Clinic Co., Ltd.
- 1996 - Present ■ Vice President of Daido Sittipol Co., Ltd.
- 1996 - Present ■ Executive Director of Seng Guan Hong Co., Ltd.
- 1998 - Present ■ Director of The Studio Production Co., Ltd.
- 2001 - Present ■ President of Smart Sport Promotion Co., Ltd.
- 2003 - Present ■ Director of S.K. Rubber Co., Ltd.
- 2007 - Present ■ President of Kanok-Sopa Foundation

5 Mr. Apichart Leeissaranukul [51 years] Educational qualification

Director

Bachelor's degree in Business Administration, University of the Thai Chamber of Commerce

Master's degree in Business Administration, Oklahoma University, USA

[Training Courses from Thai Institute of Directors Association \(IOD\)](#)

Director Certification Program (DCP) 8/2001

[Shareholding proportion as of 12 December 2013](#) 1.83%

[Relation with directors](#) Brother of Mrs. Pimjai Leeissaranukul, Mr. Thanong Leeissaranukul and Mrs. Pornthip Sethiwan

[Illegal record in the past 10 years](#) None

[Work experiences within the past 5 years](#)

- 1991 - Present ■ Director of Inoue Rubber (Thailand) PLC.
- 1992 - 2013 ■ Executive Vice-President of Thai Stanley Electric PLC.
- 1992 - Present ■ Director of Sopa-Kanok International Co., Ltd.
- 1993 - Present ■ Director of Pacific Industry (Thailand) Co., Ltd.
- 1993 - Present ■ Vice President of Thai Stanley Foundation
- 1995 - Present ■ Director of Sungold Holding Co., Ltd.
- 1996 - Present ■ Executive Vice President of Asian Stanley International Co., Ltd.
- 1997 - Present ■ Director of Sirivit Stanley Co., Ltd.
- 1997 - Present ■ Director of Daido Sittipol Co., Ltd.
- 1999 - Present ■ Chairman of Lao Stanley Co., Ltd.
- 2000 - Present ■ Director of Vietnam Stanley Electric Co., Ltd.
- 2002 - Present ■ Director of Investor Club Association
- 2003 - Present ■ Director of S.K. Rubber Co., Ltd.
- 2004 - Present ■ Executive Director of Investor Club Association
- 2006 - Present ■ Director of Total Oil (Thailand) Co., Ltd.
- 2006 - Present ■ Director of PT. Indonesia Stanley Electric
- 2013 - Present ■ Executive Chairman of Thai Stanley Electric PLC.

6 Mrs. Pornthip Sethiwan [46 years]

Director

[Educational qualification](#)

Bachelor's degree in Business Administration, Chulalongkorn University

[Training Courses from Thai Institute of Directors Association \(IOD\)](#)

Director Accreditation Program (DAP) 5/2003

Role of the Compensation (RCC) 17/2013

[Shareholding proportion as of 12 December 2013](#) 2.11%

[Relation with directors](#) Sister of Mrs. Pimjai Leeissaranukul, Mr. Thanong Leeissaranukul and Mr. Apichart Leeissaranukul

[Illegal record in the past 10 years](#) None

[Work experiences within the past 5 years](#)

- 1980 - Present ■ Director of Thai Stanley Electric PLC.
- 1986 - Present ■ Director of Seng Guan Hong Co., Ltd.
- 1990 - Present ■ Executive Director of The Sittipol 1919 Co., Ltd.
- 1990 - Present ■ Managing Director of Pacific Industry (Thailand) Co., Ltd.
- 1991 - Present ■ Director of Inoue Rubber (Thailand) PLC.
- 1993 - Present ■ Director of Sopa-Kanok International Co., Ltd.
- 1996 - Present ■ Vice-President of Bike Clinic Co., Ltd.
- 1996 - Present ■ Director of Daido Sittipol Co., Ltd.
- 2003 - Present ■ Director of S.K. Rubber Co., Ltd.
- 2006 - Present ■ Director of IRC (Asia) Research Co., Ltd.

7 Mr. Masayuki Inoue [49 years]

Director

Educational qualification

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

Training Courses from Thai Institute of Directors Association (IOD)

Director Accreditation Program (DAP) 65/2007

Shareholding proportion as of 12 December 2013 None**Relation with directors** Son of Mr. Soichi Inoue**Illegal record in the past 10 years** None**Work experiences within the past 5 years**

- 1991 - Apr 2004 ■ Director & General Manager of Inoue Rubber Co., Ltd, Japan
- Apr 2004 - Present ■ Executive Vice President of Inoue Rubber Co., Ltd., Japan
- 1991 - Present ■ Director of Inoue Rubber (Thailand) PLC.
- 1993 - Mar 2007 ■ Director of Inoac Corporation Co., Ltd.
- Apr 2007 - Present ■ Managing Executive Officer of Inoac Corporation Co., Ltd.
- 1995 - Present ■ Director of Sungold Holding Co., Ltd.

8 Assoc.Prof.Dr. Chesada Loha-unchit
[65 years]Independent Director/ Chairman of Audit
Committee**Educational qualification**

Bachelor's degree in Economics, Thammasat University

Master's degree in Economics, Princeton University, USA

Doctor of Philosophy in Economics, Princeton University, USA

Training Courses from Thai Institute of Directors Association (IOD)

Director Accreditation Program (DAP) 82/2010

Role of the Nomination and Governance Committee (RNG) 5/2013

Shareholding proportion as of 12 December 2013 None**Relation with directors** None**Illegal record in the past 10 years** None**Work experiences within the past 5 years**

- 2003 ■ Advisor, Stock Exchange of Thailand
- 2003 - 2005 ■ External Lecturer, Faculty of Economics, Thammasat University
- 2003 - present ■ Columnist, Krungthep Turakit Business Newspaper
- 2005 - 2009 ■ Associate Professor, School of Management, Walailak University
- 2006 - 2012 ■ Independent Director & Audit Committee Member,
Asset Plus Fund Management Co., Ltd.
- 2007 - 2009 ■ Director, Financial and Economic Information Center,
School of Management, Walailak University
- Feb 2010 - present ■ Independent Director and Chairman of Audit Committee,
Inoue Rubber (Thailand) PLC.
- May 2011 - present ■ Advisor, Trinity Securities Co., Ltd.
- 2013 - present ■ Chairman, Risk Management Sub-Committee, Social Security Office

9 Mr. Vichit Vuthisombut [73 years]

Independent Director/ Audit Committee

Educational qualification

Bachelor's degree in Economics, Thammasat University

Training Courses from Thai Institute of Directors Association (IOD)

Director Accreditation Program (DAP) 27/2004

Director Certification Program (DCP) 51/2004

Shareholding proportion as of 12 December 2013 None

Relation with directors None

Illegal record in the past 10 years None

Work experiences within the past 5 years

- 2000 - Present ■ Committee of Investor Club Association (IC)
- 2002 - Present ■ Consultant of Jongsathit Co., Ltd.
- 2002 - Present ■ Consultant of A J Plast PLC.
- 2004 - Present ■ Independent Director and Audit Committee of Inoue Rubber (Thailand) PLC.
- 2006 - Present ■ Independent Director of Thai-German Products PLC.
- 2009 - Present ■ Independent Director and Audit Committee of Siam Steel Service Center PLC.

10 Ms. Chaovana Viwatpanachati

[53 years]

Independent Director/ Audit Committee

Educational qualification

Bachelor's degree in Accounting, Chulalongkorn University

Diploma of Management, University of Newcastle, NSW, Australia

Diploma in Auditing, 1994, Thammasat University

Master of Management, University of Wollongong, NSW, Australia

Master's Degree in Accounting, Chulalongkorn University

Training Courses from Thai Institute of Directors Association (IOD)

Director Accreditation Program (DAP) 2/2003

Director Certification Program (DCP) 58/2005

Audit Committee Program (ACP) 14/2006

Shareholding proportion as of 12 December 2013 None

Relation with directors None

Illegal record in the past 10 years None

Work experiences within the past 5 years

- 1994 - Present ■ Director of Moore Stephens Asia Pacific Limited (Hong Kong)
- 1994 - Present ■ Director of Moore Stephens DIA Sevi Limited
- 1995 - 2012 ■ Independent Director and Audit Committee of Food and Drink PLC.
- 2000 - Present ■ Independent Director and Audit Committee of Inoue Rubber (Thailand) PLC.
- 2001 - 2007 ■ Managing Director of Saving Asset Management Co., Ltd. (2001)
- 2008 - Present ■ Auditing Standards Committee Member
- 2008 - Present ■ Professional Ethics Subcommittee Member, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- 2008 - Present ■ Committee of Alumni Association of The Faculty of Commerce and Accountancy, Chulalongkorn University Alumni Association
- 2011 - Present ■ Managing Director of Pitisevi Company Limited (A Member of Moore Stephens International Limited Group of Independent Firms)
- 2012 - Present ■ Independent Director and Chairman of Audit Committee of Food and Drink PLC.
- 2012 - Present ■ Member of the Subcommittee of Articles Drafting, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- 2012 - Present ■ Member of the Subcommittee of Quality Control, Federation of Accounting Professions under the Royal Patronage of His Majesty the King

11 Mr. Makoto Hashimoto [50 years]

Independent Director

Educational qualification

Bachelor of Science and Technology Department of Administration Engineering,
Keio University

Shareholding proportion as of 12 December 2013 None

Relation with directors None

Illegal record in the past 10 years None

Work experiences within the past 5 years

1985 - 2001	■	Joined Bridgestone Corporation
2001 - 2005	■	General Manager of Bridgestoe Europe
2005 - 2009	■	General Manager of Overseas Plant Technology Coordination
2009 - 2010	■	Plant Manager of Amagi Plant, Japan
2010 - 2011	■	Plant Manager of Hikone Plant, Japan
2011 - 2012	■	Director of Japan Tire Production Division
2012 - Present	■	Director of Global Production Administration and Logistics Division
2013 - Present	■	Independent Director of Inoue Rubber (Thailand) PCL.

12 Mr. Kiyoharu Mizushima [50 years]

Director

Educational qualification

Bachelor of Engineering, Department of Applied Chemistry, Yamagata University, Japan

Shareholding proportion as of 12 December 2013 None

Relation with directors None

Illegal record in the past 10 years None

Work experiences within the past 5 years

1997 - 2007	■	Manager of Inoac Elastomer Co., Ltd., Japan
2007 - 2009	■	Manager of Inoac Corporation Ikeda Plant, Japan
2009 - 2011	■	Managing Director of Dongguan Inoac Metal and Elastomer Co., Ltd., China
2011 - 2012	■	General Manager of Inoac Corporation
2012 - 2013	■	Managing Director of Rubber and Elastomer Division, Inoac Corporation
2013 - Present	■	Director of Inoue Rubber (Thailand) PLC.

Directors of Subsidiaries

			IRCT		Subsidiaries		Joint-Venture Company	
					IAR	KIN	IRV	
Board of Directors								
1.	Mrs. Pimjai	Leeissaranukul	X	A	/	A	/	A
2.	Mr. Kazuo	Sato	P	A	/	A		
3.	Assoc.Prof.Dr.	Chesada Loha-unchit	//					
4.	Mr. Vichit	Vuthisombut	//					
5.	Ms. Chaovana	Viwatpanachati	//					
6.	Mr. Soichi	Inoue	/					
7.	Mr. Masayuki	Inoue	/	A				
8.	Mr. Thanong	Leeissaranukul	/	A	/			
9.	Mr. Apichart	Leeissaranukul	/					
10.	Mrs. Pornthip	Sethiwan	/		/			
11.	Mr. Kiyoharu	Mizushima	/					
12.	Mr. Makoto	Hashimoto	//					
Executive Committee								
1.	Mr. Takenori	Nakamoto	///				/	A
2.	Ms. Witchuda	Kupongsak	///				/	
3.	Mr. Jatupol	Lawhachainam	///					
4.	Mr. Suchart	Kootiratrakarn	///					
5.	Mr. Hiroyuki	Hibi	///					
6.	Mr. Hirozo	Mizuno	///					
7.	Mr. Noriyoshi	Suzuki	///					
8.	Mr. Yasuo	Iida	///					

Symbols indicate positions of Board of

Directors and Executive Committee

X	Chairman	//	Independent Director
P	President	///	Executive Committee
/	Director	A	Authorized Signatory Director

Abbreviation

IRCT	Inoue Rubber (Thailand) Public Co.,Ltd.
IAR	IRC (Asia) Research Co., Ltd
KIN	Kinno Hoshi Engineering Co., Ltd.
IRV	Inoue Rubber Vietnam Ltd.

List of the First Top 10 Major Shareholders

As of 12 December 2013 (the last book-closing date)

Names of Shareholders		Number of Share	Proportion of Shareholding (%)
1.	Leeissaranukul Family Group *	73,329,450	36.66
2.	Inoue Rubber Co., Ltd. (Japan)*	68,600,000	34.30
3.	Dr. Wirat Chawal-amporn	7,388,888	3.69
4.	CITIBANK NOMINEES SINGAPORE PTE LTD-CITIGROUP GLOBAL MARKETS JAPAN INC.-CUSTOMER 1	6,235,000	3.12
5.	Mrs. Powpirach Hemvachiravarakorn	5,400,000	2.70
6.	Mr. Niti Osathanugrah	3,840,500	1.92
7.	Mr. Viriya Trangadisaikul	2,864,600	1.43
8.	Ms. Watcharee Punnachet	1,659,200	0.83
9.	Mr. Prasit Deesilapakit	1,466,400	0.73
10.	Ms. Vanida Khomthongsatit	1,443,500	0.72

Remark : *Major shareholders who take part in the Company's operation by sending people to be directors.

General Information of the Company and Subsidiaries

General Information of the Company

Inoue Rubber (Thailand) Public Company Limited

Type of Business	Manufacturer of Industrial elastomer parts and motorcycle tyres and tubes		
Website	www.ircthailand.com		
Abbreviation	IRC		
Company Registration Number	0107536001737		
Site (Head Office)	258 Soi Rangsit-Nakornnayok 49, Prachathipat, Thanyaburi, Pathumthani, 12130		
Tel:	(66) 29960890	Fax:	(66) 29961439
Registered Capital	200,000,000 Baht		
Paid-up Capital	200,000,000 Baht		
Par Value	1 Baht		

General Information of Subsidiaries

IRC (Asia) Research Co., Ltd

Type of Business	Conducts researches and develop raw materials and products of the Company mainly		
Company Registration Number	0105538083925		
Site (Head Office)	258 Soi Rangsit-Nakornnayok 49, Prachathipat, Thanyaburi, Pathumthani, 12130		
Tel:	(66) 29960890	Fax:	(66) 29961439
Registered Capital	30,000,000 Baht		
Paid-up Capital	30,000,000 Baht		
Shareholding Proportion	99.99%		

Kinno Hoshi Engineering Co., Ltd.

Type of Business	Manufactures metal molds for motorcycle and automotive elastomer parts. Now Kinno Hoshi Engineering produces various kinds of molds for the Company mainly.		
Company Registration Number	0145544001129		
Site	157 Moo 5, Phaholyothin Rd., Lamsai, Wangnoi, Ayutthaya 13170		
Registered Capital	10,000,000 Baht		
Paid-up Capital	10,000,000 Baht		
Shareholding Proportion	99.99%		

Inoue Rubber Vietnam Ltd.

Type of Business	Manufactures tyres and tubes for motorcycles, barrows, bicycles and hard carts		
Site (Head Office)	Thanh Lam-Me Linh - Hanoi Vietnam		
Company Registration Number	2500150631		
Registered Capital	12.50 Million US Dollar		
Paid-up Capital	12.50 Million US Dollar		
Shareholding Proportion	8%		

Nature of Business

Inoue Rubber (Thailand) Public Company Limited mainly manufactures and sells rubber products which are being categorized into two primary product lines as the followings

1. Industrial Elastomer Parts

Industrial elastomer parts which require sophisticated production process, complex mixture formula and high technology as their qualification must withstand different conditions of use. Industrial elastomer parts can be categorized into two main categories namely elastomer parts for automotive and motorcycle industrial uses, for instance, rubber gasket, engine mounting, door sponge, bumper rubber, floatable rubber gauge, weather strip, and elastomer parts for other industrial uses such as hose water inlet, rubber joints, rubber cushion, exhaust insulating wrap and pipe insulating tape.



2. Motorcycle Tire-Tube

The Company has been recognized as a pioneer in motorcycle tires and tubes' market. The Company is successfully ranked number one owning a largest proportion of domestic market share. Through continuous research and new product development has enabled the Company to consistently response to customer's demands in terms of design, size, qualification and competency. The Company's motorcycle tires are classified according to their usages such as On Road Tire, Off Road Tire, Scooter Tire, Heavy Duty Tire and Snow Tire.

Market and Competition

Industrial Elastomer Part

During the late 2012 until early 2013, the Company's revenue increased relatively to the increase in domestic automotive production, facilitated by the First Car Policy which the automotive producers based their production rate on the number of Car Reservation applications, and trusts from customers have enabled new products to be accepted and the Company to be the manufacturer of both existing products and the potential products in the future.

Automotive production went below the expected forecast in late 2013; however the Company was able to keep its revenue growth at a higher rate than that of the market as the Company increased productions and sales at the replacement market including replacement of machines used in agricultural purposes, electronic devices and waterworks.

However, automotive producers, especially Mitsubishi, have adjusted its strategies by replacing some domestic markets with the export markets. Mitsubishi began to elevate its exports since November 2013 while other automotive producers launched various promoting campaigns that resulted in the escalation of revenues.

For the expansion of industrial elastomer parts in alternative industry, marketing department together with research and development proposed new elastomer part that allowed some materials to be replaced by rubber. This has brought about customers' interests and the agreement that allowed the Company and Client Company in Thailand to jointly conduct experiments on the properties of rubber with the collaboration

of the their parent company in Japan. The result was desirable as materials made from rubber could be used to replace some non-rubber materials on a condition of selecting the premium grade rubber which capable of withstanding much elevated temperatures than normal. The mixture formula of aforementioned rubber materials was an invention committed by research and development team of IRC (Asia) Research Company Limited (IAR). It was profoundly recognized as a success that the Company could innovate and research to the extent that satisfied the customers. The product will be implemented on Isuzu's new engine next year while the Company is currently searching for any potential rubber replacements on the present engine model, which is expected to be available since mid-2014.

The Company was able to gain its ground in the new competitive market of industrial elastomer parts in which the Company previously could not compete in. Today, the Company is capable of competing in both existing and new customer bases. Overall, the market can be expanded further including the expansion of current market and the addition of new parts from the joint research and development with domestic and international customers.

Motorcycle Tires and Tubes

Original Equipment Market (OEM)

The revenue generated from motorcycle tires and tubes dropped slightly comparing to the previous year. The productions of new motorcycle of all carmakers have dropped due to several unfavorable factors unlike those in the previous year. For the fiscal year of 2013, the overall domestic motorcycle production was 2.03 million units, decreased by 4.69 % compared to the motorcycle productions of 2.13 million units in the previous year. This was resulted from various factors such as the anxiety towards flood situation in several provinces in the middle of last year, the lack of confidence in farmers over the market price of crops under the Agricultural Product Price Guarantee Scheme, for instance, the Rice Mortgage Scheme and Rubber Price Guarantee Scheme. In addition, global economic crisis has caused a reduction in exports, in which the domestic manufacturers and entrepreneurs cut their productivities. This caused direct impacts on consumers' incomes as well. Nevertheless, the Company has attempted to increase more customers in the future. Especially among customers who plan to manufacture a high-performance motorcycles and excellent quality products at the appropriate prices for the distribution in domestic and international markets that tend to have higher demands.

Replacement Market

The expansion of replacement market is relatively stable regardless of the favorable nationwide Minimum Wage policy which intended to help increasing consumers' purchasing power. However, various unfavorable factors such as the continuous upward trend of gasoline price, the drop in prices of agricultural products such as rubber and palm oil, natural disasters as well as the economic situation concerned the higher expenses and cost of living directly affected level of domestic consumption.

For the past year, the Company's sale was considered good and has continuously increased when compared to the overall domestic economic situation. Motorcycle tyres and tubes which require great safety for domestic customers also resulted in sales increase continually.

Moreover, the Company has promoted its products distributions in which excellent cooperation were kindly granted by domestic dealers. The Company also created long-term plans to support continued sales promotions, for instance, seminars, trainings and oversea tours for dealers as well as the consistent releases of new products of which product quality, high-performance and reasonable price are being emphasized. Aforementioned activities will respond to the needs from particular market segment in which the excellent quality and more modernized products are desirable such as the launch of its latest products with the code number





NR89, known as Sandah Z, a new model with IRC style. Sandad Z comes with 2 particular sizes of 14-inch and 17-inch rims to accommodate the following motorcycle types; automatic, family. In addition, the Company continued to emphasize heavily on other services including in-time products delivery to maximize customers' satisfaction.

Export Market

The overall global economic climate remains uncertain as the most powerful countries in term of economy persisted to implement rigid policies, for instance, Japan has been implemented its monetary policy which resulted as Yen currency was sharply depreciated against Thai Baht in the early of the previous year. This implicitly affected the Company's exports as the price of the Company's products would become more expensive in Japan's market after the appreciated Thai Baht were being converted to Japanese Yen. As a result, there were the cuts in exports to Japan. However, that the Company is trying to adjust the sale plans and to increase distribution channels. Especially for the countries in Southeast Asia and South America that are likely to have continuous economic growth compared to countries in the North America and European countries. In addition, the design of products for the international market owing to the export not decrease much compared with the overall market. Not only Yen currency being unstable but also US dollar that fluctuates dramatically. Therefore, the Company should make amendment on products distribution strategies, the negotiations techniques as well as the continued sales promotions and products distributions to sustain and increase the Company's competitiveness in this sector.

Revenue Structure

Products	2011		2012		2013	
	mil. Baht	%	mil. Baht	%	mil. Baht	%
1. Industrial Elastomer Parts	2,245.59	37.07%	2,508.82	38.62%	3,160.87	46.59%
2. Motorcycle Tyres - Tubes	2,502.26	41.31%	2,559.45	39.39%	2,124.30	31.31%
Total Local	4,747.85	78.39%	5,068.28	78.02%	5,285.17	77.90%
1. Industrial Elastomer Parts	431.21	7.12%	548.84	8.45%	662.56	9.77%
2. Motorcycle Tires - Tubes	878.01	14.50%	879.33	13.54%	836.81	12.34%
Total Export	1,309.23	21.61%	1,428.17	21.98%	1,499.37	22.10%
Total Revenue	6,057.08	100.00%	6,496.45	100.00%	6,784.55	100.00%
Other Income	46.95		73.51		51.48	

Remark : Other revenues include professional service fee in financial accounting from Inoac Tokai (Thailand) Co., Ltd. and rental fee from subsidiaries: Toeï – Inoac Co., Ltd. and Inoac Tokai (Thailand) Co., Ltd.

Risk Factors

The Company realized the importance of risk management under alternations which affect business by both internal and external factors. The Company regards risk management as the important element of every business operation. Risk management also connects with all levels and is taken controlled by Risk Committee under risk management framework. Risk Committee considers classifying risks which occur within the organization, ranks risk levels, defines risk management guidelines, assigns undertakers to specify control measures, manages risks within the acceptable level to enable the Company to achieve its defined target and strategy and creates confidence among shareholders and stakeholders.

Operation Sustainability Risk

Diversified conditions such as economic, social and political crisis and environmental impacts results in chain reaction continuously in the past years. The Company has encountered both internal and external conditions. Simultaneously, the Company has faced various challenging situations such as stronger business competition, stricter regulation, more diversified interests of stakeholders, natural disasters, geographical changes, volatility in macroeconomics and ability of human resources in term of quantitative and qualitative in order to expand the investment in new business.

To achieve Company's mission, be the leading company in development and manufacturing of Elastomer Products and Motorcycle Tyres and Tube Products in ASEAN, the Company has defined strategic goals, prepared strategic plans for the Company, subsidiaries and any sectors heading in the same direction. The Company emphasized on carrying out Research and Development and creating value for the organization and shareholders.

1. Risk relating to the occurrence of natural disaster

Natural Disaster is significant and must be taken care of by the Company in the aspect of business operation. Natural disaster negatively affects Company's assets and business, however, wised preparation and protection guidelines can effectively minimize the post-disaster damages.

Strategic Risk Management

Buying Fire Insurance or various Catastrophe Insurances are counted as a part of risk management in which the Company defined it significant. Fire and other natural disasters directly create damages and losses to the Company's property and business. Therefore, the company has purchased "All Risk Insurance", expanded the term period of "Business Interruption Insurance" and "Machine Breakdown Insurance".

2. Risk relating to the volatility in raw material price, foreign exchange, demand-supply and source of raw material

Economic factors including alternations in market demand and supply affect primary raw material prices used in the production process as well as foreign exchange rates that could affect the business operation positively and negatively.

Strategic Risk Management

The Company purchased raw material through the Purchase Committee consists of Thai and Japanese top executive directors from the management who control and follow up the effectible factors in both explicit and implicit way. The Purchase Committee cooperates with marketing planning department to monitor over the purchasing quantity, the usage of raw materials and the inventory control via software system of which enable the quantitative forecast of raw materials usage and timely purchase orders. Additionally, Research and development has been carried out on the products in order to source for substitute raw materials.

Since the Company imported raw materials and exported various finished goods in foreign currencies such as US Dollar, Japanese Yen and Euro, therefore the fluctuation in foreign exchange rate may affect the Company's cost and revenue. During 2013, Thai Baht fluctuated against US Dollar and Japanese Yen aggressively. In order to minimize the stated effects, the Company followed up with the situation and cooperated with financial institutions for reliable information in order to effectively enter into forward contract to hedge over FX risk.

3. Risk relating to human resources

Human resource management is another significant element which the Company paid significant attention to. Human resource is a fundamental element and is crucial for the valued growth, thus the Company specified the human resource development to be more effective for all levels and increased safety in the workplace in accordance with Company's policies which enabled the Company to be competently prepared for directions and business expansion in the future.

ถ้าพบสิ่งที่ไม่เป็นไปตาม WI กำหนดให้ "หยุด - เรียก - รอ"



Strategic Risk Management

- Risk relating to the shortage of labor and skilled labor; the Company conscientiously create HRD plans and framework that suitable with each employee level to appropriately improve employee's capability.
- Risk relating to occupational safety and health; the Company aware of the essence of occupational safety and good health for all levels of employee as the Company regards employees as the most precious resource. The Company provided training and knowledge about the works that are safe, supported "Stop-Call-Wait" project, created good working environment, provided the place for exercise and relaxation during noon, hygienic canteen and ward room with nurses who are able to take care of the patients for 24 hours a day.

Energy Risk

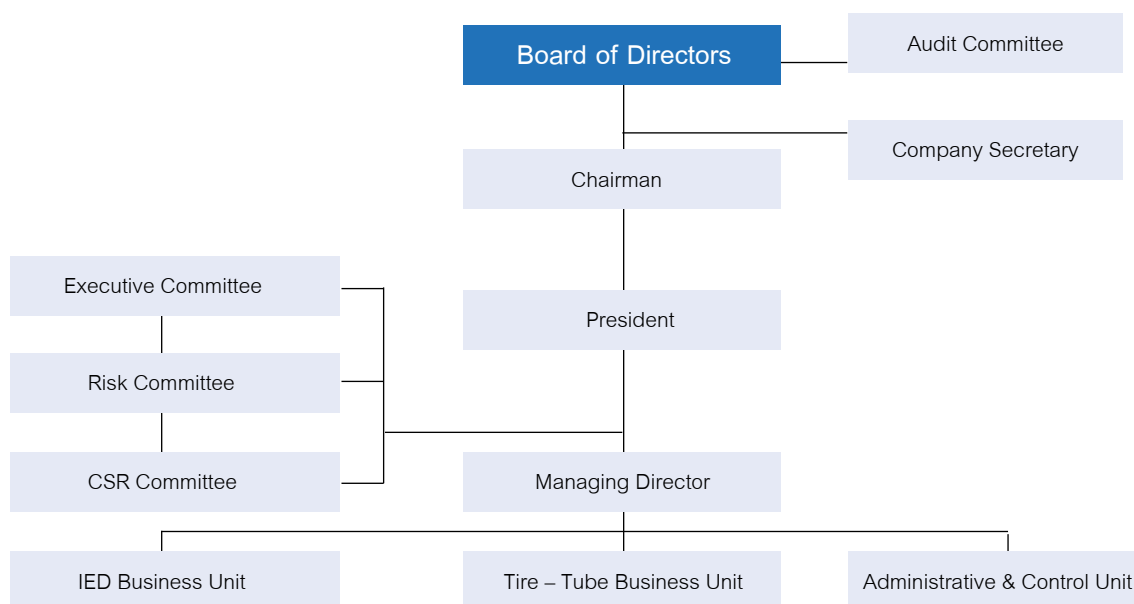
Energy risk is accordance with energy usage situation in Thailand which needs energy to develop economics continuously. However, types of most energy sources are gasoline and natural gas which depend on foreign import. This reflects fluctuation of energy price which results in economic risks such as inflation and economic recession.

Risk Management Guideline

The Company gets support from Ministry of Energy on advising auditing the energy usage efficiency. The Company has established Energy Management Committee to take charge of energy issue and find alternative energy. As for transportation, the Company now replaces gasoline which is expensive to CNG and uses Milk Run System to reduce transportation cost.

Management and Corporate Governance

Organization Chart



The Company has Board of Directors, Independent Committee, Audit Committee, Executive Committee, Risk Committee and CSR Committee to cogitate and study the Company's corporate governance and management guidelines. All directors have independence to express opinions on the Company's operation to ensure that the business is efficiently, accurately and transparently administered by the management.

1. Board of Directors

Board Structure

- The Company forms at least 5 members of the Board of Directors and not less than a half of whom must reside in Thailand.
- Of the total number of Board members, at least one-third and no fewer than three persons must be independent directors.
- The Board of Directors consists of members that have various kinds of skill, experience and specific capability which benefit to the Company. The Board of Directors also composes of non-executive directors who have great experiences in the Company's business and industry.
- Board structure and holding period are in accordance with the Company's Articles of Association.

Roles, Duties and Responsibilities of the Board of Directors

1. To undertake the duties in accordance with laws, objectives and Articles of Association 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 optimize the economic value of the business and business stability to shareholders.
3. To arrange a reliable accounting system, financial reports and auditing by settle 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 advices/suggestions and make a decision with due care on the agenda proposed in the Board of Directors' meeting.
6. To appoint/remove the subcommittee on specific matters as deemed suitable.
7. An independent director is able to provide their 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 good corporate governance, business morality and employee's code of conduct 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 importance transactions of the Company such as acquisition or disposal of assets, expansion of the investment projects, determination of the authority to be assigned and any action required by laws and to look after the conflict of interest among stakeholders of the Company.
10. To approve and/or consent on the connected transactions between the Company and its subsidiaries in accordance with related notifications, requirements and guidelines of the Stock Exchange of Thailand.
11. To suspend sale or purchase of shares of the Company one month prior to public disclosure of the financial reports.
12. To report any shareholding by himself/herself and his/her spouse and children in the board of director meeting quarterly 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.
14. To manage and supervise Company's intellectual property.

Board of Directors appointed Ms. Jaithip Choosatsitienchoke to be the Company Secretary to perform duty related to Board of Directors' Meeting and shareholders' meeting and ensure that Corporate Governance is in line with Standard of Good Corporate Governance.

Definition of Independent Director

1. Not holding shares exceeding 1% of the total shares with voting rights of the Company, its parent Company, its subsidiary, its associated company, or any potential conflicting person, which shall be inclusive of the shares held by those related persons;
2. Not being nor having been a director participating in the management, employee, officer, consultant who receiving regular salary, or controlling person over the Company, its subsidiary company, its associated company, its parallel subsidiary company, or potential conflicting person, excepting that he/she has no such characteristic for at least two years before the date of filing of the application with the office;
3. Not being a person related by blood or by registration under laws as father, mother, spouse, sibling and child, including spouse of child of executive, major shareholder, controlling person, or such other person who will be nominated to take up the position of executive or controlling person of the Company of its subsidiary company;
4. Not having nor having had any business relationship with the Company, its parent company, its associated company, or potential conflicting person as might interfere with his/her use of independent discretion, including not being nor having been a major shareholder, or a dependent director, of a person who has a business relationship with the Company, its parent company, its subsidiary company, its associated company or potential conflicting person except that he/she has no such characteristic for at least two years before the date of filing of the application with the office;

The business relationship mentioned in the above paragraph includes any trading transaction in the ordinary course of business, granting and taking a lease of real property, any transaction relating to assets or services, the grant or acceptance of financial assistance by way of loan, guarantee or deposit of assets as security for the performance of obligations and other similar transactions to the effect that an applicant or a party must pay a debt to the other party in an amount equal to 3% or more of its net tangible assets or Baht 20 million or more, whichever is lower. The calculation of connected transaction value as prescribed by Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions apply mutatis mutandis to the method used to calculate the amount of such indebtedness. In this connection, any indebtedness incurred during one year before the date on which the business relationship with the same person arose must be included;

5. Not being nor having been an auditor of the Company, its parent company, its subsidiary company, its associated company, or potential conflicting person, and not being a major shareholder, a dependent director, an executive, or partner of the auditing firm employing an auditor of the Company, its parent company, its subsidiary company, its associated company, or potential conflicting person except that he/she has no characteristic for at least two years before the date of filing of the application with the Office;
6. Not being nor having been any professional service providers including a legal advisor and a financial advisor, obtaining service fees of more than Baht 2 million per annum from the Company, its parent company, its subsidiary company, its associated company, or potential conflicting persons. If a professional advisor is a legal entity, this will include a major shareholder, a dependent director, an executive, or a partner of such professional services provider except he/she has no such characteristic for at least two years before the date of filing of the application with the Office;
7. Not being a director appointed to represent any director of the Company, a major shareholder, or a shareholder who is a related person of the Company's major shareholder;

8. Not having any other characteristics which make it incapable of expressing an independent opinion with regard to the Company's operation.

Nomination of the Board of Directors

The Company does not have the Nomination Subcommittee. To nominate a director, the Board of Directors will consider selecting and checking a qualified person by examining knowledge, experience and good working profile and then propose to the Board of Directors' meeting or the shareholders' meeting to consider appointing under the regulations and methods stated in the Articles of Association as follows:

1. At every annual general meeting, one-third of the directors shall retire, if the number of directors is not a multiple of three, the number of directors closest to one-third shall retire.
2. The directors shall be elected by a shareholder meeting in accordance with the following rules and procedures:
 - 2.1 Each shareholder shall have one vote per one share.
 - 2.2 Each shareholder may exercise up to all the votes he has under sub-clause 2.1 in favor of any one or more candidates but may not be allowed to allot his votes to any candidate in any number.
 - 2.3 The Candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of director's positions are filled. Where the votes casted for candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the Chairman shall have a casting vote.
3. In the case of a vacancy in the Board of Directors for any reason (s) other than the expiration of the directors' term of office, the Board of Directors shall elect a person who has the qualifications and who possesses in-prohibited characteristics under Section 68 of Public Limited Companies Act B.E. 2535 as the substitute director at the next meeting of the Board of Directors, unless the remaining term of office of the said director is less than two months. The substitute director shall hold office only for the remaining term of office of the director whom he replaces.

2. Audit Committee

Audit Committee consists of 3 independent directors which possess all the qualifications required by Capital Market Supervisory Board and the Stock Exchange of Thailand.

Qualification of Audit Committee

1. Company's Board of Directors or shareholders shall consider to appoint the Audit Committee by selecting at least 3 directors who take no part of the interest in the business management or are independent from the Company's operation as follows :

1.1 Holding shares not exceed 1% of the paid up share value of the Company, parent company, subsidiary company, joint-venture company or juristic person who may take part in the disagreement, counting to include shares held by the concerned persons too.

1.2 Being the independent directors and are not the directors authorized by the Board of Directors to make the decision in the operation of the Company, parent company, subsidiary company, joint-stock company, subsidiary company in the same class or juristic person who may take part with disagreement and are not the directors of the parent company, subsidiary company or subsidiary in the same level specially the registered company.

1.3 Having duty in the same manner as provided in the announcement of the Stock Exchange of Thailand on the qualifications and the scope of the Audit Committee's operation.

1.4 Having adequate knowledge, capability and experience to perform their duties as the Audit Committee, however, at least one member of Audit Committee must have adequate knowledge and experience to perform his/her duty in verifying the reliability of the financial statements.

1.5 Never before having no relationship, directly or indirectly, on the finance or management of the Company or subsidiary company or joint stock company or major shareholders within the period of 1 year prior to being appointed as the Audit Committee, except the prudent consideration is made by the Company's Board of Directors in agreeing that having been interested persons would not have the effects against their performances and their independent expression of opinion.

1.6 Being able to perform their duties, express their opinions or report the performance of their duties as assigned by the Company's Board of Directors without being influenced under the control of the Company's executives or major shareholders, including the concerned persons or closed relatives of such persons.

1.7 Take a position of a member of the Audit Committee in listed companies and affiliated companies of any listed companies not exceed 4 companies, and a director of not more than 30 companies.

2. The Audit Committee shall elect one member of the Audit Committee to act as the Chairman of the Audit Committee.

3. Office Holding Period

3.1 The chairman of Audit Committee shall hold the office term for the period of no longer than 3 years each.

3.2 The Audit Committee members shall hold the office term for the period of no longer than 2 years each or equal to the number of years remaining in the office of the Company's Board of Directors. The retired director may be elected to hold office for another term.

4. Any member of the Audit Committee wishes to resign before the complete term has come to due must notify the Company for at least 30 days in advance with the appropriate reasons in order for the Company to announce his/her resignation and submit the resignation letter to the Stock Exchange of Thailand for acknowledgement and for the Stock Exchange to appoint the complete qualified person to replace the resigned one, regardless of that resigned director's remaining office term. The Board of Directors must appoint the member of the Audit Committee to fulfill the required number within 3 months from the date of such member's resignation.

Roles, Duties and Responsibilities of Audit Committee

Roles, duties and responsibilities of Audit Committee are in line with regulations of the Stock Exchange of Thailand. Details are as follows:

1. To verify in assuring that the Company's financial report is correct, 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.

3. Executive Committee

Executive Committee consists of:

Name - Surname		Position
1. Mr. Kazuo	Sato	President
2. Mr. Takenori	Nakamoto	Executive Committee
3. Ms. Witchuda	Kupongsak	Executive Committee
4. Mr. Jatupol	Lawhachainam	Executive Committee
5. Mr. Suchart	Kootiratrakarn	Executive Committee
6. Mr. Hiroyuki	Hibi	Executive Committee
7. Mr. Hirozo	Mizuno	Executive Committee
8. Mr. Noriyoshi	Suzuki	Executive Committee
9. Mr. Yasuo	Iida	Executive Committee

Roles, Duties and Responsibilities of Executive Committee

1. To conduct and/or manage the daily business operation in accordance with policies, action plans, targets, Articles of Association and regulations of the Company prescribed by the Board of Directors.
2. To strictly, honestly and carefully conduct and manage the operation in accordance with the resolutions of the Board of Directors altogether with the approved budget by consideration on the interest of the Company and the shareholders.
3. To report the operating performance of the Company to the Board of Director meeting quarterly and to review the operating results periodically for a quick resolution to achieve the business targets.
4. To assess and screen the major investment projects and the annual budget prior to the submission to board's consideration.
5. To undertake the work in accordance with the good corporate governance principles prescribed as a guideline by the Board of Directors.
6. To suspend sale or purchase of shares of the Company one month prior to public disclosure of the financial reports.
7. To prepare a report on the conflict of interest of the management annually.
8. To manage the information system and intellectual property including the Company's important commercial information.
9. To refrain from any reveal of company's business transaction and/or intellectual property to third party without consent and/or oppose to business ethics and affect the Company's business.

4. Risk Committee

	Name – Surname	Position
1. Mr. Takenori	Nakamoto	President
2. Ms. Witchuda	Kupongsak	Member of Committee
3. Mr. Narongchai	Rattanaekkawin	Member of Committee
4. Mr. Suchart	Kootiratrakarn	Member of Committee
5. Mr. Bunthorn	Sriwongchant	Member of Committee
6. Mr. Bancha	Yutthaworakool	Member of Committee
7. Mrs. Praewphan	Songhong	Member of Committee
8. Ms. Jaithip	Choosatsatienchoke	Member of Committee
9. Ms. Kornkanok	Kosit	Secretary

Roles, Duties and Responsibilities

Risk Committee manages risk in operation and business opportunities in the present and the future. The committee also evaluates measurement, accessibility, prevention, systematic and transparent management of risk in order to support management team's operation and the Board of Directors' decision making.

5. CSR Committee

Vision

The Company is committed to social responsibility which results in developing and distributing quality products, keeping standard systems sustainably and saving energy continuously and systematically for appropriate social benefits.

Name – Surname		Position
1. Mr. Jatupol	Lawhachainam	President
2. Mr. Monchai	Mekanuwongsa	Member of Committee
3. Mr. Tratham	Wattana	Member of Committee
4. Mr. Chaiyasit	Mitbamroong	Member of Committee
5. Mr. Sommai	Wandee	Member of Committee
6. Ms. Rungtiwa	Thongprapaisaeng	Member of Committee
7. Mr. Sunan	Lachareon	Member of Committee

6. Company Secretary

On August 7, 2008, Board of Directors passes a resolution to appoint Company Secretary. Now Ms. Jaithip Choosatitsatienchoke is the Company Secretary which has the following duties and responsibilities:

1. Organize and facilitate Board of Directors' and shareholders' meeting and provide minutes.
2. File all documents and related records.
3. Follow up on all resolutions passed and instructions given by Board of Directors' and shareholders' meetings.
4. Perform any other actions specified in the Securities and Exchange Act (No. 4) B.E. 2551 or related laws and regulations including notifications from the Capital Market Supervisory Board.

7. Remuneration for Directors and Executives

Remuneration for Directors and Audit Committee

Total remuneration from 1 October 2012 to 30 September 2013 was 1,842,000.00 Baht. Details are as follows:

Board of Directors	Number of Attendance			Remuneration for Directors	
	Share-holders' Meeting	Board of Directors' Meeting	Audit Committees' Meeting	Annual Remuneration	Transportation Allowance
1. Mrs. Pimjai Leeissaranukul	1/1	5/5		80,000.-	12,000.-
2. Mr. Kazuo Sato	0/0	1/1			
Mr. Atsushi Imamura (Replacement has been effective since 9 August 2013)	1/1	4/4		80,000.-	14,000.-
3. Assoc.Prof.Dr. Chesada Loha-unchit	1/1	5/5	5/5	300,000.-	24,000.-
4. Mr. Vichit Vuthisombut	1/1	5/5	5/5	220,000.-	24,000.-
5. Ms. Chaovana Viwatpanachati	1/1	5/5	5/5	220,000.-	24,000.-
6. Mr. Soichi Inoue	0/1	0/5		120,000.-	-
7. Mr. Masayuki Inoue	1/1	4/5		120,000.-	10,000.-
8. Mr. Thanong Leeissaranukul	1/1	5/5		120,000.-	12,000.-
9. Mr. Apichart Leeissaranukul	1/1	3/5		120,000.-	8,000.-
10. Mrs. Pornthip Sethiwan	1/1	4/5		120,000.-	10,000.-
11. Mr. Kiyoharu Mizushima	0/0	0/1			
Mr. Koji Matsuda (Replacement has been effective since 9 August 2013)	0/1	1/4		80,000.-	2,000.-
12. Mr. Makoto Hashimoto	0/0	1/4			
Mr. Masakazu Sekigushi (Replacement has been effective since 29 January 2013)	0/1	0/1		120,000.-	2,000.-

Remuneration for Executive Committee

Remuneration for Executive Committee (1 October 2012 – 30 September 2013), the Company had paid totaling 29.06 million Baht in the form of salary, short-term benefits and post-employee benefits.

Corporate Governance

The Company has a management system which includes discerning and responsible Board of Directors and executives. The Company also has a control and balance mechanism to make transparent and verifiable administration. Inoue Rubber (Thailand) Public Company Limited respects equal rights of shareholders and is responsible to stakeholders which are important factors in increasing value and highest return to shareholders in the long run. The Board of Directors set the corporate governance policy which has principles and guidelines in accordance with the Stock Exchange of Thailand's Principles of Good Corporate Governance and Thai Institute of Directors Association (IOD)'s recommendations. Executives and employees are communicated about the policy and hold on to it continuously. In addition, the Board of Directors will regularly review the corporate governance policy in order to make it suitable with the Company's condition and business conduct constantly.

In order to support the process and help the Board of Directors ensure that the Company's operation is in accordance with the Principle of Good Corporate Governance, the Company Secretary was assigned to collect data and recommendations from the Board of Directors, Corporate Governance Development Center for Listed Companies and Thai Institute of Directors Association and propose to the Board of Directors to review and improve a policy, a handbook and a guideline of Good Corporate Governance, business morality, employee's code of conduct, risk management policy and corporate social, community and environmental responsibility policy in the Board of Directors' meeting.

The Company's Corporate Governance policy is divided into 5 sections covering the Principle of Good Corporate Governance as follows:

1. Right of shareholders
2. Equitable treatment of shareholders
3. Role of stakeholders
4. Disclosure and transparency
5. Responsibilities of the board

Section 1 Right of Shareholders

1.1 Shareholders' Meetings

The Company will conduct an annual general meeting of shareholders within 120 days from the last day of the Company's fiscal year. The Company might hold more meetings if it is necessary and appropriate. The Company sets up the Company Secretary to assure that shareholders' meetings are called and conducted as required by law and in accordance with the guidelines for shareholders' meetings as specified by the SET. The Company also appoints an auditor and a legal consultant who act as independent parties and canvassers or inspectors of vote at the meeting to attend the annual general meeting of shareholders.

1.2 Invitation Letters and Shareholders Facilitation

The Company assigns Thailand Securities Depository Company Limited which acts as a securities registrar to deliver the invitation letter, stating the place, date, time and agenda of the meeting with enough supporting information for each agenda to shareholders at least 7 days before the shareholders' meeting as required by law in order to allow shareholders enough time to study the information. The information includes objectives and reasons for each proposed agenda with comments of the Board of Directors on each agenda. There shall be no hidden agenda or other agenda not stated in the invitation letter to the shareholders' meeting for the consideration

and approval of the shareholders, except for urgent matters that are known after the invitation letter is sent. The Company will send an English version of the invitation letter and supporting documents to foreign shareholders. The Company also publishes the invitation letter together with supporting documents on the website before shareholders' meeting. The invitation letter shall be declared via a Thai newspaper for 3 consecutive days before the meeting date. To preserve the rights of shareholders who are inconvenient to attend the meeting in person, the Company sends the proxy forms with the invitation letter and clearly specifies the list of documents and evidences required for the appointment of a proxy. The shareholders can assign representatives or independent directors to attend the meeting and cast the vote on their behalf. The Company will state in the invitation letter the name of at least 1 independent director, whom a shareholder can give proxy to. The Company will also disclose the invitation letter and the proxy form with details and procedures on the Company's website.

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

1.3 On and After Shareholders' Meeting

Before begin the meeting, Chairman will introduce the meeting the Board of Directors, Company Secretary, an auditor and a legal consultant who acts as the moderator. The Company Secretary will inform the meeting about the voting procedures and vote counting in the meeting. After the information has been provided for each agenda, Chairman will give floor to all attendants to express opinions or enquiries relevant to the agenda equally. The enquiries will be answered clearly and precisely. For the agenda on the appointment of directors, the shareholders will vote for each director individually and separately. The Company arranges for use of ballots on every agenda item which requires vote casting for transparency and inspection can be made.

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

Section 2 Equitable Treatment of Shareholders

2.1 The Use of Inside Information

The Company realizes the importance of the protection of inside information usage for their own or the other's benefits of directors, executives, and employees. Therefore, the Company has provided a guideline of the use of inside information which includes in a handbook of business morality and employee's code of conduct. The Board of Directors, executives and employee shall practice rules and regulations of The Office of the Securities and Exchange Commission in order to be in line with Principles of Good Corporate Governance. Important issues are summarized as follows:

- Directors and executives (including spouse and minor children) must report changes in securities holding to the SEC according to Section 59 of the Securities and Exchange Act B.E. 2535 within 3 business days from the first day that securities holding changes. They must also provide a copy of such report to the Company Secretary in order to gather, submit a summary and propose to the Board of Directors' meeting quarterly.

- Directors, executives and employees cannot use inside information for trading securities of the Company and cannot disclose inside information to outsiders or people who are not related before thoroughly reveal to the public via the SET. The Company has the prevention of improper use of inside information policy. People who know inside information cannot sell and buy the Company's securities a month before disclose the annual and quarterly financial statements.

2.2 Protection of Minor Shareholders' Rights

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

2.3 Conflict of Interest

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

2.4 Report on Conflict of Interest of Directors and Executives

Directors and executives have to submit their reports on conflict of interest, including of related person annually. The Company Secretary will keep all reports. If the conflict of interest is found on the report, the Company Secretary has to report Chairman and President.

Section 3 Role of Stakeholders

The Company is aware of the role of stakeholders and emphasizes the rights of all groups of stakeholders, such as shareholders, employees, customers and business partners, as well as the public and the community, by ensuring that they are treated properly, equitably and fairly. The Company believes that the good relationship with all groups of stakeholders is significant for long-term achievement and sustained growth of the Company's group. Therefore, the company has set the written policy in a handbook of business morality and employee's code of conduct and distributes to all executives and employees for their acknowledgement and compliance.

In addition, the Company has provided a communication channel for stakeholders and related groups to express opinion and complaint on issues that cause damage to the Company and are related to external environment. The Company will improve, fix and find the solution for the complaint in order to incite stakeholders and all related parties to get along sustainably. The Company also proposes this to the CSR Committee's meeting that has duty to check and scrutinize information before propose to the Chairman and the President.

3.1 Business Partner The Company runs business by being aware of business partners, whether customers, account payable, other creditors and related parties with honesty and under related laws and regulations. The Company also strictly complies with the agreed contract or the terms and conditions.

- *Quality and Product Development* The Company has conducted researches and developed techniques in raw materials, production processes and products continuously. The Company creates quality in every product with international quality system from selecting suppliers, selecting sources and doing activities which build up integration. The Company is managed by using the supply chain approach and doing activities related to build up relation and participation which create value in products.

- *Management* The Company raises up the best satisfaction to customers in price, quality, delivery and the most effective service all the time

3.2 Employee The Company comprehends that all employees are valuable resources, and stability and sustainability are from strength and spirit of staffs of all levels. Therefore, the Company has set the policy to take care of employees covering safety in working and environment and developing staffs of all levels to gain higher competence. Details are as follows:

- *Human Resource Development* The Company allocates budget and sets plans to strengthen capability. The Company specifies training courses corresponding to development criterion of each department which are in line with promotion terms and conditions. There are internal and external training courses as well as overseas training courses and activity observations.

The Company includes human resource development in the mission “providing competency-based professional development to all staff levels.” In 2013, the Company had conducted 43 training courses and set basic courses which employee must learn and courses to advance working skills. As for external courses, the Company sent employees and executives to about 168 significant training courses. There were 8 training courses and activity observations outside the country. The Company had projects for employees and executives to learn new evolutions in order to improve the Company's performance, both in Japan and USA.

- *Fair Treatment towards Workers* Employees of all levels are equally important to the Company. The Company appoints directors from representatives of various departments on the basis of fairness for employees to evaluate job performances, promote workers, alternate tasks, assess and adjust wages. Directors are considered based on virtue, human resource utilization for the highest benefit and workers' competence support in order to compel the Company to develop and innovate constantly.

- *Occupational Safety, Health and Environment* The Company is greatly and constantly aware of safety in working. The Company joined Turnkey Management Project on Promotion and Prevention Relating to Occupational Safety and Diseases of Employees in Establishment which Safety and Health at Work Promotion Association (Thailand) was an advisor. The Company also arranged “Stop – Call - Wait” Campaign which aimed to be the guideline to control work and fix errors of workers in the Company in order to create occupational safety.

During the past 3 years, the Company has not changed the number of employees or has labor dispute significantly.

3.3 Society and Community The Company is aware of being a part of community. Therefore, the Company expects to treat society and environment with higher standard consistently which is in accordance with the policy in increasing the standard of safety and environment conservation in business operation. Moreover, the Company has participated in supporting community's activities such as education projects, Buddhism projects, energy projects and mass relations projects as aforementioned.

The Company also developed occupational skill of prisoners in Department of Corrections to be able to earn a living or be professional workers in the industrial sector after they are acquitted. There are continuous projects in training and giving both theoretical and practical knowledge in various regions around the country to encourage motorcyclists to have the right information and skill in driving on the road safely.

3.4 Shareholders The Company is committed to run business that generates strong financial status and attractive return to shareholders which regards long-term sustainable growth with transparency and good governance.

Section 4 Disclosure and Transparency

The Company places importance on disclosing financial and non-financial information and realizes that the information has a significant impact on shareholders' and stakeholders' decision making. Therefore, the Company regards disclosing information accurately, sufficiently, punctually, transparently and equally via the Stock Exchange of Thailand's channels and media and the Company's website as its policy. Disclosure of information is not against related laws and does not cause bad results to all stakeholders.

There is a channel for shareholders, institutional investors, retail investors, analysts and related sectors to contact Investor Relation as follows: Investor Relation Tel: (662) 996 0890 Fax: (662) 9961439 e-mail: ir@irc thailand.com

Section 5 Responsibilities of the Board

The Company has specified roles, duties and responsibilities of Board of Directors and subcommittees and presented in the topic "Management Structure" above.

1. Board Self - Assessment

Board of Director sets a policy of evaluating their performances annually which aims to help the Board of Directors verify the last-year performances and improve duty performing to be more effectively. Board self – assessment as a team consists of 6 topics: 1. Structure and Characteristics of the Board, 2. Roles and Responsibilities of the Board, 3. Board Meetings, 4. Board's Performance of Duties, 5. Relationship with Management and 6. Self - Development of Directors.

In 2013, Board of Directors assessed itself and perceived that its performance was fine.

2. Knowledge development

The Company prepares handbooks for directors by gathering summaries of laws and regulations for the public company, objectives and Articles of Association of the Company, Director's Handbook to allow directors to acknowledge roles, duties and guidelines. The Company also encourages directors to attend seminars of various training courses, particularly those that are conducted by Thai Institute of Directors Association (IOD) to benefit in performing their duties.

In 2013, Board of Directors and Executive Committee had attended training courses to develop knowledge by Thai Institute of Directors Association as follows:

Name – Surname		Position	Course
Mrs. Pimjai Leeissaranukul		Chairman	Role of the Chairman Program
			Risk Management Committee Program
Mrs. Pornthip Sethiwan		Director	Role of the Compensation Committee
Assoc.Prof.Dr. Chesada Loha-unchit		Chairman of Audit Committee	Role of the Nomination and Governance Committee
Ms. Witchuda Kupongsak		Executive Committee	Successful Formulation & Execution of Strategy

3. Board Meetings

The Company will conduct the Board of Directors' meeting to follow up the business results and approve issues related to vision, risk strategy, action plan, budget and other matters that affect the Company. The Company will hold the meeting not less than 6 times a year (started from 1 October 2013). The Company Secretary is assigned to set the annual meeting plan in advance and propose to the Board of Directors' meeting on November of every year.

As for stipulation of meeting agendas, the Company Secretary is assigned to propose the draft of meeting agendas to Chairman and President to consider and make a decision on the agendas proposed in the Board of Directors' meeting. They also have to ensure that important issues are included and give an opportunity to each director to independently present subjects which are beneficial to the Company to be the agendas proposed in the meeting. After the meeting agendas are scrutinized by Chairman and President, the Company Secretary has to deliver the invitation letter of Board of Directors' meeting not less than 14 days and supporting documents not less than 7 days before the meeting day.

Chairman has to allocate enough time for directors to discuss important issues, encourage directors to use discretion carefully and pay attention to all subjects proposed in the meeting as well as the corporate governance. Executive committee should be invited to attend the meeting with the Board of Directors in order to give supporting information for the Board of Directors' consideration every time.

Internal Control

Risk Management

The Company has made risk management policy a part of business operation plan. There is Risk Committee to set up policy, estimate risks which may occur according to internal and external factors and define a guideline to manage risks to remain at an acceptable level. To make business operation increase value and returns to shareholders in the long run, Risk Committee has assigned divisions, owners of risks to take charge of assessing, managing and organizing risks to stay at an acceptable level.

Risk Committee also takes responsibility in monitoring risk management periodically and reporting to the Board of Directors to consider acknowledging quarterly.

Internal Control

The Company realizes that internal control is one of the most important processes. Good internal control creates a working system which is accurate, transparent, verifiable and able to decrease or prevent possible damages. The Company has continuously developed an efficient and effective internal control system which focuses on protective internal control and giving information to support workers. The Company is transparent and follows a handbook of Managerial Authority, a handbook of business morality, work instruction and a policy of Good Corporate Governance to preserve all stakeholders' benefits and prevent conflict of interest. The Company also monitors that if employees follow measures of risk reduction to ensure that the Company's risks stay at an acceptable and manageable level.

In Board of Directors' Meeting No. 5/2013, held on 15 November 2013, the Board of Directors and Audit Committee considered giving opinion on adequacy of an internal control of the Company which covered 5 components: control environment, risk assessment, control activities, information and communication, and monitoring. The Board of Directors unanimously agreed that majority of the Company had adequacy of internal control completely and found no significant deficiency related to an internal control.

Supervision and Usage of Inside Information

The Company has a policy of supervising and protecting inside information which is confidential and includes significant matters that are not disclosed to the public in order not to allow insiders and people without authority to get access to information and receive unrightful benefits. The Company set a policy of securing information to classify its confidential levels and specify authorized people to access secured information that is essential, related and needed only.

The Company has a policy for directors and executives to report on trading securities of the Company every time and does not allow directors and executives to trading securities of the Company's group by using inside information which has important issues and is not disclosed to the public for their or the other's benefits. The Company also has stated in the code of conduct that directors, executives and employees should avoid or stop trading securities of the Company's group a month before disclose information to the public.

Connected Transactions

Most of connected transactions happened between the Company and its Subsidiaries and parties related to the Company's business operations. The connected transactions were undertaken to facilitate, ease normal business operating activities as well as to shrink the time spend required in accomplishing each business activity. To enter into each transaction, the Company always made a decision based on the utmost good faith for the Company's and shareholders' benefits without any conflict of interests

The auditor presented connected transactions in the note no. 23 of financial statements and the connected transactions were summarized in the next page.

Approval of Connected Transaction

The Company had clearly stated the procedures for approving connected transactions in the managerial authority of the Company and the subsidiaries which are in line with the regulations of the Stock Exchange of Thailand.

Most of the transactions were related to sales and purchases of raw materials and products and services rendered/received. The said transactions were engaged in accordance with the conditions mutually agreed between the Company and the related parties, which relied on the normal business conditions on the Arm's length basis. As for short-term asset lease, the Company had hired independent appraisers to estimate the value which was verified by Audit Committee and proposed to the Board of Directors' meeting for approval.

Possibility in Conducting Connected Transaction in the Future

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

Summary of Related Company Transaction as to Holding Stock and/or Sharing Committee
Year 2013 (1 October 2012 - 30 September 2013)

Company	Type of Relationship	Type of Category	Value and Outstanding Balance	Terms and Basis
IRC (Asia) Research Ltd.	Subsidiary	1) Research and development service	Value 79.71 million baht Outstanding Balance 14.15 million baht	Prices as agreed in the contract
		2) Short-term property rental transaction*	Value 1.72 million baht Outstanding Balance 0.15 million baht	Contract price valued by independent appraiser
		1) Purchase and repair of molds	Value 90.78 million baht Outstanding Balance 26.21 million baht	
		2) Short-term property rental transaction*	Value 1.12 million baht Outstanding Balance 0.10 million baht	Contract price valued by independent appraiser
Inoac Thailand Co., Ltd.	Indirect shareholding	1) Professional service fee	Value 40.28 million baht Outstanding Balance 11.94 million baht	Prices as agreed in the contract
		2) Short-term property rental transaction*	Value 0.77 million baht Outstanding Balance 0.04 million baht	Contract price valued by independent appraiser
		3) Sale of goods	Sale Value 13.89 million baht Outstanding Balance 0.83 million baht	Market price or cost plus margin according to type of products which uses the same practice as the price charged to a third party
		4) Service fee	Value 0.17 million baht Outstanding Balance 0.07 million baht	Cost plus margin

Company	Type of Relationship	Type of Category	Value and Outstanding Balance		Terms and Basis
Toei – Inoac Limited	1. Have indirect shareholders in common 2. Have directors in common	1) Sale of goods	Sale Value	10.19 million baht	Market price or cost plus margin according to type of products which uses the same practice as the price charged to a third party
			Outstanding Balance	0.74 million baht	
		2) Rental fee	Value	1.20 million baht	Contract price valued by independent appraiser
			Outstanding Balance	0.10 million baht	
Inoac Corporation Co., Ltd.	1. Have a major shareholder : Inoue Rubber Co., Ltd. (Japan) in common 2. Have directors in common	3) Service fee	Value	0.31 million baht	Cost plus margin
			Outstanding Balance	0.03 million baht	
		Technical Service fee	Value	25.40 million baht	Prices as agreed in the contract which base on percentage of industrial elastomer part's sales and are reduced following the number of selling year
			Outstanding Balance	7.92 million baht	
Inoue Rubber Co., Ltd. (Japan)	1. Be a major shareholder 2. Have directors in common	1) Technical Service fee	Value	16.81 million baht	Prices as agreed in the contract which base on percentage of motorcycle tire and tube's sales
			Outstanding Balance	5.41 million baht	
		2) Purchase of goods	Value	3.43 million baht	Use the same practice as the price charged to a third party
The Sittipol (1919) Co., Ltd.	1. Have a major shareholder : Leeissaranukul Family in common 2. Have directors in common	3) Sale of goods	Sale Value	206.45 million baht	Market price or cost plus margin according to type of products which uses the same practice as the price charged to a third party
			Outstanding Balance	10.72 million baht	
		1) Sale of goods	Sale value	582.02 million baht	Market price or cost plus margin according to type of products which uses the same practice as the price charged to a third party
			Outstanding Balance	116.23 million baht	
		2) Advertising fee	Value	6.00 million baht	

Company	Type of Relationship	Type of Category	Value and Outstanding Balance		Terms and Basis
Thai Stanley Public Co., Ltd.	1. Have a major shareholder : Leeissaranukul Family in common 2. Have directors in common	Sale of goods	Sale Value	35.90 million baht	Market price or cost plus margin according to type of products which uses the same practice as the price charged to a third party
			Outstanding Balance	5.50 million baht	
Asian Stanley International Co., Ltd.	Have directors in common	Sale of goods	Sale value	0.01 million baht	Market price or cost plus margin according to type of products which uses the same practice as the price charged to a third party
Sirivit-Stanley Co., Ltd.	Have directors in common	Sale of goods	Sale value	15.55 million baht	Market price or cost plus margin according to type of products which uses the same practice as the price charged to a third party
			Outstanding Balance	2.42 million baht	
Techno Foam Co., Ltd.	Have directors in common	Sale of goods	Sale value	0.86 million baht	Market price or cost plus margin according to type of products which uses the same practice as the price charged to a third party
			Outstanding Balance	0.23 million baht	
Inoue Rubber Vietnam Co., Ltd.	1. The Company holds 8% of share 2. Have major shareholders in common	Sale of goods	Sale value	78.60 million baht	Market price or cost plus margin according to type of products which uses the same practice as the price charged to a third party
			Outstanding Balance	3.05 million baht	
Inoac International Co., Ltd.	1. Have a major shareholder : Inoue Rubber Co., Ltd. (Japan) in common 2. Have directors in common	1) Sale of goods	Value	356.21 million baht	Use the same practice as the price charged to a third party
			Outstanding Balance	171.27 million baht	
		2) Purchase of goods	Sale value	90.31 million baht	Market price or cost plus margin according to type of products which uses the same practice as the price charged to a third party
			Outstanding Balance	12.09 million baht	
Inoac Tokai (Thailand) Co., Ltd.	Have indirect shareholders in common	1) Sale of goods	Value	174.31 million baht	Use the same practice as the price charged to a third party
			Outstanding Balance	47.87 million baht	
	2) Purchase of goods		Sale Value	760.41 million baht	Market price or cost plus margin according to type of products which uses the same practice as the price charged to a third party
			Outstanding Balance	173.19 million baht	
	3) Rental fee		Value	1.55 million baht	Contract price valued by independent appraiser
			Value	8.60 million baht	
	4) Service and professional service fee		Outstanding Balance	1.05 million baht	Cost plus margin

Company	Type of Relationship	Type of Category	Value and Outstanding Balance		Terms and Basis
Inoac Vietnam Co., Ltd.	1. Have a major shareholder : Inoue Rubber Co., Ltd. (Japan) in common 2. Have directors in common	Sale of goods	Sale Value	0.84 million baht	Market price or cost plus margin according to type of products which uses the same practice as the price charged to a third party
Total Oil (Thailand) Co., Ltd.	Have directors in common	Purchase of goods	Value	2.86 million baht	Use the same practice as the price charged to a third party
			Outstanding Balance	0.77 million baht	
Pacific Industries (Thailand) Co., Ltd.	Have directors in common	Purchase of goods	Value	69.13 million baht	Use the same practice as the price charged to a third party
			Outstanding Balance	12.88 million baht	
Asian Rubber Parts Co., Ltd.	Have directors in common	1) Sale of goods	Sale Value	81.49 million baht	Use the same practice as the price charged to a third party
			Outstanding Balance	25.21 million baht	
		2) 10-year machinery lease contract	Value	6.83 million baht	The Company has to use machines which have unique technology and characteristics in production.
SK Rubber Product Co., Ltd.	Have a major shareholder : Leeissaranukul Family in common	1) Purchase of goods	Value	63.69 million baht	Use the same practice as the price charged to a third party
			Outstanding Balance	16.32 million baht	
		2) Sale of goods	Sale value	29.68 million baht	Market price or cost plus margin according to type of products which uses the same practice as the price charged to a third party
			Outstanding Balance	8.80 million baht	
Bridgestone IRC Manufacturing Co., Ltd.	1. Have a major shareholder : Inoue Rubber Co., Ltd. (Japan) in common 2. Have directors in common	Sale of goods	Sale Value	7.81 million baht	Market price or cost plus margin according to type of products which uses the same practice as the price charged to a third party
			Outstanding Balance	3.10 million baht	
Inoac Hong Kong Co., Ltd.	1. Have a major shareholder : Inoue Rubber Co., Ltd. (Japan) in common 2. Have directors in common	Purchase of goods	Value	3.32 million baht	Use the same practice as the price charged to a third party
			Outstanding Balance	1.07 million baht	

Company	Type of Relationship	Type of Category	Value and Outstanding Balance		Terms and Basis
Smart Sport Promotion Co., Ltd.	Have directors in common	Advertising fee	Value	0.30 million baht	
Inoac Automotive (Thailand) Co., Ltd.		1) Purchase of goods	Value	10.92 million baht	Use the same practice as the price charged to a third party
			Outstanding Balance	2.34 million baht	
		2) Sale of goods	Sale value	0.76 million baht	Market price or cost plus margin according to type of
			Outstanding Balance	0.32 million baht	products which uses the same practice as the price charged to a third party
Inoac Industries (Thailand) Co., Ltd		Sale of goods	Sale value	0.26 million baht	Market price or cost plus margin according to type of
			Outstanding Balance	0.05 million baht	products which uses the same practice as the price charged to a third party

Management discussion and analysis

Overall operation

The Company was affected by both global financial situation and domestic political conflict and instability. Global economic growth slowdown from the on-going issues such as the debt ceiling, fiscal cliff and the cessation of quantitative easing 3 in United State, these formed negative sentiment for consumers throughout the globe and simultaneously created the reluctance in spending money. Another feasible factor contributed to negative sentiment towards Thailand's economic situation in 2013 was the stimulated economic growth of the previous year that increased people's expectations and the decelerated in Thai exports of agricultural products.

Despite of the conditions mentioned, the Company continued to achieve increase in Company's revenue for 4 consecutive fiscal years (2009-2013). The Company's revenue increased by approximately 4 percent valued at Baht 6,835 million. The revenue derived from industrial elastomer parts and motorcycle tires and tubes with the revenue of 3,823 million Baht and 2,961 million Baht respectively.

In fiscal year 2013, Crude oil price trend indicated the declination due to the exacerbated existence of US shale oil and shale gas which could probably become the alternative to the conventional oil such as crude oil. The Organization of Petroleum Exporting Countries (OPEC) has been pressurized on its supply side by the dramatic expansion of shale energy supplies. Due to the aforesaid facts, intense pressure was being imposed on crude oil price lead to price declination to safeguard the competitiveness. The price of the raw materials such as natural rubber and synthetic rubber were also declined. Therefore, low prices of raw materials resulted in the lower cost of goods sold compared to that of last year. Besides the low price of raw materials itself, the effectiveness in raw material cost management and quantity management control favorably contributed in Company's gross profit of Baht 502 million or increased by 248.51 percent and the Gross Profit Margin was approximately 11.8 percent. The Company's net profit was Baht 409.10million having an increase of 299 percent compared to last year.

Company's selling and administrative expense was Baht 321.26 million, increased by Baht 63.33 million or 24.55 percent due to the competitive sales promotion and product distribution management compared to the slowdown market condition of the previous fiscal when the flood disaster be effected while the inundated situation in Thailand resulted in low transactions and administrative and selling expense in fiscal year 2012.

Financial status

The Company's financial position as of September 30, 2013 shows the consolidated balance of the total assets of Baht 3,889 million reduced by 9.3 percent which was the result mainly from the decrease in trade and other receivables relative to the aforementioned of Thailand's economic situation. Another factor was the decrease in inventories as the Company reduced the quantity of raw material in stock. Total liability was amounted to Baht 1,493 million decreased by Baht 768 million or 33.9

percent due to the decreased trade and account payables in accordance with the economic slowdown and short-term loan as the Company made a significant amount of repayments to financial institutions. Shareholder's equity was Baht 2,396 million increased by Baht 368 million or 18.1 percent resulted from the higher sales revenue and lower price of raw materials used. Basic Earning per Share was 2.05 Baht as at September 30, 2013.

Cash flow statement for the year ended September 30, 2013, Company and subsidiaries have net cash and cash equivalent of Baht 96 million which had an additional amount of Baht 35 million or increased by 57.9 percent compared to last year. This was derived from the net cash flows from operating activities of Baht 781 million, the net cash spent on investing activities of Baht 400 million, and net cash spent on financing activities of Baht 346 million.

In term of performance, the Company has stronger financial status that was evidenced by various financial ratios. Firstly, the liquidity ratio was equal to 1.56 times while quick ratio increased from 0.81 times last year to 1.02 times in 2013 represented higher ability that the Company possesses to cover company liabilities. Profitability ratios indicate a significant improvement in profit margins due to the aforesaid factors. The assets turnover ratio was 1.67 times while return on fixed assets had dramatically improved from 6.69 times to 29.6 times, these indicate that Company's fixed assets were utilized more efficiently at 39.7 times or increase from 23.3 times last year.

Report of the board of directors' responsibility for the financial reports

The Board of Directors is responsible for the financial statements of the Company and its subsidiaries and the financial information as presented in the annual report of the Company. The financial statements of the Company and its subsidiaries as of 30 September 2013 have been prepared with careful consideration, in conformity with generally accepted accounting principles in Thailand, and using appropriate accounting policies and best estimation. All material information has been sufficiently disclosed in the notes to financial statements. The financial statements have been duly audited by independent authorized auditors who have provided unqualified opinions. The financial statements therefore reflect the Company's financial condition and results of operation that is true, transparent and reasonable for the benefits of all shareholders and investors.

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

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

The opinion of the Audit Committee is provided in the Report of the Audit Committee as presented in this annual report. The Board of Directors is of the opinion that the Company's overall internal control system is satisfactory and provides reasonable assurance to the credibility of the financial statements of the Company and its subsidiaries as of 30 September 2013.

On behalf of the Board of Directors

Inoue Rubber (Thailand) Public Company Limited

(Mrs. Pimjai Leeissaranukul)
Chairman

(Mr.Kazuo Sato)
President

Remuneration for Auditor

In 2013, the Company and subsidiaries paid audit fee to PricewaterhouseCoopers ABAS Ltd. Details are as follows:

	Audit Fee	Audit Fee with One Investment Promotion Certificate
Inoue Rubber (Thailand) Public Company Limited	1,139,950	124,800
IRC (Asia) Research Limited	213,200	124,800
Kinno Hoshi Engineering Limited	213,200	62,400
Total Audit Fee and Annual Investment Promotion Certification	1,566,350	312,000
Out of pocket expense	68,229	

Other service fee - None -

Auditor's Report

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

I have audited the accompanying consolidated and company financial statements of Inoue Rubber (Thailand) Public Company Limited and its subsidiaries and of Inoue Rubber (Thailand) Public Company Limited, respectively, which comprise the consolidated and company statements of financial position as at 30 September 2013, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 of Inoue Rubber (Thailand) Public Company Limited and its subsidiaries and of Inoue Rubber (Thailand) Public Company Limited, respectively, as at 30 September 2013, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Nattaporn Phan-Udom
Certified Public Accountant (Thailand) No. 3430
PricewaterhouseCoopers ABAS Ltd.
Bangkok
22 november 2013

Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

Statements of Financial Position

As at 30 September 2013

	Notes	Consolidated		Company	
		2013	2012	2013	2012
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	5	96,168,139	60,924,793	15,432,294	21,939,327
Trade and other receivables	6, 23	1,197,100,953	1,558,694,640	1,196,170,948	1,557,542,434
Inventories, net	7	636,085,723	792,702,282	631,365,421	784,876,423
Other current assets		40,031,287	59,794,459	39,855,808	59,595,530
Total current assets		1,969,386,102	2,472,116,174	1,882,824,471	2,423,953,714
Non-current assets					
Investments in subsidiaries	11	-	-	20,049,230	20,049,230
Other long-term investment	12	30,781,799	30,781,799	30,781,799	30,781,799
Investment property, net	8	10,493,597	15,211,391	11,995,438	17,113,816
Property, plant and equipment, net	9	1,792,538,641	1,695,682,078	1,709,651,918	1,612,484,176
Computer software, net	10	16,559,305	14,531,936	10,672,290	8,028,083
Deferred tax assets	20	22,235,551	24,104,592	21,934,874	23,681,196
Other assets		47,210,304	36,801,434	47,210,304	36,801,434
Total non-current assets		1,919,819,197	1,817,113,230	1,852,295,853	1,748,939,734
Total assets		3,889,205,299	4,289,229,404	3,735,120,324	4,172,893,448

The notes to the consolidated and company financial statements form an integral part of these financial statements

Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

Statements of Financial Position (Cont'd)

As at 30 September 2013

	Notes	Consolidated		Company	
		2013	2012	2013	2012
		Baht	Baht	Baht	Baht
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	14	44,000,000	318,000,000	44,000,000	318,000,000
Trade and other payables	13	980,283,842	1,485,483,123	1,012,277,045	1,514,930,623
Current portion of long-term loans	14	64,000,000	64,000,000	64,000,000	64,000,000
Current portion of finance lease obligations	14	7,630,641	4,842,847	7,630,641	4,842,847
Accrued income tax		31,797,209	20,250,015	31,834,673	17,669,905
Accrued expenses	15	133,697,752	115,123,399	123,801,276	107,391,739
Other current liabilities		1,446,783	4,002,371	15,090	2,907,166
Total current liabilities		1,262,856,227	2,011,701,755	1,283,558,725	2,029,742,280
Non-current liabilities					
Employee benefit obligations	16	121,114,496	106,798,958	110,489,150	97,459,747
Finance lease obligations	14	36,733,505	6,583,208	36,733,505	6,583,208
Long-term loans from financial institutions	14	72,000,000	136,000,000	72,000,000	136,000,000
Deferred tax liabilities	20	277,485	-	-	-
Total non-current liabilities		230,125,486	249,382,166	219,222,655	240,042,955
Total liabilities		1,492,981,713	2,261,083,921	1,502,781,380	2,269,785,235

The notes to the consolidated and company financial statements form an integral part of these financial statements

Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

Statements of Financial Position (Cont'd)

As at 30 September 2013

		Consolidated		Company	
		2013	2012	2013	2012
	Notes	Baht	Baht	Baht	Baht
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital	17				
Authorised share capital					
Ordinary shares, 200 million shares					
of par Baht 1 each		200,000,000	200,000,000	200,000,000	200,000,000
Issued and fully paid-up share capital					
Ordinary shares, 200 million shares					
of par Baht 1 each		200,000,000	200,000,000	200,000,000	200,000,000
Share premium	17	298,000,000	298,000,000	298,000,000	298,000,000
Retained earnings					
Appropriated - legal reserve	18	20,000,000	20,000,000	20,000,000	20,000,000
Unappropriated		1,878,213,795	1,510,137,297	1,714,338,944	1,385,108,213
Total parent's shareholders' equity		2,396,213,795	2,028,137,297	2,232,338,944	1,903,108,213
Non-controlling interest		9,791	8,186	-	-
Total shareholders' equity		2,396,223,586	2,028,145,483	2,232,338,944	1,903,108,213
Total liabilities and shareholders' equity		3,889,205,299	4,289,229,404	3,735,120,324	4,172,893,448

The notes to the consolidated and company financial statements form an integral part of these financial statements

Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

Statements of Comprehensive Income

For the year ended 30 September 2013

	Notes	Consolidated		Company	
		2013 Baht	2012 Baht	2013 Baht	2012 Baht
Revenues					
Sales and service income	23	6,786,137,455	6,499,549,527	6,784,547,031	6,496,453,492
Dividend income	11	-	-	-	39,997,877
Other income		49,015,846	72,533,762	51,484,544	73,514,488
Total revenues		6,835,153,301	6,572,083,289	6,836,031,575	6,609,965,857
Expenses					
Cost of sales and service	23	5,986,953,517	6,139,007,605	6,039,347,427	6,186,328,863
Selling expenses		93,305,227	81,625,060	93,305,226	81,625,060
Administrative expenses		227,952,181	176,302,842	219,539,173	170,522,182
Other expenses		24,922,974	31,099,496	24,806,170	30,471,522
Total expenses	19	6,333,133,899	6,428,035,003	6,376,997,996	6,468,947,627
Profit before finance costs and income tax		502,019,402	144,048,286	459,033,579	141,018,230
Finance costs	22	(16,144,958)	(16,841,765)	(16,115,420)	(16,798,668)
Profit before income tax		485,874,444	127,206,521	442,918,159	124,219,562
Income tax	20	(76,776,341)	(24,674,418)	(72,667,428)	(17,849,023)
Net profit for the year		409,098,103	102,532,103	370,250,731	106,370,539
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		409,098,103	102,532,103	370,250,731	106,370,539
Total comprehensive income attributable to:					
Equity holders of the parent		409,096,498	102,530,473	370,250,731	106,370,539
Non-controlling interests		1,605	1,630	-	-
		409,098,103	102,532,103	370,250,731	106,370,539
Earnings per share for the attributable to the equity holders of the parent					
Basic earnings per share (Baht)	21	2.05	0.51	1.85	0.53

The notes to the consolidated and company financial statements from an integral part of these financial statements

Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

Statement of Changes in Shareholders' Equity

For the year ended 30 September 2013

	Consolidated						
	Equity holders of the Company						Non-controlling interests
	Issued and fully paid-up share capital	Share premium	Legal reserve	Unappropriated retained earnings	Total	Total	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Balance as at 30 September 2011	200,000,000	298,000,000	20,000,000	1,456,326,580	1,974,326,580	1,974,326,580	8,679
Total comprehensive income for the year	-	-	-	102,530,473	102,530,473	102,530,473	1,630
Dividend paid (Note 28)	-	-	-	(48,719,756)	(48,719,756)	(48,719,756)	(2,123)
Balance as at 30 September 2012	200,000,000	298,000,000	20,000,000	1,510,137,297	2,028,137,297	2,028,137,297	8,186
Balance as at 30 September 2012	200,000,000	298,000,000	20,000,000	1,510,137,297	2,028,137,297	2,028,137,297	8,186
Total comprehensive income for the year	-	-	-	409,096,498	409,096,498	409,096,498	1,605
Dividend paid (Note 28)	-	-	-	(41,020,000)	(41,020,000)	(41,020,000)	-
Balance as at 30 September 2013	200,000,000	298,000,000	20,000,000	1,878,213,795	2,396,213,795	2,396,213,795	9,791
Balance as at 30 September 2013	200,000,000	298,000,000	20,000,000	1,878,213,795	2,396,213,795	2,396,213,795	9,791

The notes to the consolidated and company financial statements form an integral part of these financial statements

Inoue Rubber (Thailand) Public Company Limited and its subsidiaries
Statement of Changes in Shareholders' Equity (Cont'd)
For the year ended 30 September 2013

	Company				
	Issued and fully paid-up share capital	Share premium	Legal reserve	Unappropriated retained earnings	Total
	Baht	Baht	Baht	Baht	Baht
Balance as at 30 September 2011	200,000,000	298,000,000	20,000,000	1,327,457,430	1,845,457,430
Total comprehensive income for the year	-	-	-	106,370,539	106,370,539
Dividend paid (Note 28)	-	-	-	(48,719,756)	(48,719,756)
Balance as at 30 September 2012	200,000,000	298,000,000	20,000,000	1,385,108,213	1,903,108,213
Balance as at 30 September 2012	200,000,000	298,000,000	20,000,000	1,385,108,213	1,903,108,213
Total comprehensive income for the year	-	-	-	370,250,731	370,250,731
Dividend paid (Note 28)	-	-	-	(41,020,000)	(41,020,000)
Balance as at 30 September 2013	200,000,000	298,000,000	20,000,000	1,714,338,944	2,232,338,944

The notes to the consolidated and company financial statements form an integral part of these financial statements

Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

Statements of Cash Flows

For the year ended 30 September 2013

	Notes	Consolidated		Company	
		2013	2012	2013	2012
		Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit before income tax		485,874,444	127,206,521	442,918,159	124,219,562
Adjustments for:					
Depreciation	8, 9	296,208,099	271,201,138	281,440,191	256,488,740
Amortisation	10	2,441,038	2,426,790	1,284,200	1,046,773
Reversal of allowance for obsolete inventories	7	(3,690,306)	(141,690)	(3,690,306)	(141,690)
Gain on disposals of property, plant and equipment		(3,755,090)	(7,971,568)	(3,715,062)	(8,212,282)
Dividend income		-	-	-	(39,997,877)
Interest income		(158,847)	(926,271)	(21,813)	(41,115)
Interest expenses		15,879,222	16,542,632	15,878,684	16,533,793
Changes in operating assets and liabilities					
Trade and other receivables		361,590,235	(249,356,678)	361,368,034	(248,605,203)
Inventories		160,306,865	(80,924,567)	157,201,309	(85,302,361)
Other current assets		19,763,172	(22,497,562)	19,739,720	(22,508,054)
Other assets		(10,408,869)	(9,467,122)	(10,408,869)	(9,655,523)
Trade and other payables		(494,348,614)	144,550,987	(492,152,200)	156,888,268
Other current liabilities and accrued expenses		(27,013,051)	31,346,682	(25,768,181)	34,260,789
Employee benefit obligations		14,315,538	10,369,474	13,029,403	9,198,463
Net cash receipts from operating activities		817,003,836	232,358,766	757,103,269	184,172,283
Interest received		162,298	962,025	25,266	39,127
Interest paid		(17,310,183)	(14,478,557)	(17,309,645)	(14,469,718)
Income tax paid		(18,619,845)	(5,084,695)	(16,039,735)	(722,406)
Net cash flows from operating activities		781,236,106	213,757,539	723,779,155	169,019,286

The notes to the consolidated and company financial statements form an integral part of these financial statements

Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

Statements of Cash Flows (Cont'd)

For the year ended 30 September 2013

	Notes	Consolidated		Company	
		2013	2012	2013	2012
		Baht	Baht	Baht	Baht
Cash flows from investing activities					
Purchases of property, plant and equipment		(413,187,332)	(513,191,702)	(397,956,860)	(479,985,752)
Purchases of intangible assets	10	(4,468,407)	(7,157,304)	(3,928,407)	(7,006,805)
Dividend received from subsidiary		-	-	-	39,997,877
Proceeds from disposals of property, plant and equipment		17,744,888	18,449,776	17,680,988	18,447,623
Net cash flows from investing activities		(399,910,851)	(501,899,230)	(384,204,279)	(428,547,057)
Cash flows from financing activities					
Addition (repayment) in short-term loans from financial institutions		(274,000,000)	162,000,000	(274,000,000)	162,000,000
Addition (repayment) of long-term loans from financial institutions	14	(64,000,000)	153,000,000	(64,000,000)	153,000,000
Finance lease obligations	14	32,938,091	(2,091,881)	32,938,091	(2,091,881)
Dividend paid	28	(41,020,000)	(48,721,879)	(41,020,000)	(48,719,756)
Net cash flows from financing activities		(346,081,909)	264,186,240	(346,081,909)	264,188,363
Net increase (decrease) in cash and cash equivalents		35,243,346	(23,955,451)	(6,507,033)	4,660,592
Cash and cash equivalents, beginning balance		60,924,794	84,880,245	21,939,327	17,278,735
Cash and cash equivalents, ending balance		96,168,140	60,924,794	15,432,294	21,939,327
Non-cash transactions					
Significant non-cash activities for the years ended 30 September 2013 and 2012 comprise:					
- Accounts payable - Property, plant and equipment		33,976,580	44,827,247	60,870,587	71,371,965
- Dividend receivable		-	1,432,500	-	1,432,500

The notes to the consolidated and company financial statements form an integral part of these financial statements

Inoue Rubber (Thailand) Public Company Limited

Notes to the Consolidated and Company Financial Statements

For the year ended 30 September 2013

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 22 November 2013.

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. The primary financial information (i.e., statement of financial position, statement of comprehensive income, changes in shareholders' equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission.

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 the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

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.

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

- a) 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 October 2013 and are relevant and have an impact to the Group are:

TAS 12	Income taxes
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

The Group does not early adopt these accounting standards before effective date. The Group's management is currently assessing the impact of applying these accounting standards except;

TAS 12 deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured by based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. The group applies this standard for year-ended 30 September 2012.

TAS 21 (Revised 2009) requires an entity to determine its functional currency which is the currency of the primary economic environment in which the entity operates. Currency other than functional currency of an entity is foreign currency. Foreign currency transactions are required to be translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rate of monetary items denominated in foreign currency are recognised in profit or loss. The standard permits the presentation currency of a reporting entity to be any currencies. [The results and financial positions of all the Group entities that have a functional currency different from the presentation currency are translated in the presentation currency as follows: (a) assets and liabilities are translated at the closing rate at the date of that statement of financial position; (b) income and expenses are translated at the exchange rate at the date of the transactions; and (c) all resulting exchange differences are recognised in the statement of comprehensive income.] The management is currently assessing the impact of applying this standard.

TFRS 8: requires a management approach under which segment information is presented on the same basis that used for internal reporting purpose as provided to the chief operating decision makers. The new standard will have an impact on disclosure. The management is currently assessing the impact of applying this financial reporting standard.

- b) The following new interpretations for the Group for the accounting periods beginning on or after 1 October 2014 and are relevant and have an impact to the Group are:

TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 13	Customer Loyalty Programmes

TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. The management is currently assessing the impact of TFRIC 4.

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. The management is currently assessing the impact of applying this interpretation.

2.3 Foreign currency translation

Items included in the financial statements of each entity in the Group are measured and presented using Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit or loss.

The statements of comprehensive income and cash flows of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year and statement of financial position are translated at the exchange rates ruling on the end of reporting period. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

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 29.

2.5 Cash and cash equivalents

In the consolidated and Company statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

In the consolidated and Company statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

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 profit or loss within administrative expenses.

2.7 Inventories

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

2.8 Investments in subsidiaries

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

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

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A list of the Group's principal subsidiaries is set out in Note 11.

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 statements of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.10 Property, plant and equipment

Land is stated at cost, plant and equipment are carried at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items, including an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has the obligation to do so.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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	5 - 20 years
Machinery	2 - 20 years
Tools and factory equipment	5 years
Furniture, fixtures and office equipment	3 - 5 years
Motor vehicles	5 years

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

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in profit or loss.

2.11 Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 3 - 10 years.

Development costs of new product recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight line basis over their expected benefit useful lives, not exceeding a period of 5 years.

2.12 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

2.12 Investment property (Cont'd)

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

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

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

2.13 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment 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 fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.14 Leases - where a Group company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases 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 profit or loss 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 and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

2.15 Leases - where a Group company is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

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.

2.16 Current and deferred income taxes

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

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

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from depreciation of property, plant and equipment, allowance for doubtful accounts and obsolete and defective inventories, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 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.

2.18 Employee benefits

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income of other components of equity in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

2.19 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.

2.20 Provisions

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.21 Revenue recognition

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

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

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

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

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

2.22 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 25.

3 Critical accounting estimates, assumptions and judgements

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

a) Impairment of receivable

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

b) Plant and equipment and intangible assets

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

c) Allowance for inventories

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

d) Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 16.

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	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Cash on hand	59,610	64,280	44,610	49,280
Deposits held at call with banks	96,108,529	60,860,513	15,387,684	21,890,047
	<u>96,168,139</u>	<u>60,924,793</u>	<u>15,432,294</u>	<u>21,939,327</u>

The effective interest rate of deposits held at call with banks was varying from 0.10 - 0.75 percent per annum (2012: 0.10 - 0.75 percent per annum).

6 Trade and other receivables

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Trade accounts receivable				
- related companies (Note 23)	362,301,482	423,229,592	362,301,482	422,879,597
Trade accounts receivable				
- other companies	827,444,531	1,126,526,210	827,444,531	1,126,526,210
<u>Less</u> Allowance for doubtful accounts	(2,167,775)	(2,167,775)	(2,167,775)	(2,167,775)
Trade accounts receivable, net	1,187,578,238	1,547,588,027	1,187,578,238	1,547,238,032
Prepaid expenses	7,957,560	7,922,302	6,817,613	6,973,809
Accrued income	188,645	1,163,316	153,218	1,079,939
Amount due from related parties (Note 23)	1,285,191	1,953,314	1,530,560	2,182,973
Other receivables	91,319	67,681	91,319	67,681
	<u>1,197,100,953</u>	<u>1,558,694,640</u>	<u>1,196,170,948</u>	<u>1,557,542,434</u>

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

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
<u>Related companies</u>				
Current	362,158,482	415,888,149	362,158,482	415,538,154
Overdue not over 3 months	-	4,099,745	-	4,099,745
Overdue 3 - 6 months	-	3,241,698	-	3,241,698
Overdue 6 - 12 months	143,000	-	143,000	-
Overdue more than 12 months	-	-	-	-
	<u>362,301,482</u>	<u>423,229,592</u>	<u>362,301,482</u>	<u>422,879,597</u>
<u>Other companies</u>				
Current	786,904,039	1,107,718,859	786,904,039	1,107,718,859
Overdue not over 3 months	28,025,976	14,863,907	28,025,976	14,863,907
Overdue 3 - 6 months	477,167	1,085,609	477,167	1,085,609
Overdue 6 - 12 months	9,804,755	641,645	9,804,755	641,645
Overdue more than 12 months	2,232,594	2,216,190	2,232,594	2,216,190
	<u>827,444,531</u>	<u>1,126,526,210</u>	<u>827,444,531</u>	<u>1,126,526,210</u>
<u>Less</u> Allowance for doubtful accounts	(2,167,775)	(2,167,775)	(2,167,775)	(2,167,775)
	<u>825,276,756</u>	<u>1,124,358,435</u>	<u>825,276,756</u>	<u>1,124,358,435</u>
Total trade accounts receivable, net	<u>1,187,578,238</u>	<u>1,547,588,027</u>	<u>1,187,578,238</u>	<u>1,547,238,032</u>

7 Inventories, net

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Raw materials (net with allowance)	275,728,519	370,703,213	275,575,086	370,672,888
Work in process	120,735,893	149,598,890	118,856,776	145,215,173
Finished goods (net with allowance)	135,050,890	145,552,609	135,050,890	145,552,609
Supplies and spare parts	46,084,334	36,492,868	43,396,582	33,081,050
Raw materials in transit	58,486,087	90,354,702	58,486,087	90,354,703
Total inventories, net	636,085,723	792,702,282	631,365,421	784,876,423

During 2013, the Group and the Company reversed their allowance for diminution value of inventories to net realisable value and obsolete inventories to the consolidated and company statement of income amounting to Baht 3,690,306 (2012: reversal amounting to Baht 141,690).

8 Investment property, net

	Consolidated (Baht)		
	Land and land improvement	Building and Building improvement	Total
As at 30 September 2011			
Cost	11,486,728	33,014,058	44,500,786
<u>Less</u> Accumulated depreciation	-	(27,778,657)	(27,778,657)
Net book value	11,486,728	5,235,401	16,722,129
For the year ended 30 September 2012			
Opening net book value	11,486,728	5,235,401	16,722,129
Depreciation charge	-	(1,510,738)	(1,510,738)
Closing net book value	11,486,728	3,724,663	15,211,391
As at 30 September 2012			
Cost	11,486,728	33,014,058	44,500,786
<u>Less</u> Accumulated depreciation	-	(29,289,395)	(29,289,395)
Net book value	11,486,728	3,724,663	15,211,391
Fair value	37,000,348	30,290,348	67,290,696
For the year ended 30 September 2013			
Opening net book value	11,486,728	3,724,663	15,211,391
Reclassification	(2,465,909)	(1,667,745)	(4,133,654)
Depreciation charge	-	(584,140)	(584,140)
Closing net book value	9,020,819	1,472,778	10,493,597
As at 30 September 2013			
Cost	9,020,819	31,346,313	40,367,132
<u>Less</u> Accumulated depreciation	-	(29,873,535)	(29,873,535)
Net book value	9,020,819	1,472,778	10,493,597
Fair value	17,983,500	18,662,450	36,645,950
As at 30 September 2011			
Cost	12,030,858	42,895,068	54,925,926
<u>Less</u> Accumulated depreciation	-	(35,885,523)	(35,885,523)
Net book value	12,030,858	7,009,545	19,040,403

	Company (Baht)		
	Land and land Improvement	Building and Building improvement	Total
For the year ended 30 September 2012			
Opening net book value	12,030,858	7,009,545	19,040,403
Depreciation charge	-	(1,926,587)	(1,926,587)
Closing net book value	12,030,858	5,082,958	17,113,816
As at 30 September 2012			
Cost	12,030,858	42,895,068	54,925,926
<u>Less</u> Accumulated depreciation	-	(37,812,110)	(37,812,110)
Net book value	12,030,858	5,082,958	17,113,816
Fair value	46,658,348	40,749,428	87,407,776
As at 30 September 2012			
Cost	12,030,858	42,895,068	54,925,926
<u>Less</u> Accumulated depreciation	-	(37,812,110)	(37,812,110)
Net book value	12,030,858	5,082,958	17,113,816
For the year ended 30 September 2013			
Opening net book value	12,030,858	5,082,958	17,113,816
Reclassification	(2,465,909)	(1,667,745)	(4,133,654)
Depreciation charge	-	(984,724)	(984,724)
Closing net book value	9,564,949	2,430,489	11,995,438
As at 30 September 2013			
Cost	9,564,949	41,227,323	50,792,272
<u>Less</u> Accumulated depreciation	-	(38,796,834)	(38,796,834)
Net book value	9,564,949	2,430,489	11,995,438
Fair value	28,053,500	28,809,368	56,862,868

Fair value of investment properties as at 30 September 2013 were appraised by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and categories of such investment properties.

Amounts recognised in profit and loss that are related to investment property are as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Rental income	3,523,675	8,511,540	6,360,481	10,883,112
Direct operating expense arise from investment property that generated rental income	-	-	-	-
	3,523,675	8,511,540	6,360,481	10,883,112

9 Property, plant and equipment, net

	Consolidated							
	Land and land improvement	Building and building improvement	Machinery	Tools and factory equipment	Furniture, fixture and office equipment	Motor vehicle	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
As at 30 September 2011								
Cost	127,385,007	611,063,069	1,817,261,937	1,346,025,178	81,647,744	37,382,927	187,366,164	4,208,132,026
Less Accumulated depreciation	(17,315,022)	(387,990,125)	(1,183,626,127)	(1,084,383,894)	(67,224,258)	(15,818,841)	-	(2,756,358,267)
Net book amount	110,069,985	223,072,944	633,635,810	261,641,284	14,423,486	21,564,086	187,366,164	1,451,773,759
For the year ended 30 September 2012								
Opening net book value	110,069,985	223,072,944	633,635,810	261,641,284	14,423,486	21,564,086	187,366,164	1,451,773,759
Additions	14,927,094	25,413,420	69,428,968	139,115,696	6,680,355	3,292,507	265,218,886	524,076,926
Disposals	-	(785,589)	(1,002,929)	(6,757,240)	(6,240)	-	(829,380)	(9,381,378)
Write off	-	(53,203)	(46,188)	(846,085)	(10,839)	(140,514)	-	(1,096,829)
Transfers	21,493,506	87,427,409	52,503,543	15,720,048	934,428	-	(178,078,934)	-
Depreciation charge	(2,221,212)	(30,213,688)	(127,239,941)	(96,389,760)	(6,998,640)	(6,627,159)	-	(269,690,400)
Closing net book amount	144,269,373	304,861,293	627,279,263	312,483,943	15,022,550	18,088,920	273,676,736	1,695,682,078
As at 30 September 2012								
Cost	163,805,607	720,640,115	1,959,969,947	1,439,819,589	86,260,039	40,498,634	273,676,736	4,684,670,667
Less Accumulated depreciation	(19,536,234)	(415,778,822)	(1,332,690,684)	(1,127,335,646)	(71,237,489)	(22,409,714)	-	(2,988,988,589)
Net book amount	144,269,373	304,861,293	627,279,263	312,483,943	15,022,550	18,088,920	273,676,736	1,695,682,078

	Consolidated															
	Land and land improvement		Building and building improvement		Machinery		Tools and factory equipment		Furniture, fixture and office equipment		Motor vehicle		Construction in progress		Total	
	Baht		Baht		Baht		Baht		Baht		Baht		Baht		Baht	
For the year ended 30 September 2013																
Opening net book value	144,269,373		304,861,293		627,279,263		312,483,943		15,022,550		18,088,920		273,676,736		1,695,682,078	
Reclassification	2,465,909		1,667,745		-		-		-		-		-		4,133,654	
Additions	2,803,263		19,775,769		117,934,814		123,466,053		21,910,056		11,005,169		105,441,541		402,336,665	
Disposals	-		-		(1,466,822)		(2,841,103)		(8,851)		(352,905)		-		(4,669,681)	
Write off	-		(52,303)		(242,995)		(958,519)		(12,879)		-		(8,053,420)		(9,320,116)	
Transfers	10,846,580		29,550,157		253,344,813		11,103,379		-		-		(304,844,929)		-	
Depreciation charge	(4,626,067)		(39,092,004)		(123,190,486)		(112,612,370)		(8,733,464)		(7,369,568)		-		(295,623,959)	
Closing net book amount	155,759,058		316,710,657		873,658,587		330,641,383		28,177,412		21,371,616		66,219,928		1,792,538,641	
As at 30 September 2013																
Cost	179,921,359		785,686,922		2,289,837,471		1,565,358,618		106,182,309		45,184,889		66,219,928		5,038,391,496	
Less: Accumulated depreciation	(24,162,301)		(468,976,265)		(1,416,178,884)		(1,234,717,235)		(78,004,897)		(23,813,273)		-		(3,245,852,855)	
Net book amount	155,759,058		316,710,657		873,658,587		330,641,383		28,177,412		21,371,616		66,219,928		1,792,538,641	

	Company						Total Baht
	Land and land improvement Baht	Building and building improvement Baht	Machinery Baht	Tools and factory equipment Baht	Furniture, fixture and office equipment Baht	Motor vehicle Baht	
As at 30 September 2011							
Cost	126,840,878	595,151,549	1,687,253,131	1,316,764,185	62,779,414	36,868,371	4,006,612,991
Less: Accumulated depreciation	(17,315,023)	(376,142,527)	(1,097,558,827)	(1,061,814,614)	(50,537,929)	(15,512,803)	(2,618,881,723)
Net book amount	109,525,855	219,009,022	589,694,304	254,949,571	12,241,485	21,355,568	1,387,731,268
Year ended 30 September 2012							
Opening net book value	109,525,855	219,009,022	589,694,304	254,949,571	12,241,485	21,355,568	1,387,731,268
Additions	14,927,094	23,862,027	42,099,270	136,383,050	5,301,654	2,502,507	489,550,403
Disposals	-	(785,589)	(1,002,929)	(6,757,240)	(6,240)	-	(9,381,378)
Write off	-	(53,203)	(46,188)	(603,224)	(10,835)	(140,514)	(853,964)
Transfers	21,493,507	87,427,408	45,587,758	15,720,047	934,428	-	-
Depreciation charge	(2,221,212)	(28,950,544)	(117,707,762)	(93,429,126)	(5,838,753)	(6,414,756)	(254,562,153)
Closing net book amount	143,725,244	300,509,121	558,624,453	306,263,078	12,621,739	17,302,805	1,612,484,176
As at 30 September 2012							
Cost	163,261,479	703,068,201	1,795,715,657	1,408,643,452	66,358,887	39,194,078	4,449,679,490
Less: Accumulated depreciation	(19,536,235)	(402,559,080)	(1,237,091,204)	(1,102,380,374)	(53,737,148)	(21,891,273)	(2,837,195,314)
Net book amount	143,725,244	300,509,121	558,624,453	306,263,078	12,621,739	17,302,805	1,612,484,176

	Company							
	Land and land improvement	Building and building improvement	Machinery	Tools and factory equipment	Furniture, fixture and office equipment	Motor vehicle	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Year ended 30 September 2013								
Opening net book value	143,725,244	300,509,121	558,624,453	306,263,078	12,621,739	17,302,805	273,437,736	1,612,484,176
Reclassification	2,465,909	1,667,745	-	-	-	-	-	4,133,654
Additions	2,803,263	18,698,528	117,484,814	122,112,705	21,312,576	10,866,769	94,176,826	387,455,481
Disposals	-	-	(1,466,821)	(2,841,101)	(8,849)	(329,039)	-	(4,645,810)
Write off	-	(52,303)	(242,995)	(958,519)	(12,879)	-	(8,053,420)	(9,320,116)
Transfers	10,846,580	29,550,157	253,344,813	11,103,379	-	-	(304,844,929)	-
Depreciation charge	(4,626,067)	(37,686,072)	(113,502,932)	(109,912,619)	(7,576,653)	(7,151,124)	-	(280,455,467)
Closing net book amount	155,214,929	312,687,176	814,241,332	325,766,923	26,335,934	20,689,411	54,716,213	1,709,651,918
As at 30 September 2013								
Cost	179,377,229	767,037,768	2,125,695,659	1,532,921,083	85,726,492	43,988,247	54,716,213	4,789,462,691
Less: Accumulated depreciation	(24,162,300)	(454,350,592)	(1,311,454,327)	(1,207,154,160)	(59,390,558)	(23,298,836)	-	(3,079,810,773)
Net book amount	155,214,929	312,687,176	814,241,332	325,766,923	26,335,934	20,689,411	54,716,213	1,709,651,918

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

Depreciation expense of Baht 279,981,921 (2012: Baht 256,514,105) is included in the cost of sales and service, Baht 15,642,038 (2012: Baht 13,176,295) in administrative expenses for the consolidated financial statements.

Depreciation expense of Baht 265,727,689 (2012: Baht 242,308,645) is included in the cost of sales and service, Baht 14,727,778 (2012: Baht 12,253,508) in administrative expenses for the company financial statements.

10 Computer software, net

	Consolidated Baht
As at 30 September 2011	
Cost	51,977,808
<u>Less</u> Accumulated amortisation	<u>(42,176,386)</u>
Net book value	<u>9,801,422</u>
Year ended 30 September 2012	
Opening net book value	9,801,422
Additions	7,157,304
Amortisation charge	<u>(2,426,790)</u>
Closing net book value	<u>14,531,936</u>
As at 30 September 2012	
Cost	57,881,149
<u>Less</u> Accumulated amortisation	<u>(43,349,213)</u>
Net book value	<u>14,531,936</u>
Year ended 30 September 2013	
Opening net book value	14,531,936
Additions	4,468,407
Amortisation charge	<u>(2,441,038)</u>
Closing net book value	<u>16,559,305</u>
As at 30 September 2013	
Cost	62,349,556
<u>Less</u> Accumulated amortisation	<u>(45,790,251)</u>
Net book value	<u>16,559,305</u>

	Company Baht
As at 30 September 2011	
Cost	26,294,075
<u>Less</u> Accumulated amortisation	<u>(24,226,024)</u>
Net book value	<u>2,068,051</u>
Year ended 30 September 2012	
Opening net book value	2,068,051
Additions	7,006,805
Amortisation charge	<u>(1,046,773)</u>
Closing net book value	<u>8,028,083</u>
As at 30 September 2012	
Cost	34,315,931
<u>Less</u> Accumulated amortisation	<u>(26,287,848)</u>
Net book value	<u>8,028,083</u>
Year ended 30 September 2013	
Opening net book value	8,028,083
Additions	3,928,407
Amortisation charge	<u>(1,284,200)</u>
Closing net book value	<u>10,672,290</u>
As at 30 September 2013	
Cost	38,244,338
<u>Less</u> Accumulated amortisation	<u>(27,572,048)</u>
Net book value	<u>10,672,290</u>

Amortisation expense of Baht 507,022 (2012: Baht 620,334) is included in the cost of sales and service and Baht 1,934,016 (2012: Baht 1,806,456) in administrative expenses for the consolidated financial statements.

Amortisation expense of Baht 1,284,200 (2012: Baht 1,046,773) in administrative expenses for the Company financial statements.

11 Investments in subsidiaries

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

Company	Type of business	Registered country	Company		
			30 September 2013		
			Registered capital Baht	Percentage of holding %	Investment Baht
IRC (Asia) Research Ltd.	Research and development of product	Thai	10,050,000	99.99	10,049,930
Kin No Hoshi Engineering Co., Ltd.	Manufacture and repair of mold	Thai	10,000,000	99.99	9,999,300
Investment in subsidiaries, net					20,049,230

Company	Type of business	Registered country	Company		
			30 September 2012		
			Registered capital Baht	Percentage of holding %	Investment Baht
IRC (Asia) Research Ltd.	Research and development of product	Thai	10,050,000	99.99	10,049,930
Kin No Hoshi Engineering Co., Ltd.	Manufacture and repair of mold	Thai	10,000,000	99.99	9,999,300
Investment in subsidiaries, net					20,049,230

At the Annual General Meeting of shareholders of IRC (Asia) Research Ltd. held on 26 January 2012, the shareholders passed a resolution approving divided payment from its operating results for 2011 at Baht 3.33 per share from BOI-promoted operations, totaling Baht 10 million. The dividends were distributed on 27 February 2012.

At the Annual General Meeting of shareholders of Kinno Hoshi Engineering Company Limited held on 26 January 2012, the shareholders passed a resolution approving divided payment from its operating results for 2011 at Baht 300 per share, totaling Baht 30 million. The dividends were distributed on 27 February 2012.

12 Other long-term investment

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

Consolidated and company					
30 September 2013					
Company	Type of business	Registered country	Registered capital	Percentage	Investment Baht
				of holding %	
Inoue Rubber Vietnam Co., Ltd.	Manufacturing of tires and tubes of motorcycles	Vietnam	US\$ 10 Million	10	30,781,799
Total					<u>30,781,799</u>

Consolidated and company					
30 September 2012					
Company	Type of business	Registered country	Registered capital	Percentage	Investment Baht
				of holding %	
Inoue Rubber Vietnam Co., Ltd.	Manufacturing of tires and tubes of motorcycles	Vietnam	US\$ 10 Million	10	30,781,799
Total					<u>30,781,799</u>

13 Trade and other payables

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Trade accounts payable				
- related companies (Note 23)	272,629,333	328,997,494	289,507,929	345,785,256
Trade accounts payable - other companies	626,774,592	1,108,716,413	621,479,817	1,094,876,776
Amount due to related parties (Note 23)	3,535,929	1,997,825	27,585,804	28,497,200
Down payment received from customer	1,544,891	4,402,693	1,544,891	4,402,693
Other payables	<u>75,799,097</u>	<u>41,368,698</u>	<u>72,158,604</u>	<u>41,368,698</u>
Total trade and other payables	<u>980,283,842</u>	<u>1,485,483,123</u>	<u>1,012,277,045</u>	<u>1,514,930,623</u>

14 Borrowings

14.1 Loans from financial institutions

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Current				
Short-term loans	44,000,000	318,000,000	44,000,000	318,000,000
Current portion of long-term loan	64,000,000	64,000,000	64,000,000	64,000,000
	108,000,000	382,000,000	108,000,000	382,000,000
Non-current				
Long-term loan	72,000,000	136,000,000	72,000,000	136,000,000
Total loans from financial institutions	180,000,000	518,000,000	180,000,000	518,000,000

The movements in loans from financial institutions for the year ended 30 September 2013 are as follows:

	Consolidated Baht	Company Baht
Opening balance	518,000,000	518,000,000
Additions	6,058,000,000	6,058,000,000
Repayments of long-term loan	(6,396,000,000)	(6,396,000,000)
Closing balance	180,000,000	180,000,000

Maturity of long-term loan:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Not later than 1 year	64,000,000	64,000,000	64,000,000	64,000,000
Later than 1 year and not later than 5 years	72,000,000	136,000,000	72,000,000	136,000,000
	136,000,000	200,000,000	136,000,000	200,000,000

Loans from financial institutions represent loans denominated in Baht comprise:

- a) In May 2012, the Company entered into a unsecured loan agreement for loan of Baht 200 million with a local branch of a foreign commercial bank which is payable on a semi-annual basis from November 2012 to November 2014 of Baht 32 million each and May 2015 of Baht 40 million. The loan carries interest at the rate of 3.70 percent per annum.
- b) Short-term loans from financial institution are unsecured loan agreements for call loans, dominated in Baht with two local branches of foreign commercial banks. The loans carry interest rate at 2.60 percent per annum.

14.2 Finance lease

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Finance lease liabilities - minimum lease payments:				
Not later than 1 year	10,367,748	5,696,820	10,367,748	5,696,820
Later than 1 year	46,739,611	7,450,268	46,739,611	7,450,268
Future finance charges on finance leases	(12,743,213)	(1,721,033)	(12,743,213)	(1,721,033)
Present value of finance lease liabilities	44,364,146	11,426,055	44,364,146	11,426,055
Representing lease liabilities:				
- current	7,630,641	4,842,847	7,630,641	4,842,847
- non-current	36,733,505	6,583,208	36,733,505	6,583,208
	44,364,146	11,426,055	44,364,146	11,426,055

Movement in finance lease obligations for the year ended 30 September 2013 is as follows:

	Consolidated Baht	Company Baht
Opening balance	11,426,055	11,426,055
Additions	39,530,677	39,530,677
Repayments	(6,592,586)	(6,592,586)
Closing balance	44,364,146	44,364,146

The effective interest rates at the statements of financial position date were as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	%	%	%	%
Short-term loans from financial institutions	2.60	3.03 - 3.05	2.60	3.03 - 3.05
Long-term loans	3.70	3.70	3.70	3.70
Finance lease liabilities	4.46 - 5.50	4.46 - 5.50	4.46 - 5.50	4.46 - 5.50

15 Accrued expenses

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Accrued bonus	100,082,687	89,442,619	92,437,286	83,172,309
Accrued employee income tax	7,271,218	6,031,466	6,548,073	5,900,859
Accrued annual leave refundable	4,837,372	5,228,567	4,837,372	5,228,567
Accrued interest expense	2,116,214	3,547,175	2,116,214	3,547,175
Accrued others	19,390,261	10,873,572	17,862,331	9,542,829
	<u>133,697,752</u>	<u>115,123,399</u>	<u>123,801,276</u>	<u>107,391,739</u>

16 Employee benefit obligations

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

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Present value of unfunded obligations	121,114,496	106,798,958	110,489,150	97,459,747
Unrecognised actuarial gains	-	-	-	-
Liability in the statements of financial position	<u>121,114,496</u>	<u>106,798,958</u>	<u>110,489,150</u>	<u>97,459,747</u>

The movement in the defined obligation over the year is as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Opening balance	106,798,958	-	97,459,747	-
Brought forward adjustment for the first time adoption	-	96,429,484	-	88,261,284
Current service cost	11,643,962	10,467,122	10,731,395	9,622,839
Interest cost	4,273,930	3,792,567	3,900,362	3,465,839
Actuarial gains	-	-	-	-
Benefits paid	(1,602,354)	(3,890,215)	(1,602,354)	(3,890,215)
Ending balance	121,114,496	106,798,958	110,489,150	97,459,747

The amount recognised in statements of comprehensive income is as follows

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Current service cost	11,643,962	10,467,122	10,731,395	9,622,839
Interest cost	4,273,930	3,792,567	3,900,362	3,465,839
Total	15,917,892	14,259,689	14,631,757	13,088,678

Expense of Baht 12,533,387 (2012: Baht 11,179,975) is included in the cost of sales and service and Baht 3,384,505 (2012: Baht 3,079,714) in administrative expenses for the consolidated financial statements.

Expense of Baht 11,247,252 (2012: Baht 10,008,964) is included in the cost of sales and service and Baht 3,384,505 (2012: Baht 3,079,714) in administrative expenses for the company financial statements.

The Group accounts for these severance liabilities on an estimated basis using the following key assumptions:

	2013	2012
Discount rate	4%	4%
Inflation rate	2.5%	2.5%
Future salary increase rates	4% - 7%	4% - 7%
Retirement age	55 years old	55 years old

17 Share capital and premium on share

	Consolidated and company		
	Number of shares	Ordinary shares Baht	Share premium Baht
As at 30 September 2012	200,000,000	200,000,000	298,000,000
As at 30 September 2013	200,000,000	200,000,000	298,000,000

As at 30 September 2013, the total registered number of ordinary shares is 200 million shares (2012: 200 million shares) with a par value of Baht 1 per share (2012: Baht 1 per share) of which are issued and fully paid.

18 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.

19 Expense by nature

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

	Consolidated	
	2013 Baht	2012 Baht
Raw materials and consumables used	3,494,452,131	3,881,478,686
Changes in inventories of finished goods and work in progress	(43,541,988)	38,234,194
Depreciation on property, plant and equipment (Note 8, 9)	296,208,098	271,201,138
Staff costs	712,516,234	632,979,495
Advertising and promotion expenses	19,632,784	15,096,279
Amortisation (Note 10)	2,441,038	2,426,789
Rental expenses	1,364,790	1,135,891
	Company	
	2013 Baht	2012 Baht
Raw materials and consumables used	3,464,894,892	3,847,535,809
Changes in inventories of finished goods and work in progress	(41,037,388)	43,423,772
Depreciation on property, plant and equipment (Note 8, 9)	281,440,192	256,488,740
Staff costs	660,025,998	593,063,866

	Company	
	2013 Baht	2012 Baht
Advertising and promotion expenses	19,632,784	15,096,279
Amortisation (Note 10)	1,284,200	1,046,773
Rental expenses	1,364,790	1,135,891

The following items of unusual nature, size or incidence have been charged to the operating profit (loss) during the years ended 30 September 2013 and 2012 are as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Expenses for flood protection	-	8,987,995	-	8,987,995
Damaged assets from flooding	-	11,666,504	-	11,666,504
Extra expenses during flooding	-	9,254,190	-	9,254,190

20 Current and deferred income taxes

The analysis of deferred tax assets and deferred tax liability is as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	3,222,577	5,110,504	3,009,589	5,110,504
Deferred tax assets to be recovered after more than 12 months	22,049,298	19,496,162	21,498,021	18,800,841
	<u>25,271,875</u>	<u>24,606,666</u>	<u>24,507,610</u>	<u>23,911,345</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	(165,658)	-	(126,224)	-
Deferred tax liabilities to be settled after more than 12 months	(3,148,151)	(502,074)	(2,446,512)	(230,149)
	<u>(3,313,809)</u>	<u>(502,074)</u>	<u>(2,572,736)</u>	<u>(230,149)</u>
Net deferred taxation	<u>21,958,066</u>	<u>24,104,592</u>	<u>21,934,874</u>	<u>23,681,196</u>

Deferred tax assets and liabilities in the statements of financial position are presented at net position of deferred tax assets or liabilities incurred by each entities of the Company and subsidiaries. Deferred tax assets and liabilities are offset when the income taxes are related to the same fiscal authority being the Revenue Department.

The movement on deferred income taxes during the year is as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Opening balance,				
Adjustment for the first time adoption of retirement benefit obligations	-	16,032,406	-	15,420,808
Cumulative effect of adoption of accounting for deferred income taxes	24,104,592	5,921,182	23,681,196	5,921,182
Charges to statement of comprehensive income	(2,146,526)	2,151,004	(1,746,322)	2,339,206
Ending balance	21,958,066	24,104,592	21,934,874	23,681,196

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

	Consolidated		
	2012	Credit (debit)	2013
	Baht	to statement of income	Baht
Deferred tax liabilities			
Leased tangible equipment	(230,149)	(227,662)	(457,811)
Plant and equipment	(271,925)	(2,584,073)	(2,855,998)
	(502,074)	(2,811,735)	(3,313,809)
Deferred tax assets			
Plant and equipment	1,727,918	(1,727,918)	-
Intangible assets	222,597	(63,127)	159,470
Accounts receivable and other assets	4,766,457	(794,792)	3,971,665
Provision and accruals	17,889,694	3,196,156	21,085,850
Leased tangible equipment	-	54,890	54,890
	24,606,666	665,209	25,271,875
Net deferred taxation	24,104,592	(2,146,526)	21,958,066

	Company		
	2012	Credit (debit)	2013
	Baht	to statement	Baht
		of income	
Deferred tax liabilities			
Leased tangible equipment	(230,149)	(227,662)	(457,811)
Purchased equipment	-	(2,114,925)	(2,114,925)
	(230,149)	(2,342,587)	(2,572,736)
Deferred tax assets			
Purchased equipment	1,727,918	(1,727,918)	-
Intangible assets	222,597	(63,127)	159,470
Accounts receivable and other assets	4,766,457	(794,792)	3,971,665
Provision and accruals	17,194,373	3,127,212	20,321,585
Leased tangible equipment	-	54,890	54,890
	23,911,345	596,265	24,507,610
Net deferred taxation	23,681,196	(1,746,322)	21,934,874

As at 30 September 2013 the Group only recognised those deferred taxation assets that in management's judgement it is more likely that the deferred tax assets will be realised, due to the historical operating profits generated by the Group's operations and the timings of the tax loss carry forwards. This is disclosed in the gross deferred and income taxation note to enable users of the financial statements to understand the nature of the movement in this balance.

As at 30 September 2013, the Group has no tax loss carry forwards.

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

Income taxes

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Taxation				
Current taxes	76,261,274	26,825,423	72,552,566	20,188,230
Reversal of prior year income tax	(1,631,460)	-	(1,631,460)	-
Deferred taxation				
Origination and reversal of temporary differences	5,449,212	8,900,467	5,010,581	8,501,510
Impact of change in tax rate	(3,302,685)	(11,051,472)	(3,264,259)	(10,840,717)
Income tax expenses	<u>76,776,341</u>	<u>24,674,418</u>	<u>72,667,428</u>	<u>17,849,023</u>

The difference between income tax expenses computed at statutory tax rates (23%) and income tax expenses provided on results are as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Profit before taxes	<u>485,874,445</u>	<u>127,206,521</u>	<u>442,918,160</u>	<u>124,219,561</u>
Income taxation at statutory tax rates				
23% (2011: 30%)	111,751,123	38,161,956	101,871,177	37,265,868
Tax temporary effects that are not deductible for tax purpose	(7,430,720)	16,523,565	(2,300,489)	4,476,616
Income not subject to tax	<u>(27,544,062)</u>	<u>(30,011,103)</u>	<u>(26,903,260)</u>	<u>(23,893,461)</u>
Income tax expenses	<u>76,776,341</u>	<u>24,674,418</u>	<u>72,667,428</u>	<u>17,849,023</u>

The annual tax rate used is 23% (The tax rate for the year ended 30 September 2012 was 30% as on 21 December 2011, the Royal Decree was published announcing a reduction in corporate income tax rate from 30% to 23% for accounting period beginning on or after 1 January 2012 and 20 % for two accounting periods beginning on or after 1 January 2013).

21 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	
	2013	2012
Net profit attributable to equity holders of the parent (Baht)	409,096,498	102,530,473
Weighted average of issued ordinary shares (Shares)	200,000,000	200,000,000
Basic earnings per share (Baht)	2.05	0.51

	Company	
	2013	2012
Net profit attributable to equity holders of the parent (Baht)	370,250,731	106,370,539
Weighted average of issued ordinary shares (Shares)	200,000,000	200,000,000
Basic earnings per share (Baht)	1.85	0.53

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

22 Finance costs

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Interest expenses	15,879,222	16,542,632	15,878,684	16,533,793
Bank charge	265,736	299,133	236,736	264,875
Finance costs	16,144,958	16,841,765	16,115,420	16,798,668

23 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	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Sale of goods				
Related companies	<u>1,914,016,438</u>	<u>1,768,849,842</u>	<u>1,914,016,438</u>	<u>1,768,849,842</u>
Service and other income				
Related companies	<u>9,086,886</u>	<u>11,884,790</u>	<u>9,086,886</u>	<u>11,884,790</u>
Rental income				
Subsidiaries	-	-	2,836,806	2,371,572
Related companies	<u>3,523,675</u>	<u>8,511,540</u>	<u>3,523,675</u>	<u>8,511,540</u>
	<u>3,523,675</u>	<u>8,511,540</u>	<u>6,360,481</u>	<u>10,883,112</u>
Dividend income				
Subsidiary	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,997,877</u>
Purchases of raw materials				
Related companies	<u>669,613,772</u>	<u>728,984,204</u>	<u>669,613,772</u>	<u>728,984,204</u>
Purchases of equipment				
Subsidiaries	<u>-</u>	<u>-</u>	<u>90,784,000</u>	<u>99,749,550</u>
Research and development expense				
Subsidiaries	-	-	79,708,838	66,390,219
Related companies	<u>3,081,672</u>	<u>2,898,965</u>	<u>-</u>	<u>-</u>
	<u>3,081,672</u>	<u>2,898,965</u>	<u>79,708,838</u>	<u>66,390,219</u>
Technical assistance fee expenses				
Related companies	<u>87,937,950</u>	<u>83,352,849</u>	<u>82,507,950</u>	<u>74,397,319</u>

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Advertising expenses				
Related companies	6,300,000	2,425,000	6,300,000	2,425,000
Rental expenses				
Related companies	6,833,303	-	6,833,303	-

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 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 May 2013 until cancelled by either party.

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

The Company entered into a rental agreement of machinery and equipment under a 10 years term with a related company at total annual rental fee of approximately Baht 4.33 million.

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

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Trade accounts receivable				
Related companies:				
The Sittipol (1919) Co., Ltd.	116,226,189	132,623,602	116,226,189	132,623,602
Inoac Tokai (Thailand) Co., Ltd.	173,192,638	204,648,822	173,192,638	204,648,822
Inoue Rubber Co., Ltd. - Japan	10,719,821	33,905,105	10,719,821	33,905,105
SK Rubber Product Co., Ltd.	8,795,626	9,208,144	8,795,626	9,208,144
Thai Stanley Public Co., Ltd.	5,495,820	7,167,825	5,495,820	7,167,825
Inoac International Co., Ltd.	12,086,110	3,394,649	12,086,110	3,394,649
Inoue Rubber Vietnam Co., Ltd.	3,047,290	13,707,481	3,047,290	13,707,481
Sirivit-Stanley Co., Ltd.	2,421,434	3,646,531	2,421,434	3,646,531
Asian Stanley International	-	1,445	-	1,445
Inoac Thailand Co., Ltd.	829,742	1,043,408	829,742	693,413
Toe - Inoac Limited	735,258	2,007,837	735,258	2,007,837
Asian Rubber Parts Co., Ltd.	25,210,445	11,706,282	25,210,445	11,706,282

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Inoac Vietnam Co., Ltd.	206,629	-	206,629	-
Techno Foam Co., Ltd.	231,634	168,461	231,634	168,461
Bridgestone IRC Manufacturing	3,102,846	-	3,102,846	-
Total trade accounts receivable				
- related companies	362,301,482	423,229,592	362,301,482	422,879,597

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

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Amount due from related companies				
Subsidiaries:				
IRC (Asia) Research Ltd.	-	-	148,841	143,679
Kin No Hoshi Engineering Co., Ltd.	-	-	96,528	85,980
	-	-	245,369	229,659
Related companies:				
Inoac Tokai (Thailand) Co., Ltd.	1,046,206	1,787,267	1,046,206	1,787,267
Inoac Thailand Co., Ltd.	110,494	32,068	110,494	32,068
Toei - Inoac Limited	128,491	133,979	128,491	133,979
	1,285,191	1,953,314	1,285,191	1,953,314
Total amount due from related companies	1,285,191	1,953,314	1,530,560	2,182,973
Trade accounts payable				
Subsidiaries:				
IRC (Asia) Research Ltd.	-	-	14,153,033	14,116,612
Kin No Hoshi Engineering Co., Ltd.	-	-	2,725,563	2,671,151
	-	-	16,878,596	16,787,763

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Related companies:				
Inoac International Co., Ltd.	170,968,461	213,815,305	170,968,461	213,815,305
Inoac Tokai (Thailand) Co., Ltd.	47,874,426	53,520,089	47,874,426	53,520,089
Pacific Industries (Thailand) Co., Ltd.	12,876,188	14,985,211	12,876,188	14,985,211
SK Rubber Product Co., Ltd.	16,323,051	18,713,672	16,323,051	18,713,672
Inoue Rubber Co., Ltd. - Japan	5,408,768	9,004,646	5,408,768	9,004,646
Inoac Thailand Co., Ltd.	10,486,173	9,988,019	10,486,173	9,988,019
Total Oil (Thailand) Co., Ltd.	769,570	481,500	769,570	481,500
Inoac Corporation Co., Ltd.	7,922,696	8,489,052	7,922,696	8,489,052
	<u>272,629,333</u>	<u>328,997,494</u>	<u>272,629,333</u>	<u>328,997,494</u>
Total trade accounts payable				
- related companies	<u>272,629,333</u>	<u>328,997,494</u>	<u>289,507,929</u>	<u>345,785,257</u>
Amount due to related parties				
Subsidiaries:				
Kin No Hoshi Engineering Co., Ltd.	-	-	26,208,200	28,497,200
	<u>-</u>	<u>-</u>	<u>26,208,200</u>	<u>28,497,200</u>
Related companies:				
Inoac International Co., Ltd.	1,011,282	705,800	305,482	-
Inoac Thailand Co., Ltd.	1,452,525	1,292,025	-	-
Inoac Hong Kong Ltd.	1,072,122	-	1,072,122	-
	<u>3,535,929</u>	<u>1,997,825</u>	<u>1,377,604</u>	<u>-</u>
Total amount due to related companies	<u>3,535,929</u>	<u>1,997,825</u>	<u>27,585,804</u>	<u>28,497,200</u>

Directors and management's remuneration

The Company and its subsidiaries have the compensation paid or payable to their key directors and management for the year ended 30 September 2013 and 2012 are as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Salaries and short-term employee benefits	28,090,226	28,386,971	28,090,226	28,386,971
Post-employee benefits	506,775	572,006	506,775	572,006
Other long-term employee benefits	467,124	520,739	467,124	520,739
	<u>29,064,125</u>	<u>29,479,717</u>	<u>29,064,125</u>	<u>29,479,717</u>

24 Commitments and contingent liabilities

- a) As at 30 September 2013, there were outstanding bank guarantees of approximately Baht 20.83 million (2012: Baht 17.2 million) issued by banks to the Provincial Electricity Authority for electricity consumption on behalf of the Company.
- b) As at 30 September 2013, the Company had no capital commitments in respect of factory construction contract (2012: Baht 1.01 million).

25 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 2013 and 2012 classified by market are presented as follows:

	Consolidated (Baht)		
	Local	Export	Total
For the year ended 30 September 2013			
Sales	5,286,173,676	1,499,963,779	6,786,137,455
Cost of sales	(4,702,931,850)	(1,284,021,667)	(5,986,953,517)
Gross margin	583,241,826	215,942,112	799,183,938
Other income			49,015,846
Selling expenses			(93,305,227)
Administrative expenses			(227,952,181)
Other expenses			(24,922,973)
Financial costs			(16,144,958)
Income tax			(76,776,341)
Income of non-controlling interest			(1,605)
Net profit			409,096,499

	Consolidated (Baht)		
	Local	Export	Total
For the year ended 30 September 2012			
Sales	5,071,285,277	1,428,264,250	6,499,549,527
Cost of sales	(4,844,563,651)	(1,294,443,954)	(6,139,007,605)
Gross margin	<u>226,721,626</u>	<u>133,820,296</u>	360,541,922
Other income			72,533,762
Selling expenses			(81,625,060)
Administrative expenses			(176,302,842)
Other expenses			(31,099,496)
Financial costs			(16,841,765)
Income tax			(24,674,418)
Income of non-controlling interest			<u>(1,630)</u>
Net profit			<u>102,530,473</u>

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
	1992(2)/2011 28 June 2011	2277(1)/2011 27 April 2010	1682(2)/2007 12 July 2007	1302(1)/2012 13 February 2012	
1. Certificate No. Dated	Manufacturing of vehicle component, compound products	Manufacturing of tire products	Manufacturing of mould and repairing of its own manufacturing of mould	Manufacturing of mould and repairing of its own manufacturing of mould	1211(4)/2005 16 March 2005 Research and Development
2. Promotional privileges for	3 years	8 years	8 years	8 years	8 years
3. The significant privileges are	Granted	Granted	Granted	Granted	Granted
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.					
3.2 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.					
3.3 Exemption/Reduction of import duty on machinery as approved by the Board.	Granted	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	October 2012	October 2012	May 2010	October 2012	October 2011

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

Consolidated						
	BOI		Non-BOI		Total	
	2013	2012	2013	2012	2013	2012
	Baht	Baht	Baht	Baht	Baht	Baht
Sales						
Export	419,842,228	166,873,819	1,080,121,551	1,261,390,431	1,499,963,779	1,428,264,250
Local	673,722,285	571,765,166	4,612,451,391	4,499,520,111	5,286,173,676	5,071,285,277
	<u>1,093,564,513</u>	<u>738,638,985</u>	<u>5,692,572,942</u>	<u>5,760,910,542</u>	<u>6,786,137,455</u>	<u>6,499,549,527</u>
Company						
	BOI		Non - BOI		Total	
	2013	2012	2013	2012	2013	2012
	Baht	Baht	Baht	Baht	Baht	Baht
Sales						
Export	419,842,228	166,873,819	1,079,530,392	1,261,299,950	1,499,372,620	1,428,173,769
Local	673,722,285	571,605,060	4,611,452,126	4,496,674,663	5,285,174,411	5,068,279,723
	<u>1,093,564,513</u>	<u>738,478,879</u>	<u>5,690,982,518</u>	<u>5,757,974,613</u>	<u>6,784,547,031</u>	<u>6,496,453,492</u>

27 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 2013 amounting to Baht 12.1 million (2012: Baht 10.2 million).

28 Dividends paid

At the Annual General Meeting of shareholders held on 29 January 2013, the shareholders passed a resolution approving dividend payment from its operating results for 2012 at Baht 0.2051 per share (from NON-BOI promoted operations), totaling Baht 41.02 million. The dividends were distributed on 22 February 2013.

At the Annual General Meeting of shareholders held on 27 January 2012, the shareholders passed a resolution approving dividend payment from its operating results for 2011 at Baht 0.2436 per share (from BOI-promoted operations of Baht 0.2436 per share), totaling Baht 48.72 million. The dividends were distributed on 22 February 2012.

29 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 summarised as follows:

Foreign currency	2013		2012	
	Sold amount million	Bought amount million	Sold amount million	Bought amount million
US Dollars	0.51	0.78	2.92	2.68
Japanese Yen	136.33	18.29	357.64	61.35
Euro	-	0.16	-	0.20

Net fair values

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

	Consolidated	
	2013 Baht	2012 Baht
Favourable forward foreign exchange contracts	1,017,523	822,726
Unfavourable forward foreign exchange contracts	(378,188)	(2,755,577)
Net	639,335	(1,932,851)

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 financial position date.

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

	Consolidated		Company	
	2013 million	2012 million	2013 million	2012 million
Assets				
US Dollars	2.86	2.77	2.86	2.77
Japanese Yen	47.13	65.20	47.13	65.20
Euro	0.18	0.22	0.18	0.22
Liabilities				
US Dollars	3.13	5.14	3.02	5.14
Japanese Yen	407.17	406.69	407.17	406.69

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 statements of financial position.

Fair values

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

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

30 Subsequent events

On 22 November 2013, the Board of Directors' Meeting of the Company No. 6/2013 pass a resolution approving the proposed dividend payment from its operating results for 2013 at Baht 0.8182 per share (from BOI-promoted operations Baht 0.6254 per share and Non-BOI-promoted operations Baht 0.1928 per share), totaling Baht 163.64 million. The dividend payment will later be proposed for approval in the Annual General Meeting of the Company's shareholders.



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