



Annual Report 2015

Inoue Rubber (Thailand) Public Co.,Ltd.

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MISSION

“Be the Leading Company in Development and Manufacturing Quality Elastomer Products and Motorcycle Tyres and Tubes Products in Asean on the 7 Policies of;”

- (1) Enhancing and Developing Quality of Safety Systems and the Environment Protection
- (2) Quality in Each Product with International Quality System
- (3) Best Satisfaction to Customers in All Product - Dimensions

Price/Cost

(C) At the Best Competitive Level for Customers Quality

(Q) At the Best Competitive Quality Rating by Customers

Delivery

(D) At the Best Competitive Delivery Rating by Customers

Service/Solutions

(S) At the Best Service to Solutions for Customers at All Time

- (4) Developing Skills and Knowledge of Employees at All Levels to Achieve Their Performance Enhancement
- (5) Continuous Research and Development for Technical Improvement of Raw Materials, Processes, Products, and New Product Applications and New Markets
- (6) Generating Strong Financial Status and Attractive Return to Shareholders
- (7) Compliance with Corporate Social Responsibility Policy

Financial Highlights

Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

As at 30 September

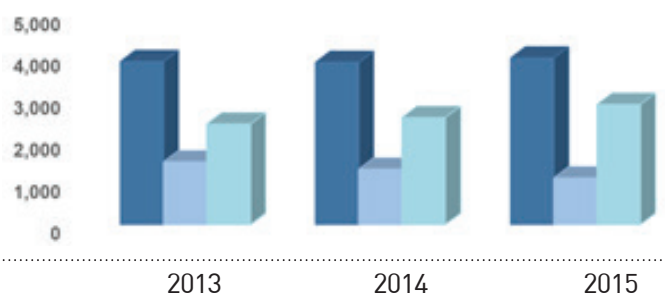
Unit: Thousand Baht

	2013	2014	2015
Statements of Comprehensive Income			
Total Revenues	6,835,153	5,496,522	5,186,251
Costs of Sales and Services	5,986,954	4,789,440	4,330,719
Gross Profit	848,200	707,082	855,532
Net Profit	409,098	313,470	441,521
Total Assets	3,889,205	3,869,316	3,973,448
Total Liabilities	1,492,982	1,319,496	1,109,669
Total Shareholders' Equity	2,396,224	2,549,820	2,863,779
Financial Ratio			
Net Profit Margin (%)	5.99	5.70	8.51
Return on Equity (%)	17.07	12.29	15.42
Return on Total Asset	10.52	8.10	11.11
D/E Ratio	0.62	0.52	0.39
Basic Earnings per Share (Baht)	2.05	1.57	2.21
Book Value per Share (Baht)	11.98	12.75	14.32

Net Profit Margin Ratio (%)



Statement of Financial Position (Unit: Million Baht)



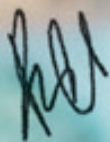
● Net Profit Margin (%) ● EBITDA Margin
● Net Gross Profit Margin (%)

● Total Assets ● Total Liabilities
● Total Shareholders' Equity

Chairman's Message

“Think”

Nevertheless, the main influential factor in driving the Company's business towards success and sustainable growth is personnel development which is the key and valuable resource of the organization, starting from developing the proper “Think” which is a powerful tool in promoting creativity towards success and accomplishing the defined corporate missions



Mrs. Pimjai Leeissaranukul
Chairman



Dear Shareholders

In respect to the overall operational result for this accounting period, it remains highly affected by unstable global economic recovery, including deceleration of China's economy which decelerated Thailand economic growth, low commodity price which impacted on farmers' income, rising of household debt level, and deceleration of governmental investment and budget reimbursement. Fortunately, automobile industry remains as one of the key driving force of the country's export sector in spite of the slight drop in the overall production of automobile and motorcycle industries in this accounting period down to approximately 1.90 million cars, or decreased by 1.23%, and 1.84 million motorcycles, or decreased by 0.89%, respectively.

The above mentioned factors have caused the Company's total revenue in 2015 amounted to Baht 5,186.25 million, or decreased by 6.02%, comparing to the previous year. Meanwhile, the cost of major raw materials is still under the influence of excessive supply and global economic slowdown. Through high commitment of management team in developing of management and raw material control systems efficiently as well as accumulated research and development, the Company managed to gain higher Net Profit by 40.58% which led to an increase in basic earnings per share to Baht 2.21 per share.

Key Missions and Concepts toward Sustainable Growth

In overcoming difficult challenges to achieve sustainable business growth, the Company is therefore determined to carry out continuous research and development in hope to uplift product quality as well as production capacity in order to deliver the best quality products to customers and become the leader in pioneering and developing new markets supported by the Company's strengths in creating growth amidst business diversity. In 2015, the Company joined hands with the National Science and Technology Development Agency (NSTDA) and Thailand Institute of Scientific and Technological Research (TISTR) to increase the value of natural rubber

by signing a Memorandum of Understanding to jointly conduct research and development in order to add value to Thailand's natural rubber.

Nevertheless, the main influential factor in driving the Company's business towards success and sustainable growth is personnel development which is the key and valuable resource of the organization, starting from developing the proper "Think" which is a powerful tool in promoting creativity towards success and accomplishing the defined corporate missions.

In addition, the Company focused on generating higher value-added for the community, society and the environment, including continuously setting up "Hai-Archeep Hai-Cheevit" programs over the past 2 years. Meanwhile, the supply chain development project initiated by the Company for upstream level has led to the initiation of natural rubber development and value adding among Klong Pang Rubber Cooperatives in Trang Province. The Company also took part in Private Sector Collective Action Coalition Against Corruption (CAC) to announce its stance against corruptions as an active citizen in line with the policy of the Company. Through excellent operational results and continuous development in every dimension to ensure the best interests of the shareholders throughout the year 2015, the Company managed to score in Very Good level in the Good Corporate Governance Assessment conducted by Thai Institute of Directors (IOD).

Lastly, we would like to thank you all staff for their strong commitment and hard work throughout the past year in achieving our common goal which is to deliver the best quality products to our customers. We would also like to thank you our business alliance for their continuous supports and trusts in allowing our businesses to grow together. Finally, we would like to thank you all shareholders for their trust and confidence in the Company throughout these years. The Board of Directors and the executive team promised to further drive the business of the Company forward toward success and sustainable growth.

Audit Committee Report

Dear Shareholders,

The Audit Committee consists of three independent directors with the necessary knowledge and experience in supporting the Company's business operation as well as in meeting the necessary regulatory requirements, namely, Associate Professor Dr. Chesada Loha-unchit as Chairman, and Associate Professor Jaruporn Viyanant and Mr. Vichit Vuthisombut as members.

During the 2015 financial year, the Audit Committee performed its duty according to the functions and responsibilities as stated in the Audit Committee Charter which was approved by the Board of Directors. A total of 2 meetings were held with the Company's management, internal auditors and external auditors, with opinions being expressed freely and independently.

The Audit Committee's tasks, opinions and performance were reported at every Board of Director meeting, significant details of which can be summarized as follows:

Accuracy and Reliability of Financial Statements

The Audit Committee reviewed all quarterly and annual financial statements audited by the external auditor, inviting the external auditor to meetings for discussions on topics covering the accuracy and completeness as well as changes made to the statements, accounting standards and principles, and the adequate disclosure of information. The objective is to ensure that the Company's financial statements comply with generally accepted accounting standards.

The Committee also held 2 meetings with the Company's external auditor without management participation in order to acknowledge that internal controls are sufficient in supporting the preparation of such financial statements, the appropriateness of accounting records as well as the independence and difficulties faced by the external auditor in the performance of its duty.

Internal Audit and Internal Control

The Audit Committee approved the 2015 internal audit plan in reviewing the pricing principles utilized in the buying and selling of products and services especially those that were different from market prices or those that should be based on arm's length principles under connected party transactions. KPMG Phoomchai Tax Ltd. was appointed as the internal auditor after the review of the company's and its staff's independence as well as resources committed to the assignment.

The Committee also reviewed the external auditor's report relating to the Company's internal control system and assessed this system utilizing the internal control assessment form of the Securities and Exchange Commission.

Conflict of Interest

The Audit Committee reviewed the appropriateness of connected party transactions based on benefits to the Company and potential conflicts of interest to ensure that they comply with laws and regulations relating to the Stock Exchange of Thailand.

Compliance with the Securities and Exchange Law and Other Laws Related to the Company's Business

The Audit Committee reviewed the Company's compliance with the securities and exchange law and other laws related to the Company's business and found no violation. The external auditor also did not report any suspicious circumstances in which a director, manager or other persons responsible for the Company's operations might be suspected of committing an offense under Section 89/25 of the Securities and Exchange Act.

Selection and Appointment of the External Auditor

After considering its independence, qualifications, performance and audit fee, the Audit Committee proposed PricewaterhouseCoopers ABAS Ltd. ("PwC") as the Company's 2016 external auditor for the Board of Directors' consent before forwarding it to shareholders for approval.

Audit Committee Self-Assessment

The Audit Committee conducted a self-assessment to review and evaluate its performance in 2015 including

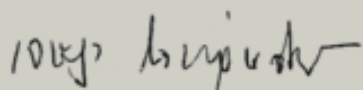
(1) the review of the Company's financial statements to ensure that they were presented accurately and adequately,

(2) the review of the Company's internal control system to ensure that it is efficient and effective, (3) the review of the Company's compliance with the Securities and Exchange Law, the Stock Exchange of Thailand regulations, and other laws related to the Company's business, (4) the selection and appointment of auditors, (5) the review of connected party transactions and (6) the preparation of the Audit Committee report.

Overall Opinion on Compliance with the Charter

The Audit Committee is confident that it has discharged its duties according to the Charter of the Audit Committee as approved by the Board of Directors through the exercise of its knowledge, expertise, concern, circumspection and independence for stakeholders' utmost benefits.

The Committee is also confident that financial statements were prepared in accordance with generally accepted accounting principles and are accurate, complete, reliable and in line with accounting standards; connected party transactions are appropriate and beneficial to the Company; information is disclosed adequately and reliably; internal control is adequate and effective; and Good Corporate Governance and related laws and regulations are complied with fully.



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



Corporate Governance and Social Responsibility Committee Report

Dear All Shareholders,

The Board has emphasized on the importance of good corporate governance and social responsibility which is a key driver for business sustainability. Hence, in April 2015, the Board had a resolution to establish the Corporate Governance and Social Responsibility Committee (the Committee) instead of the Social and Responsibility Committee. The objective is to support the Board in proposing policies and practices, as well as review the results, follow up and report on corporate governance and social responsibility to the Board.

Throughout the year 2015, the Committee convened 4 sessions with the establishment of 2 sub-committees to support all the tasks, updated the Committee Charters, placed framework for Good Corporate Governance with related laws, rules and regulations of business practices by complying with international guidelines corporate governance principles by Thai Institute of Directors Association as well as a practical OECD Guidelines for Multi-National Enterprises and also improved the Company Corporate Governance Handbook accordingly. In addition, the Committee supported management by framing the sustainability of the organization in terms of economic, social and environmental according to the Global Reporting Initiatives (GRI) version 4 (G4) and prepared sustainability reporting.

In the past year, the Company had conducted as following;

Good Corporate Governance:

Rights of Shareholders: The Company has opened an opportunity for shareholders to send their questions related to the Company's business through the Company's website as well as publicize the Annual General Meeting information on the Company's website 30 days prior to the meeting day.

Equitable Treatment of Shareholders: The Company's Board and executives has reported their conflict of interest statements in 2015 and signed to acknowledge that they have studied, understood and embraced them as working guidelines with the aim of preserving the Company's good corporate governance.

Role of Stakeholders: The Company has expanded the scope of stakeholder to be more comprehensive e.g. creditors and government sector etc. Furthermore, the Company shall take the safety of the complainer into account by providing many channels for complainers to choose whether disclose themselves or not, if fear of danger or threat. For the disclosure and transparency, the Company has developed the annual sustainability report in 2015 on the basis of Global Reporting Initiatives (GRI) version 4 (G4), which covers identifying material aspects considered by the CGSR and Executive Committees in order to ensure that the report is presented reasonably and contributed to the Company's performance

Responsibilities of The Board: The Company has the succession plan in the key Positions to ensure that the Company will have qualified executives to carry on the Company's achievement afterwards.

Corporate Social Responsibilities:

Anti – Corruption: The Company stated the declaration of intent for participating in “Private Sector Collective Action Coalition against Corruption: CAC” since August 19th, 2015 and established the policy framework against corruption within the Company to promote good corporate governance norms with all stakeholders fairly and justly.

Social Activities: The Company had established a joint project with the Department of Corrections

“Hai-Archeep Hai-Cheevit” which has been an ongoing project to provide career training to female prisoners and preparation into working after acquitted.

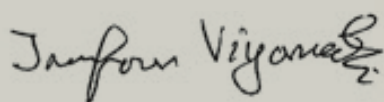
Other Social Activities: Promoted safe driving campaign and helmet wearing, and participated in the demonstration in Safety Week

Community Activities: Provided scholarships to schools in neighboring community, Participated in community’s festivals, educated the community’s members and the schools in terms of energy saving, the Occupational Health and Safety to raise awareness and good health to people in the community.

Then, the Company has had continuous improvement of the CSR in- process on the heat, smell, water quality, energy saving projects, installation of solar cell to reduce usage of electrical energy.

Pride Awards:

- The Company was awarded as “Very Good” ranking of corporate governance score given by Thai Institute of Directors Association which presented the further improvement from last year.
- Award for Outstanding Labor Relations and Labor Welfare
- Standardize in preventive and tackle drug abuse in the workplace
- Honorary in Safety workplace project
- Many awards from the customers namely Excellent Quality Products, Delivery Excellence Award, Innovation Award for Import Substitution, Best Award from QCC Competition etc.



Professor. Jaruporn Viyanant
(Chairman of Corporate Governance and
Social Responsibility Committee)



Risk Management Committee Report

Dear All Shareholders,

The Company's Risk Management Committee consisted of six members who are executives from various departments and each of whom has keen knowledge, skills and experience in corporate business. Risk Management Committee has completely fulfilled every duty assigned by the Chairman and the President in accordance with the Committee's Charter.

Risk Management Committee defined risk management policy to be used as a management tool to optimize efficiency in meeting the defined standard, including enhancing risk management system to ensure better efficiency, supporting and encouraging personnel development to ensure same knowledge and understandings among all staffs while promoting staff participation in risk management process in order to control risk level at the acceptable level and to prevent the losses in possible opportunities in hope to achieve the defined objectives and create value-added for the organization in sustainable manner.

Throughout the year 2015, meetings were held by Risk Management Committee on a quarterly basis and were attended by every member of the Committee. At each quarterly meeting,

potential risks and risk management measures were presented to the Board, including carrying out assessment of potential risks and preparing Risk Assessment Matrix.

On November 24, 2015, the Board passed a resolution to review and approve the appointment of the members of Risk Management Committee (currently former members) and considered appointing Mr. Surong Bulakul, Independent Director, to be the Chairman of Risk Management Committee and me to be Vice Chairman of Risk Management Committee. The Company had also appointed Risk Management Team from two business lines to support the work of the committee and follow up on both internal and external risks, including conducting risk assessment and closely preparing risk management plan.

Finally, Risk Management Committee is committed to manage and regulate all risks efficiently to maintain proper level of risk as per the defined guideline or risk assessment. Risk Management Committee is determined to ensure sufficient regulation and management in order to maintain proper risk level and efficient operation.

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Mr. Takenori Nakamoto
(Chairman of Risk Management Committee)



Board of Directors



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1. Mrs. Pimjai Leeissaranukul
Chairman
2. Mr. Kazuo Sato
President
3. 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
Chairman of Audit Committee

9. Assoc.Prof. Jaruporn Viyanant
Audit Committee
10. Mr. Vichit Vuthisombut
Audit Committee
11. Mr. Surong Bulakul
Independent Director
12. Mr. Kiyoharu Mizushima
Director

Executive Committee



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1. Mr. Kazuo Sato
President

2. Mrs. Pimjai Leeissaranukul
Chairman

3. Mr. Takenori Nakamoto
Managing Director

4. Ms. Witchuda Kupongsak
Managing Director

5. Mr. Shigeyuki Hosokawa
Managing Director

6. Mr. Katsunori Ito
Managing Director

7. Mr. Narongchai Rattanaekkawin
Managing Director

8. Mr. Suchart Kootiratrakarn
Managing Director

9. Mr. Hirozo Mizuno
Managing Director

10. Mr. Toshihiro Kuze
Managing Director

11. Mr. Chaowalit Meethongkum
Managing Director



Details of Directors



Mrs. Pimjai Leeissaranukul

Position Chairman/ Executive Committee/
Authorized Director

Age 54 years

Appointment Date 1993

Shareholding Proportion 2.44%

Highest Education

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

Training

Thai Institute of Directors Association (IOD)

DCP Director Certification Program Class 37/2003

RCP Role of the Chairman Program Class 31/2013

RMP Risk Management Committee Program Class 1/2013

Capital Market Academy (CMA) : Capital Market Academy Leadership Program Class 10

National Defense College (NDC) : NDC Course (JSPS), Class 26/2013

Past 5-year Working Experience

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

2012 - Present Member of the Board of Thai Women Engineers, The Engineering Institute of Thailand

2012 - Present Director of Risk Management Club Thai Listed Companies Association Member of the Board and Deputy Secretary General, Public Relations The Federation of Thai Industries

2010 - 2014 Executive Board as External Advisory Expert of Faculty of Engineering, Chulalongkorn University

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

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

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

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

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

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

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

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

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

1989 - Present Director of Thai Stanley Electric PLC.



Mr. Kazuo Sato

Position President / President of Executive Committee /
Authorized Director

Age 57 years

Appointment Date August 9, 2013

Shareholding Proportion -None-

Highest Education

Bachelor of Engineering, Nagoya Institute of Technology, Japan

Training

Thai Institute of Directors Association (IOD)

DAP Director Accreditation Program Class 108/2014

Past 5-year Working Experience

2013 - Present President of Inoue Rubber (Thailand) PLC.

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



Mr. Soichi Inoue

Position Director

Age 86 years

Appointment Date 1993

Shareholding Proportion -None-

Highest Education

Bachelor's degree in Economics, Kobe University, Japan

Training

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Past 5-year Working Experience

2010 - Present Director of Inoue Rubber (Thailand) PLC.
 2000 - Present Chairman & CEO of Inoac Corporation Co., Ltd.
 1968 - Present President of Inoac Technical Center Co., Ltd.
 1975 - Present President of Inoac International Co., Ltd.
 1973 - Present President of Inoue Rubber Co., Ltd., Japan



Mr. Thanong Leeissaranukul

Position Director / Authorized Director

Age 55 years

Appointment Date 1993

Shareholding Proportion 1.70%

Highest Education

Bachelor's degree in Business Administration Nansan University, Japan

Training

-

Past 5-year Working Experience

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

**Mr. Apichart Leeissaranukul****Position** Director**Age** 52 years**Appointment Date** 1993**Shareholding Proportion** 1.83%**Highest Education**

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

Training

Thai Institute of Directors Association (IOD)

DCP Director Certification Program Class 8/2001

Past 5-year Working Experience

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

**Mrs. Pornthip Sethiwan****Position** Director**Age** 48 years**Appointment Date** 1993**Shareholding Proportion** 2.13%**Highest Education**

Bachelor's degree in Business Administration, Chulalongkorn University

Training

Thai Institute of Directors Association (IOD)

DAP Director Accreditation Program Class 5/2003

RCC Role of the Compensation Class 17/2013

Past 5-year Working Experience

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



Mr. Masayuki Inoue

Position Director / Authorized Director

Age 50 years

Appointment Date December 30, 1993

Shareholding Proportion -None-

Highest Education

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

Training

Thai Institute of Directors Association (IOD)

DAP Director Accreditation Program Class 65/2007

Past 5-year Working Experience

2015 - Present CEO of Inoue Rubber Co., Ltd., Japan
 2015 - Present Senior Managing Director of Inoac Corporation Co., Ltd.
 2007 - 2015 Managing Executive Officer of Inoac Corporation Co., Ltd.
 2004 - 2015 Executive Vice President of Inoue Rubber Co., Ltd., Japan
 1995 - Present Director of Sungold Holding Co., Ltd.
 1991 - Present Director of Inoue Rubber (Thailand) PLC.



Assoc.Prof.Dr. Chesada Loha-unchit

Position Independent Director / Chairman of Audit Committee

Age 67 years

Appointment Date February 10, 2010

Shareholding Proportion -None-

Highest Education

Doctor of Philosophy in Economics, Princeton University, USA

Training

Thai Institute of Directors Association (IOD)

DAP Director Accreditation Program Class 82/2010

RNG Role of the Nomination and Governance Committee Class 5/2013

Past 5-year Working Experience

2013 - 2014 Chairman, Risk Management Sub-Committee, Social Security Office
 2011 - Present Advisor, Trinity Securities Co., Ltd.
 2010 - Present Independent Director and Chairman of Audit Committee, Inoue Rubber (Thailand) PLC.
 2006 - 2012 Independent Director & Audit Committee Member, Asset Plus Fund Management Co., Ltd.
 2003 - 2014 Columnist, Krungthep Turakit Business Newspaper



Mr. Vichit Vuthisombut

Position Independent Director/ Audit Committee

Age 74 years

Appointment Date September 21, 2004

Shareholding Proportion -None-

Highest Education

Bachelor's degree in Economics, Thammasat University

Training

Thai Institute of Directors Association (IOD)

DAP Director Accreditation Program Class 27/2004

DCP Director Certification Program Class 51/2004

Past 5-year Working Experience

2009 - Present Independent Director and Audit Committee of Siam Steel Service Center PLC.

2006 - Present Independent Director of Thai-German Products PLC.

2004 - Present Independent Director and Audit Committee of Inoue Rubber (Thailand) PLC.

2002 - Present Consultant of A J Plast PLC.

2002 - Present Consultant of Jongsathit Co., Ltd.

2000 - Present Committee of Investor Club Association (IC)



Mr. Kiyoharu Mizushima

Position Director

Age 51 years

Appointment Date August 9, 2013

Shareholding Proportion -None-

Highest Education

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

Training

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Past 5-year Working Experience

2013 - Present Director of Inoue Rubber (Thailand) PLC.

2012 - 2013 Managing Director of Rubber and Elastomer Division, Inoac Corporation

2011 - 2012 General Manager of Inoac Corporation

2009 - 2011 Managing Director of Dongguan Inoac Metal and Elastomer Co., Ltd., China



Assoc.Prof. Jaruporn Viyanant

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

Age 71 years

Appointment Date May 13, 2015

Shareholding Proportion -None-

Highest Education

Master Degree in Financial Economic (1973), Middle Tennessee State University, U.S.A.

Training

Thai Institute of Directors Association (IOD)
Anti-Corruption Executive Program (ACEP) 5/2015
Director Certificate Program (DCP 126)
Director Certificate Program Update (DCPU 1)
Audit Committee (ACP)
Monitoring Fraud Risk Management (MFM)
Monitoring the International Audit Function (MIA)
Monitoring the System of Internal Control and Risk Management (MIR)
Monitoring the Quality of Financial Reporting (MFR)
Role of the Compensation Committee (RCC)
Capital Market Academy (CMA) : Capital Market Academy
Leadership Program Class 10

Past 5-year Working Experience

2015 - Present	Independent Director, Audit Committee and Chairman of CGSR committee Inoue Rubber (Thailand) PLC
2014 - Present	Independent Director and Audit Committee Ocean Life Insurance Public Company Limited
2012 - Present	Independent Director and Audit Committee of VGI Global Media Public Company Limited
2009 - Present	Expert Committee of the Thai Chamber of Insur- ance Industry
2012 - 2014	Consultant of Electronic Government Agency (A Public Organization)
2011 - 2014	Committee of the Financial Institutions Policy, Bank of Thailand
2010 - 2012	Expert Committee of the Anti-Money Laundering Office (AMLO)



Mr. Surong Bulakul

Position Independent Director / Chairman of
Risk Management Committee

Age 60 years

Appointment Date November 25, 2015

Shareholding Proportion -None-

Highest Education

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

Master of Business Administration, Cornell University, New York,
U.S.A.

Training

Thai Institute of Directors Association (IOD) : Directors Certification
Program (DCP 121/2009)
Capital Market Academy (CMA) : Capital Market Academy Leader-
ship Program Class 10

Past 5-year Working Experience

2015 - Present	Independent Director / Chairman of Risk Manage- ment Committee, Inoue Rubber (Thailand) PLC
2015 - Present	Acting President Global Power Synergy Public Company Limited
2014 - Present	Director and Executive Director, Provincial Elec- tricity Authority
2014 - Present	Vice Chairman, The Thai Chamber of Commerce
2014 - Present	Chairman, Sakari Resources Ltd. (Singapore)
2014 - Present	Director Tiger Energy Trading Pte. Ltd. (Singapore)
2014 - Present	Director 24M Technologies, Inc. (U.S.A.)
2014 - Present	Committee, Federation of Thai Capital Market Organizations (FETCO)
2014 - Present	Committee, The Federation of Thai Industries
2013 - Present	Chairman, Global Power Synergy Public Company Limited
2013 - Present	Chairman, Thai Listed Companies Association (TLCA), The Stock Exchange of Thailand



Details of Executive Committee



Mr. Takenori Nakamoto

Position Managing Director / Executive Committee/
Vice-Chairman of Risk Management Committee

Age 53 years

Appointment Date August 9, 2013

Shareholding Proportion -None-

Highest Education

Bachelor of Management, Department of Economics, Faculty of Economics, Gakushuin University

Training

-

Past Working Experience

2015 - Present Vice-Chairman of Risk Management Committee, Inoue Rubber (Thailand) PLC.
2015 - 2015 Chairman of Risk Management Committee, Inoue Rubber (Thailand) PLC.
2013 - Present Managing Director and Executive Committee Member, Inoue Rubber (Thailand) PLC.
2010 - 2013 Sales Manager of Inoac Vietnam Co., Ltd., Vietnam
2008 - 2009 Executive Officer of Dongguan Inoac Metal and Elastomer Co., Ltd., China
Manager of Sales Division, Inoac Corporation
2007 - 2008 General Manager of Elastomer Division, Head Office, Inoac Corporation
2006 - 2007 General Manager, Planning Section, Industrial Material Sales Division, Inoac Corporation



Ms. Witchuda Kupongsak

Position Executive Committee / Corporate Governance
and Social Responsibility Committee

Age 51 years

Appointment Date January 29, 2013

Shareholding Proportion 0.0239%

Highest Education

Master of Business Administration, Thammasat University

Training

Thai Institute of Directors Association (IOD)
SFE Successful Formulation & Execution of Strategy Class 28/2013
CEDI - Babson Entrepreneurial Leadership Program Babson College

Past Working Experience

2015 - Present Corporate Governance and Social Responsibility Committee, Inoue Rubber (Thailand) PLC.
2015 - Present Executive Director of Administrative & Control Unit, Inoue Rubber (Thailand) PLC.
2013 - Present Executive Committee Member, Inoue Rubber (Thailand) PLC.
2010 - Present Deputy Executive Director of Administrative & Control Unit, Inoue Rubber (Thailand) PLC.
1998 - Present Board Member of Inoue Rubber (Vietnam) Co., Ltd.
1998 - 2010 Manager of Purchasing Division, Inoue Rubber (Thailand) PLC.
1997 - 1998 Manager of Business Development Division, Inoue Rubber (Thailand) PLC.
1996 - 1997 Manager of Finance Division, Inoue Rubber (Thailand) PLC.
1993 - 1996 Manager of Cost Accounting Department, Inoue Rubber (Thailand) PLC.
1992 - 1993 Manager of MIS Department, Inoue Rubber (Thailand) PLC.



Mr. Suchart Kootiratrakarn

Position Executive Committee / Risk Management Committee

Age 46 years

Appointment Date August 9, 2013

Shareholding Proportion 0.0087%

Highest Education

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

Training

Thai Institute of Directors Association (IOD)

HRP How to Develop a Risk Management Plan Class 8/2015

FSD Financial Statements for Directors Class 18/2012

RMP Risk Management Committee Program Class 5/2014

CEDI - Babson Entrepreneurial Leadership Program Babson College

Past Working Experience

2015 - Present Risk Management Committee, Inoue Rubber (Thailand) PLC.

2015 - Present Deputy Executive Director of Tire-Tube Business Unit, Inoue Rubber (Thailand) PLC.

2013 - Present Executive Committee Member, Inoue Rubber (Thailand) PLC.

2009 - Present R&D Division Manager, IRC (Asia) Research Ltd.

2009 - Present Division Manager of Sale and Marketing, Inoue Rubber (Thailand) PLC.

2003 - 2009 R&D Senior Manager, IRC (Asia) Research Ltd.

2003 - 2009 Senior Manager of Sale and Marketing, Inoue Rubber (Thailand) PLC.



Mr. Shigeyuki Hosokawa

Position Executive Committee / Corporate Governance and Social Responsibility Committee

Age 47 years

Appointment Date November 24, 2014

Shareholding Proportion -None-

Highest Education

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

Training

-

Past Working Experience

2014 - Present Executive Committee Member, Inoue Rubber (Thailand) PLC.

2013 - Present Executive Director of Tire-Tube Business Unit, Inoue Rubber (Thailand) PLC.

2012 - 2013 Assistant Manager, Quality Assurance Section, Inoue Rubber Co., Ltd. (Japan)

2004 - 2012 Assistant Manager, Industrial Engineering Division
Bridgestone IRC Manufacturing Co., Ltd.



Mr. Katsunori Ito

Position Executive Committee

Age 53 years

Appointment Date November 24, 2014

Shareholding Proportion -None-

Highest Education

Bachelor of Engineering, Department of Applied Chemistry, Shizuoka University

Training

-

Past Working Experience

2014 - Present Executive Committee Member, Inoue Rubber (Thailand) PLC.

2013 - Present Executive Director of IED Business Unit, Inoue Rubber (Thailand) PLC.

2011 - 2013 Manager, Rubber and Elastomer Division, Inoac Corporation Co., Ltd.

2009 - 2011 Managing Director, Inoac Vietnam Co., Ltd.

2009 - 2009 Manager, Procurement Division, Inoac Corporation Co., Ltd.

2004 - 2009 Manager, Rubber and Elastomer Division, Inoac Corporation Co., Ltd.



Mr. Hirozo Mizuno

Position Executive Committee

Age 60 years

Appointment Date November 22, 2012

Shareholding Proportion -None-

Highest Education

Bachelor of Industrial Engineering, Shibaura Institute of Technology

Training

-

Past Working Experience

2012 - Present Executive Committee Member Inoue Rubber (Thailand) PLC.



Mr. Toshihiro Kuze

Position Executive Committee

Age 46 years

Appointment Date November 24, 2014

Shareholding Proportion -None-

Highest Education

Bachelor of Economics, Nanzan University

Training

-

Past Working Experience

2014 - Present Executive Committee Member, Inoue Rubber (Thailand) Plc.

2010 - Present Manager, Accounting and Finance Division, Head Office Inoac Corporation Co.,Ltd.

2009 - 2009 Accounting and Finance Division, Anjo Plant, Aichi, Inoac Corporation Co.,Ltd

2008 - 2009 Assistant Manager, Accounting and Finance Division, Head Office Inoac Corporation Co.,Ltd.



Mr. Narongchai Rattanaekkawin

Position Executive Committee / Risk Management Committee

Age 45 years

Appointment Date November 24, 2014

Shareholding Proportion 0.0025%

Highest Education

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

Training

Thai Institute of Directors Association (IOD)

HRP How to Develop a Risk Management Plan Class 8/2015

FSD Financial Statements for Directors Class 18/2012

RMP Risk Management Committee Program Class 5/2014

CEDI - Babson Entrepreneurial Leadership Program Babson College

Thai Railway Engineer Program, NSTDA

ISO9001:2000 Internal Auditing, Robere & Associates

ISO/TS16949:2002 Internal Auditing, Robere & Associates

ISO14001 Internal Auditing, Robere & Associates

Past Working Experience

2015 - Present Risk Management Committee, Inoue Rubber (Thailand) PLC.

2015 - Present Deputy Executive Directors of IED Business Unit, Inoue Rubber (Thailand) PLC.

2014 - Present Executive Committee Member, Inoue Rubber (Thailand) PLC.

2012 - Present Production Division Manager, Inoue Rubber (Thailand) PLC.

2008 - Present Engineering Division Manager, Inoue Rubber (Thailand) PLC.

2008 - Present R&D Division Manager, IRC (Asia) Research Ltd.

2000 - 2007 R&D Manager, IRC (Asia) Research Ltd.



Mr. Chaowalit Meethongkum

Position Executive Committee / Risk Management Committee

Age 57 years

Appointment Date May 13, 2014

Shareholding Proportion 0.0005 %

Highest Education

Bachelor 's degree of Production Engineering, King Mongkut's University of Technology North Bangkok

Training

Thai Institute of Directors Association (IOD)

RCL Risk Management Program for Corporate Leaders Class 2/2015

DAP Director Accreditation Program Class 122/2015

Past Working Experience

- 2015 - Present Risk Management Committee, Inoue Rubber (Thailand) PLC.
- 2015 - Present Deputy Executive Director of IED Business Unit, Inoue Rubber (Thailand) PLC.
- 2013 - Present Planning Manager of IED Business Unit, Inoue Rubber (Thailand) PLC.
- 2011 - Present Director of Kinno Hoshi Engineering Ltd.
- 1991 - 2001 Director of IRC (Asia) Research Ltd.
- 1982 - 1991 Department manager, Inoue Rubber (Thailand) PLC.



Ms. Jaithip Choosatitsatienchoke

Position Company Secretary / Risk Management Committee

Age 44 years

Appointment Date August 9, 2013

Shareholding Proportion -None-

Highest Education

Bachelor of Business Administration, Finance and Banking, Ramkhamhaeng University

Training

Thai Institute of Directors Association (IOD)

RCL Risk Management Program for Corporate Leaders Class 2/2015

CSP Company Secretary Program Class 10/2005

EMT Effective Minute Taking Class 2/2006

EMT Effective Minute Taking Class 26/2013

BRP Board Reporting Program Class 13/2014

Executive Financial Management Certificate Program, Faculty of Economics, Chulalongkorn University

Basic Accounting / Cash Flow Management

The Impact of New Accounting Standard on Financial Statement of Listed Companies

Internal Control and the Company Value Added

Corporate Secretary Development Program, Thai Listed Companies Association

The 7 Habits of Highly Effective People Pac Rim Group

Past Working Experience

- 2015 - Present Risk Management Committee, Inoue Rubber (Thailand) PLC.
- 2013 - Present Company Secretary, Inoue Rubber (Thailand) PLC.
- 2013 - 2014 Senior Manager, Finance Department, Inoue Rubber (Thailand) PLC.
- 2005 - 2013 Manager, Finance Department, Inoue Rubber

Shareholding Proportion of Board of Directors, Executive Committee, and Top Management

Name	Position	Amount of Shares		Trading during the fiscal year 2015	Shareholding Proportion (%)
		1 OCT 2014	30 SEP 2015		
Mrs. Pimjai Leeissaranukul ³	Chairman	4,881,075	4,881,075	-	2.44
Mr. Kazuo Sato	President	-	-	-	-
Mr. Soichi Inoue ²	Director	-	-	-	-
Mr. Masayuki Inoue ²	Director	-	-	-	-
Mr. Thanong Leeissaranukul ³	Director	3,408,000	3,408,000	-	1.70
Mr. Apichart Leeissaranukul ³	Director	3,653,700	3,662,700	9,000	1.83
Mrs. Porntip Sethiwan ³	Director	4,254,475	4,261,675	7,200	2.13
Mr. Kiyoharu Mizushima	Director	-	-	-	-
Assoc.Prof.Dr. Chesada Loha-unchit	Independent Director/ Chairman of Audit Committee	-	-	-	-
Mr. Vichit Vuthisombat	Independent Director/ Audit Committee	-	-	-	-
Ms. Chaovana Viwatpanachati	Independent Director/ Audit Committee	-	-	-	-
Assoc.Prof. Jaruporn Viyanant	Independent Director/ Audit Committee	-	-	-	-
Mr. Kazuto Seida	Independent Director	-	-	-	-
Mr. Fumito Miyake	Independent Director	-	-	-	-
Mr. Surong Bulakul	Independent Director	-	-	-	-
Mr. Takenori Nakamoto	Executive Committee	-	-	-	-
Mr. Jatupol Lawhachainam	Executive Committee	2,500	4,200	1,700	0.0021
Ms. Witchuda Kupongsak	Executive Committee	47,800	47,800	-	0.0239
Mr. Suchart Kootiratrakarn	Executive Committee	1,000	17,400	16,400	0.0087
Mr. Hirozo Mizuno	Executive Committee	-	-	-	-
Mr. Narongchai Rattanaekkawin	Executive Committee	500	5,000	4,500	0.0025
Mr. Chaowalit Meethongkum	Executive Committee	1,000	1,000	-	0.0005
Mr. Shigeyuki Hosokawa	Executive Committee	-	-	-	-
Mr. Toshihiro Kuze	Executive Committee	-	-	-	-
Mr. Katsunori Ito	Executive Committee	-	-	-	-

Remark: ¹Amount of shares includes holding by spouse and minor children

²Major shareholders: Inoue Rubber Co., Ltd (Japan)

³Major shareholders: Leeissaranukul Family Group

Milestones in the Past 3 Years

2015

- Received the Corporate Governance Report in “Very Good” rating surveyed by Thai Institute Of Directors which had been developed from “Good” rating last year – November
- Received the Honorable Trophy of “Greening Supply Chains in Thai Auto and Automotive Parts Industries” project which is the cooperation among German International Cooperation (GIZ), Thai Automotive Institute (TAI), and The Federation of Thai Industries (FTI) in development and support of Thai’s automotive parts manufactures in developing the production process sustainably and eco-friendly as well as the effectiveness of energy consumption – October
- Received the Honorable Certification in participation of Workplace Safety Project Honors HRH Princess Maha Chakri Sirindhorn from Department of Labor Protection and Welfare, Phatumthani Province – September
- Declared the intent to join the Private Sector Collective Action Coalition Against Corruption (CAC) – August
- Received the certification of standard prevention and solution of drugs and additive substances usage in the workplace from Department of Labor Protection and Welfare, Ayutthaya and Phatumthani Provinces – June
- Signed the Memorandum of Understanding (MoU) on Value-Adding of Natural Rubber by Using in the Railway System with the National Science and Technology Development Agency (NSTDA) and the Thailand Institute of Scientific and Technology Research (TISTR) – June
- Developed the supply chain at the beginning level by initiating the development and value-adding on natural rubber to Cooperative Klongpang’s rubber farmers, in Trang Province; IRC had shared knowledge about storing Natural latex process with the appropriate moistness and intensity till transforming to rubber sheets in order to avoid exploiting benefits from agents and IRC also attained the qualified raw materials as needed. – June
- Established the Corporate Governance and Social Responsibilities (CGSR) Committee by the Board and aborted the Corporate Social Responsibility (CSR) Committee since the scope of work has expanded and enhanced the duty of Good Corporate Governance in accordance with the international standards – May

2014

- Received Delivery Award for the year 2013/2014 at Quality, Cost and Delivery Awards Announcement of Thai Honda Manufacturing Co., Ltd – August
- IRC Rangsit Site granted Zero Accident Award from Ministry of Labor for 3.1 million hour without a lost time injury – July
- Obtained Outstanding Award for Labor Relations and Welfare of the year 2014 (4consecutive years) from Ministry of Labour – June
- Gained Honorable Trophy for Establishment Model of Patumthani, due to participation in Integrated Management on Promoting Occupational Safety and Disease Prevention for the Employees in the Establishment Project – June

2013

- Obtained the China Compulsory Certification (CCC Mark) from China in Motorcycle Tire and Tube business – May
- Received the Certificate of Accreditation Laboratory ISO/IEC 17025: 2005 from Thai Industrial Standards Institute from Ministry of Industry to IRC (Asia) Research Limited, Rangsit site – February

Revenue Structure and Product Features

Revenue Structure and Product Features

Business Unit/ Product	Fiscal year 2015	%	Fiscal year 2014	%	Fiscal year 2013	%
Industrial Elastomer Parts						
• Domestic Sales	2,249.19	43.88	2,361.97	43.31	3,160.87	46.59
• Export Sales	465.15	9.07	559.10	10.25	662.56	9.77
Motorcycle Tires and Tubes						
• Domestic Sales	1,540.80	30.06	1,718.47	31.51	2,124.30	31.31
• Export Sales	871.14	16.99	813.97	14.93	836.81	12.33
Total (million baht)	5,126.28	100.00	5,453.51	100.00	6,784.54	100.00

Product features

• Industrial Elastomer Parts

The Company has manufactured and developed industrial elastomer parts for demanding in various industries as customers' requirement, qualification, and features in order to meet different application demands which the industrial elastomer parts can be separated into 2 main groups namely industrial elastomer parts are used in the automotive industry namely Hose Air, Weather Strip, Engine Mounting Rubber, Shield Fuel Tank, Rubber Gasket, Trunk Lid Cover, Rubber Fuel Tank Grommet, Rubber Sound/ Dust Seal etc.



Automotive Parts in 1 Ton Pickup



Automotive Parts in Passenger Cars



Automotive Parts in Motorcycle

Moreover, the Company has manufactured industrial elastomer parts used in other industries for conjunction, linking, sealing, and jointing namely;



Rubber Parts in Railway System



Rubber Sheet for Stadiums



*Industrial Rubber for Electronic Machine,
Air Conditioner and Compressor*



*Industrial Rubber for Tractor and
Other Agricultural Machineries*



*Industrial Rubber for Housing
Construction*

For rubber parts in railway system, the Company had signed the Memorandum of Understanding (MoU) on value-adding of natural rubber with the National Science and Technology Development Agency (NSTDA) and the Thailand Institute of Scientific and Technology Research (TISTR) on June 3rd, 2015 for the cooperation in research and development on value-adding of natural rubber by using in Thai Railway System which the products were attained the qualified approval and ready for business launch.

Main Groups of Customers

1) Automotive and Motorcycle Original Equipment Manufacturer (OEM)

For the automotive manufacturers, the Company supplies for Mitsubishi, Toyota, Isuzu, Honda, Nissan, Mazda, Suzuki, Ford, and Chevrolet; moreover, the motorcycle manufacturers include Honda, Suzuki, Kawasaki, and Yamaha. These elastomer parts supply for OEM's manufacturing

sold in both domestic and export markets, which readily equipped to export cars and motorcycles, as well as being the spare parts for the service of OEM's manufacturers.

2) Sub - Automotive

Sub-automotive group is the part-manufactures to directly support the OEM group which including the first-tier suppliers— which directly supply parts for OEM manufacturers—and the second-tier suppliers— which sub-contract to supply parts to the first-tier suppliers.

3) Other Industries

The group of customers are variety as product features mentioned above such as Mitsubishi Daikin, Kubota, Kobelco etc.

• **Motorcycle Tires and Tubes**

IRC was the pioneer the motorcycle tire and tube markets in Thailand which has been relied and utilized in the quality of the product manufacturing and supply potential by motorcycle manufacturers in Thailand such as Honda, Yamaha, Suzuki, Kawasaki etc. enabling the Company's top most motorcycle assembly industry market share success. Throughly, the Company has focused on research and development (R&D) as well as controlling on the production process to attain product recognition in terms of the best

quality to customers and to continuously break new innovation to the market. This aim to meet several customers demand and lifestyle desirably in terms of features, sizes, qualifications, or performance. Presently, the Company is able to manufacture in various kinds of products such as on-road tires, off-road tires, scooter tires, heavy-duty tires, snow tires, and tires for 150 – 300 cc. motorcycle etc.

Main Groups of Customers

The motorcycle tire and tube products are distributed into 2 main markets namely;

1) Domestic market – The products are supplied to 2 main groups of customers;

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

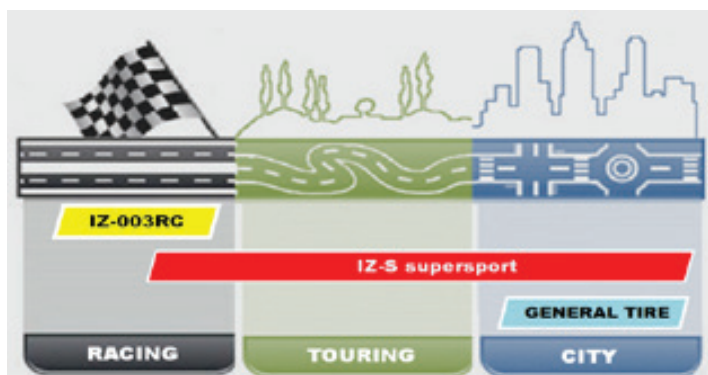
2) Export Market – The products are supplied by several channels;

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



SUPER SPORT

The “Sport Touring” motorcycle tire with high performance which was designed to please riders who enjoy riding 150 - 300 cc. motorcycles. This tire aims at a super bike with sport touring, long trip, and high speed which represents the ultimate combination of excellent grip, and excellent control response; moreover it was developed in the further step of safety in angle balance at every curvature precisely with the compound structure (Aramid Belt Structure) which attributes to riders’ enjoyment and confidence. It is the heart of IRC IZ-S development to be excellent performance at every feeling.



GP-5/TL



On and off road motorcycle tire with 12, 17, and 18 inches attribute to wider series and support riders who look for adventurous in every surface

NR 77U/TL



New tire size with 18 inch supports IRC WINGS NR77u series to meet customers demand in domestic and aboard

SS-560F/TL SS-560R/TL



New tire tread SS560 with new size directly supply to OEM's customers in Italy

IZ-003



New tire size in IZ-R iz003 series for motorcycle on-road racing, especially for 150 cc. motorcycle

2.2 Market Situation and Competition

• The Automotive Industry Situation

Overall, Thai automotive industry has been continuously slow down since the end of the first car policy. The auto production for domestic sales had faced the direct effect; moreover, the Federation of Thai Industries stated concerns over re-targeting on the auto production. Since the dusky economy and increasing of non-performing loans (NPLs) in households are the main factors pressured financial leasing of financial institutes.

During the fiscal year 2015 (October 1st 2014 – September 30th 2015), the Thai automobile production reached approximately 1.90 million units, dropped by 1.23% comparing to the previous year. The key driver was the production for export sales in the amount of 1.11 million units, jumped by 35.18%, which showed the expansion trend from economic recovery in the main markets such as Asia, Australia, European Countries, and North-America stimulated by exporting product champions-- 1 Ton Pickups and Eco-Cars. The production for domestic sales amounted to

800,000 units, contracted by 28.08%, which the major cut in 1 Ton Pickups resulting from the purchasing power drop while the passenger cars (> 1,500 cc.) and Sport Utility Vehicles (SUV) gained more market share.

In the fiscal year 2015, the overall motorcycle market represented more varieties of product types and brands; moreover the marketing campaigns have been launched throughout the year pushed the motorcycle production during October 1st 2014 – September 30th 2015 to reach 1.84 million units, slightly dropped 0.89% comparing to the previous year. The production for domestic sales decreased by 4.45% aligning with the domestic economic situation; while the production for exports rose 18.36% driven by the export in CBU (Complete Built Up) motorcycles from the main motorcycle makers.

• Competitive Situation

Industrial Elastomer Parts

As the automotive industry situation mentioned above, the Company has defined the aggressive strategy to meet customers' satisfaction at each level. With the potentiality in R&D at the standard level, the acceptance in technological advancement and the strong relationship with customers, these have benefited the Company to gain 1 in 3 of the total market share of industrial elastomer parts assembled in automobiles which is the strength of the Company throughout establishing customers' confidence in quality, ensuring the on time delivery, and creating the best satisfaction to customers. Consequently, it brings about new orders in new manufactured models continuously. In addition to the R&D in technical know-how, raw materials, and production process unceasingly, these enable the Company to expand ordered products by attaining new parts on existing models or special qualification parts e.g. Rubber Soundproof and Dust Seal Rubber etc.

At the same time, the Company has diversified the marketing channels to be more varieties in order to reduce risk of concentrating only on the automotive industry by trying to expand products to other high growth potential industries e.g. the railway infrastructure project by developing Rubber Rail Pad, the industrial rubber for housing construction under the housing construction technology of Sekisui Heim, as well as the recycling of industrial rubber/ rubber occurring from waste and rejects to be Rubber Chip used in sport stadiums and playgrounds etc. with the high purpose to create value-added and variety of products based on the strength of the Company.

• Motorcycle Tires and Tubes

Domestic Market: The Company supplied motorcycle tires and tubes to 2 main groups of domestic customers;

- For the motorcycle OEMs, in 2015, the production for domestic sales was slow down in line with the economic situation and purchasing power. However, motorcycle manufacturers have effort launching new models to continuously stimulate the domestic market, particularly in 150 - 300 cc. (or larger) motorcycles since it is the upper market with high purchasing power and growth expansion.
- For the replacement market, it has generated sale incomes at the good level comparing to the overall economic situation. Thanks to, the Company has continuously undertaken the sale promotion activities, creating relationship and collaborating with customers and dealers including "IRC ride for life" activity which can be the direct access to IRC's customers, supporting IRC tires "IZR IZ003" together with other motorcycle manufacturers in on-road racing under safety drive campaign and racing in circuit, joining with customers in supporting "Honda Eco Mileage Challenge", as well as training IRC's distributors in overall country about motorcycle tire knowledge.

Consequently, the Company has determined to design new products with outstanding in quality and performance under the suitable price aligning with market situation and meet customers' demand e.g. new IRC's motorcycle tires under "IRC IZ-S Supersport S99" series, "GP-5" with 12, 17, and 18 inches, and "NR77U" with 18 inch, as well as deliver products on-time to create the best satisfaction to customers.

Export Market: As the economic situation aforesaid, it caused the volatility in exchange rate which affected the Company's distribution strategy. During this year, the Company has tried to adjust the distribution plan to respond to situations in a timely and effective manner which has been received a good cooperation from customers in each country, especially customers in Asia and Southeast Asia. In addition, launching new designs for oversea market customers has enabled the Company to gain more product quantities and values in terms of total exports comparing to the previous year. Hence, the Company has progressively promoted this distribution channel to preserve and expand the market share.

General Information of the Company

Company Name	Inoue Rubber (Thailand) Public Company Limited
Abbreviation	IRC
Company Registration Number	0107536001737
Type of Business	Manufacturer of Industrial Elastomer Part and Motorcycle Tyres and Tubes
Website	www.ircthailand.com
Site (Head Office)	258 Soi. Rangsit – Nakornnayok 49, Prachatipat, Thanyaburi, Pathumthanee 12130 Tel : (66) 2 996 0890 Fax : (66) 2 996 1439
Registered Capital	200,000,000 Baht (fully paid-up)
Number of Shares	200,000,000 ordinary shares
Par Value	1 Baht
Total Shareholder	1,162 shareholder (as of December 14, 2015)
% Free Float	29.01
Investor Relation	ir@ircthailand.com

Subsidiaries

IRC (Asia) Research Limited

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

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

Type of Business : Conducts researches and develop raw materials and products of the Company mainly

Registered Capital : 30 million baht paid-up capital 10.05 million baht

Percentage of Investment : 99.99%

Kinno Hoshi Engineering Co.,Ltd

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

Type of Business : Manufactures metal molds for motorcycle and automotive elastomer parts.

Registered Capital : 10 million baht paid-up capital 10 million baht

Percentage of Investment : 99.99%

Reference Persons

Security Registrar

Thailand Securities Depository Company Limited
62 The Stock Exchange of Thailand Building,
7th Floor, Ratchadapisek Road, Klongtoey, Klongtoey,
Bangkok 10110
Tel. (66) 2229 2800 Fax (66) 2359 1259

Auditor

Ms. Nopanuch Apichatsatien
Certified Public Accountant (Thailand) 5266
Pricewaterhouse Coopers ABAS Ltd.
Bangkok City Tower 15th Floor 179/74-80 South Sathorn Road
Bangkok, 10120 Thailand
Tel (66) 2 286 9999 Fax (66) 2 286 5050

Legal Consultant

Weerawong, Chinnavat & Peangpanor Ltd.
22nd Floor, Mercury Tower
540 Ploenchit Road, Lumpini, Pathumwan Bangkok 10330 Thailand
Tel : (66) 2 264-8000 Fax (66) 2 657-2222

Directors of Subsidiaries

Director		IAR	KIN	IRV
Mrs. Pimjai	Leeissaranukul	/ , //, X	/ , //, X	-
Mr. Katsuo	Sato	/ , //, X	-	-
Mr. Thanong	Leeissaranukul	/	-	-
Mrs. Porntip	Sethiwan	/	-	-
Mr. Takenori	Nakamoto	-	/ , //, X	-
Ms. Witchuda	Kupongsak	-	-	/
Mr. Kazuhisa	Usami	-	/	-
Mr. Toshinobu	Kuwahara	-	/	-
Mr. Chaowalit	Meethongkum	-	/	-
Mr. Nareothai	Boothong	-	/	-
Mr. Narongchai	Rattanaekkawin	/	-	-

As of 30 September 2015

Symbols indicate positions

/ = Director // = Executive Director X = Authorized Signatory Director

IRCT = INOUE RUBBER (THAILAND) PUBLIC COMPANY LIMITED

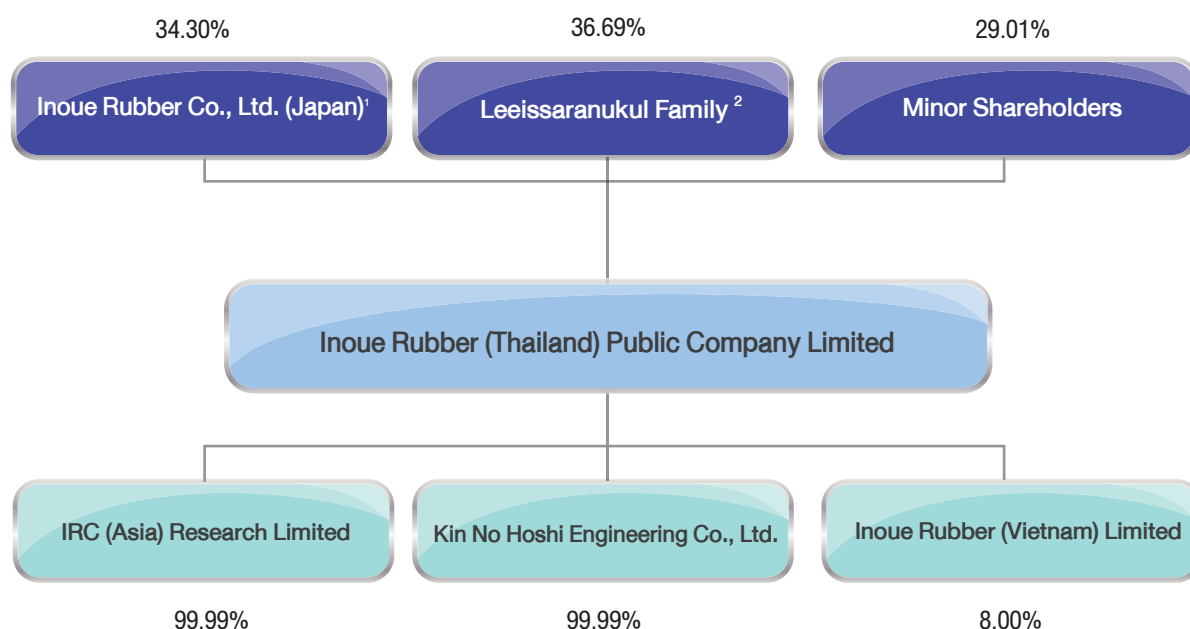
IAR = IRC (ASIA) RESEARCH LIMITED

KIN = KINNO HOSHI ENGINEERING COMPANY LIMITED

IRV = INOUE RUBBER VIETNAM COMPANY LIMITED

Shareholding Structure

As at 14 December 2015



Remark: ¹ Major shareholder group who participate in business operation by sending persons to be directors
² Leeissaranukul Family including Sopa-Kanok International Co., Ltd, Mrs. Porndee Leeissaranukul, Mr. Thanong Leeissaranukul, Mrs. Pimjai Leeissaranukul, Mr. Apichart Leeissaranukul and Mrs. Porntip Sethiwan

Subsidiaries and Joint Venture Business Operation Governance

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.

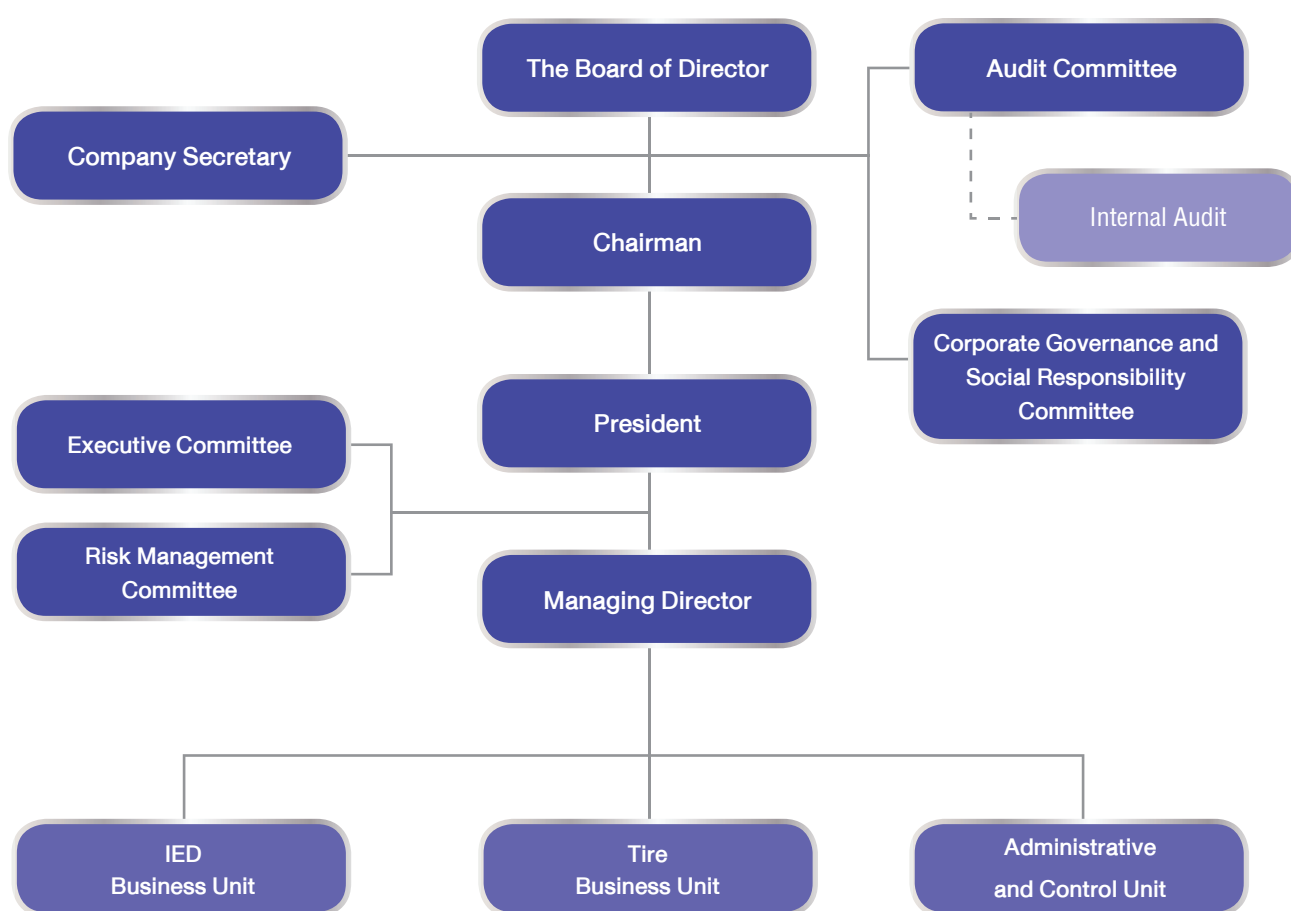
Dividend Policy of the Company

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 performance.

Corporate Governance

The Company has the Board of Directors, Independent Directors, Audit Committee, Management Committee, Risk Management Committee, Corporate Governance and Social Responsibility Committee to scrutinize and study guidelines on supervision and management of the Company.

All directors have independence to express their opinions on the Company's operations to ensure that business is efficiently, accurately and transparently administered by the management. The Company's organization is shown below:



Data as at September 30, 2015.

Board of Directors

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 numbers of board members, at least one-third and no fewer than three persons must be independent directors.

As of November 30 2015, the Boards of Directors consisted of 12 members including:

- 9 non-executive directors (4 independent directors)
- 4 executive directors

Authorized Directors

Authorized Directors, namely “Mrs. Pimjai Leeissaranukul” or “Mr. Thanong Leeissaranukul” co-signs with “Mr. Kazuo Sato” or “Mr. Masayuki Inoue” together with the Company’s seal.

Roles, Duties and Responsibilities of the Board of Director

- To undertake the duties in accordance with laws, objectives and requirements of the Company and resolutions of the shareholders with due care and integrity and to look after the interest of the Company.
- 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.
- To arrange a reliable accounting system, financial reports and auditing by settle internal control procedures and suitable internal audit system with consistent follow-up.
- 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.
- To provide advices/suggestions and make a decision with due care on the agenda proposed in the board of directors meeting.
- To appoint/remove the subcommittee on specific matters as deemed suitable.
- 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.
- 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.
- 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.

- 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.
- To suspend sale or purchase of shares of the Company one month prior to public disclosure of the financial reports.
- 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.
- To arrange a self-assessment of the director annually.
- To manage and supervise Company’s intellectual property.

Office Holding Period

According the Company’s Articles of Association, at every Annual General Meeting of Shareholders, 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.

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.

The Board of Directors shall pass the resolution with at least three quarter of the remaining directors’ votes.

Audit Committee

Audit Committee consists of 3 independent directors which possess qualifications aligned with the Securities and Exchange Commission’s definition. At least one audit committee member must have adequate knowledge and experience to perform her duty in verifying the reliability of the financial statements.

As of September 2015, Audit Committee composed of 3 members, namely;

Name – Surname	Position
1. Assoc.Prof.Dr. Chesada Loha-unchit	Chairman of Audit Committee/ Independent
2. Mr. Vichit Vuthisombut	Audit Committee/ Independent Director
3. Assoc.Prof. Jaruporn Viyanant	Audit Committee/ Independent Director

*Remark : *Assoc.Prof. Jaruporn Viyanant is the Audit Committee Member who possesses considerable knowledge and experience in verifying the reliability of the financial statements of the Company. Ms. Jaithip Choosatit satienchoke acts as Secretary of Audit Committee.*

Roles, Duties and Responsibilities of Audit Committee

Roles, duties and responsibilities of Audit Committee are set up in line with the Stock Exchange of Thailand's regulations as follows:

- To verify in assuring that the Company's financial report is correct and accurate and sufficiently disclosed.
- 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.
- 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.
- 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.
- 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 of Thailand to

assure that such items are reasonable and resulted in the maximum benefit to the Company.

- 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;
 - The opinions about the accuracy, completion and reliability of the company's financial report.
 - The opinions about the adequacy of the Company's internal control system.
 - 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.
 - The opinions about the appropriateness of the Auditor.
 - The opinions about the items that may post the conflict of interest.
 - The number of the meeting of the Audit Committee and each member's meeting participation.
 - The overall opinions or the observations obtained by the Audit Committee from the operation as required in the Charter.
 - 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.

- 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.
- To verify and amend the Audit Committee charter to be up to date and to suit with the Company's environmental conditions and circumstances.

Executive Committee

As of September 30 2015, the Executive Committee consists of 11 members are as follows:

Name – Surname		Position
1. Mr. Kazuo	Sato	President
2. Mrs. Pimjai	Leeissaranukul	Executive Committee
3. Mr. Takenori	Nakamoto	Executive Committee
4. Ms. Witchuda	Kupongsak	Executive Committee
5. Mr. Chaowalit	Meethongkum	Executive Committee
6. Mr. Suchart	Kootiratrakarn	Executive Committee
7. Mr. Narongchai	Rattanaekkawin	Executive Committee
8. Mr. Katsunori	Ito	Executive Committee
9. Mr. Shigeyugi	Hosokawa	Executive Committee
10. Mr. Hirozo	Mizuno	Executive Committee
11. Mr. Toshihiro	Kuze	Executive Committee

Roles, Duties and Responsibilities of Executive Committee

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

Corporate Governance and Social Responsibility Committee

As of the Board of Directors' meeting No. 4/2015, May 12th 2015, the Board of Directors passed the resolution to

appoint Corporate Governance and Social Responsibility Committee consists of 6 members namely;

Name – Surname		Position
1. Assoc.Prof. Jaruporn Viyanant		Chairman of the Committee
2. Mr. Jatupol	Lawhachainam	Vice Chairman of the Committee
3. Ms. Witchuda	Kupongsak	Committee Member
4. Mr. Shigeyuki	Hosokawa	Committee Member
5. Mr. Sommai	Wandee	Committee Member
6. Mr. Banthorn	Sriwongchant	Committee Member
7. Ms. Tipwadee	Sudwayha	Secretary of the Committee

Roles, Duties and Responsibilities of Corporate Governance and Social Responsibility Committee

- Propose appropriate policies and guidelines that concern the Board's corporate governance and social responsibility.
- Consider and review the Committee's policies and guidelines to keep them comply with related laws and regulations, other international guidelines, as well as recommendations by corporate governance and social responsibility related institutes e.g. the Securities and Exchange Commission and the Stock Exchange of Thailand.
- Follow and report any factors and possibilities that may affect the Company on the subject of corporate governance and social responsibility to the Board.
- Examine the Company's results in social responsibility and corporate governance implementation. The Committee's Chairman or a person who is assigned by the Chairman shall report the Committee's resolutions and performance to the Board.
- The Committee's Chairman or a person who is assigned by the Chairman shall verify, express opinions and explanations regarding the Committee's performance report disclosure in the Company's annual report.
- The Committee may invite the Company's directors, executives, employees, or third parties to attend the Committee's meeting on related issues.
- Verify and amend this charter when it is needed to keep the charter conformed to present circumstances and environment.
- Appoint a sub-committee to support, monitor and report performance of the Company's management team related to the policies and important strategies in relation to corporate governance and social responsibility as appropriate.
- The Committee shall responsible for other corporate governance and social responsibility related missions as assigned by the Board.

Risk Management Committee

As of November 30th 2015, the Company appointed the Risk Management Committee consists of 7 members namely;

Name – Surname		Position
1. Mr. Surong	Bulakul	Chairman of the Committee
2. Mr. Takenori	Nakamoto	Vice Chairman of the Committee
3. Mr. Chaowalit	Meethongkum	Committee Member
4. Mr. Narongchai	Rattanaekkawin	Committee Member
5. Mr. Suchart	Kootiratrakarn	Committee Member
6. Mr. Buncha	Yutthaworakool	Committee Member
7. Ms. Jaithip	Choosatitsatienchoke	Committee Member
8. Ms. Tipwadee	Sudwayha	Secretary of the Committee

Roles, Duties and Responsibilities of Risk Management Committee

- Propose and define appropriate and effective risk management policies and procedures covering all business units and every type of risk related to the Company's operation.
- Formulate strategies aligning with the policies, evaluate and monitor the Company's risks to be at the appropriate level for the Company's operation.
- Supervise, control, monitor, and evaluate the Company's overall risk management performance, including every business unit of the Company by following the Committee's risk management policies and procedures. Consider the efficiency of the policies and procedures, as well as provide recommendations for the Company regarding risk prevention and risk reduction to be at acceptable level.
- Review the adequacy of the Company's risk management policies and systems at least once a year to reassure that the systems and policies are still suitable for the Company's business circumstances.
- Report the Company's significant risks, risk status, risk management procedures, progress, and risk management results to the Board regularly.
- Give opinions and recommendations to the Company if it requires external risk management consultant in order to provide independent recommendations regarding the risk management framework and operation.
- Communicate to exchange information and coordinate with the Company's internal control unit.
- Report the Committee's progress and performance to the Board to acknowledge and/or consider every quarter.
- Be responsible for other missions assigned by the Board.

Executives

As of September 30 2015, the Company's next four executives in line with Capital Market Supervisory Board's definition namely;

Name – Surname		Position
Mr. Takenori	Nakamoto	Managing Director
Ms. Witchuda	Kupongsak	Executive Director
Mr. Shigeyugi	Hosokawa	Executive Director
Mr. Katsunori	Ito	Executive Director

Roles, Duties and Responsibilities of Executives

- To conduct and/or manage the daily business operation in accordance with policies, action plan, targets, requirements and regulations of the company prescribed by the board of directors.
- To strictly, honestly and carefully conduct and manage the operation in accordance with the resolutions of the board of directors altogether with the approved budget by consideration on the interest of the company and the shareholders.
- To report the operating performance of the company to the board of director meeting quarterly and to review the operating results periodically for a quick resolution to achieve the business targets.
- To assess and screen the major investment projects and the annual budget prior to the submission to board's consideration.
- To undertake the work in accordance with the good corporate governance principles prescribed as a guideline by the board of directors.
- To suspend sale or purchase of shares of the company one month prior to public disclosure of the financial reports.
- To prepare a report on the conflict of interest of the management annually.
- To manage the information system and intellectual property including the company's important commercial information.

- To refrain from any reveal of company's business transaction and/or intellectual property to third party without consent and/or oppose to business ethics and affect the company's business.

Company Secretary

The Board of Directors pass the resolution to appoint Ms. Jaithip Choosatsitienchoke as Company Secretary since August 9, 2013. Company Secretary discharged in helping the Company comply with related laws and regulations and align with Good Corporate Governance Principles as follows;

Roles, Duties and Responsibilities of Company Secretary

- Prepare and file the director's directory, the invitation letters to the Board of Directors' Meetings, the minutes of the Board of Directors' Meetings, the invitation letters to the shareholders' meetings and the minutes of the shareholders' meetings.
- Prepare document and supporting data for the Board of Directors' and shareholders' meetings.
- Prepare the Annual Report
- File the reports on interest of directors or executive
- Perform any duties in line with the Capital Market Supervisory Board's regulations.

Remuneration for Directors and Executives

Remuneration for Directors

On the Annual General Meeting of Shareholders No. 1/2015, held on January 29, 2015, the Board of Directors proposed the shareholders' meeting to approve remuneration for

directors including transportation allowance at Baht 7,000/ person/ meeting and no another kind of remuneration;

• Executive Directors	80,000 Baht/ person/ year
• Non-executive Committee	120,000 Baht/ person/ year
• Chairman of Audit Committee	300,000 Baht/ person/ year
• Audit Committee	220,000 Baht/ person/ year
• The Chairman of Corporate Social and Responsibility Committee	100,000 Baht/ person/ year

The Company shall determine the suitable and transparent remuneration by comparing to other companies in the same industry, same level of incomes, and same size of business to keep benefits in a proper manner. Moreover,

it shall preserve and persuade professional directors to fully devote their skills, experience, and knowledge to the Company.

Name of Director		Position	Number of Meeting Attendance						Remuneration (Baht)
			AGM	BOD	AC	EXCOM	CGSR	RISK	
Mrs. Pimjai	Leeissaranukul	Chairman	1/1	6/6	-	6/6	-	-	122,000
Mr. Kazuo	Sato	President	1/1	6/6	-	6/6	-	-	122,000
Assoc.Prof.Dr. Chesada Loha-unchit		Independent Director/ Chairman of Audit Committee	1/1	8/8	7/7	-	-	-	405,000
Mr. Vichit	Vuthisombat	Independent Director/ Audit Committee	1/1	7/8	6/7	-	-	-	311,000
Ms. Chaovana	Viwatpanachati ²	Independent Director/ Audit Committee	-	3/4	3/3	-	-	-	177,014
Assoc.Prof. Jaruporn Viyanant ²		Independent Director/ Audit Committee/ Chairman of CGSR Committee	-	3/4	3/4	-	3/3	-	186,616

Name of Director		Position	Number of Meeting Attendance						Remuneration (Baht)
			AGM	BOD	AC	EXCOM	CGSR	RISK	
Mr. Soichi	Inoue	Director	-	-	-	-	-	-	120,000
Mr. Masayuki	Inoue	Director	-	4/8	-	-	-	-	148,000
Mr. Thanong	Leeissaranukul	Director	1/1	8/8	-	-	-	-	176,000
Mr. Apichart	Leeissaranukul	Director	1/1	6/8	-	-	-	-	162,000
Mrs. Porntip	Sethiwan	Director	1/1	8/8	-	-	-	-	176,000
Mr. Kiyoharu	Mizushima	Independent Director	-	-	-	-	-	-	80,000
Mr. Kazuto	Seida ¹	Independent Director	-	-	-	-	-	-	44,055
Mr. Fumito	Miyake ¹	Executive Committee/	-	-	-	-	-	-	75,945
Mr. Takenori	Nakamoto	Chairman of RISK Committee	1/1	-	-	6/6	-	3/3	-
Mr. Jatupol	Lawhachainam ³	Executive Committee/ Vice Chairman of CGSR Committee	1/1	-	-	3/3	3/3	-	21,000
Ms. Witchuda	Kupongsak	Executive Committee/ CGSR Committee	1/1	-	-	6/6	3/3	-	21,000
Mr. Shigeyuki	Hosokawa	Executive Committee/ CGSR Committee	1/1	-	-	6/6	2/3	-	14,000
Mr. Chaowalit	Meethongkum ³	Executive Committee/ RISK Committee	-	-	-	3/3	-	3/3	-
Mr. Suchart	Kootiratrakarn	Executive Committee/ RISK Committee	1/1	-	-	6/6	-	3/3	-
Mr. Narongchai Rattanaek- kawin		Executive Committee/ RISK Committee	1/1	-	-	6/6	-	3/3	-
Mr. Katsunori	Ito	Executive Committee	1/1	-	-	6/6	-	-	-
Mr. Hirozo	Mizuno	Executive Committee	-	-	-	-	-	-	-
Mr. Toshihiro	Kuze	Executive Committee	1/1	-	-	-	-	-	-
Mr. Sommai	Wandee	CGSR Committee	-	-	-	-	3/3	-	21,000

Name of Director	Position	Number of Meeting Attendance						Remuneration (Baht)
		AGM	BOD	AC	EXCOM	CGSR	RISK	
Mr. Banthorn Sriwongchant	CGSR Committee	-	-	-	-	3/3	-	21,000
Mr. Buncha Yutthaworakool	RISK Committee	-	-	-	-	-	3/3	-
Ms. Jaithip Choosatitsatienchoke	RISK Committee/ Company Secretary	1/1	-	-	-	-	3/3	-
Total (Baht)		2,403,630						

Remark: ¹Mr. Kazuto Seida resigned on February 11th 2015 and Mr. Fumito Miyake was appointed to replace on February 12th 2015.

²Ms. Chaowana Viwatpanachati resigned on May 12th 2015 and Assoc.Prof. Jaruporn Viyanant was appointed to replace on May 13th 2015.

³Mr. Jatupol Lawhachainam resigned on May 12th 2015 and Mr. Chaowalit Meethongkum was appointed to replace on May 13th 2015.

Remuneration for Executives

During the fiscal year 2015, the Company paid the remuneration for the next 4 executives in line with the Securities and Exchange Commission's definition, totaling Baht 19.94

million in term of salary, bonus, provident fund, social security fund and other welfares.

Personnel

As of September 30, 2015, the Company and its subsidiaries had total employees which were classified by business units as follows;

Business Unit	Number of Employees (person)
Administrative and Control	169
Tire – Tube	864
Industrial Elastomer Parts	669
IRC (Asia) Research Co., Ltd.	106
Kinno Hoshi Engineering Co., Ltd.	36
Total	1,844

During the fiscal year 2015, the Company and its subsidiaries paid employees totaling Baht 698.29 million in term of salary, bonus, provident fund, social security fund and other welfares under fairness, non-discrimination, and aligning with the labor market.

Furthermore, the Company has the policy to develop knowledge, ability, and experiences of chief, management, and team to achieve their performance enhancement by following the individual development plan which analyzes strength and weakness personally as well as providing training programs to fulfil employees' performance comprehensively.

Corporate Governance Policy

Section 1 *Right of Shareholders*

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

Shareholders' Meetings

The Company will conduct an annual general meeting of shareholders within 4 months since the last day of the Company's fiscal year. The Company might hold more meetings if it is necessary and appropriate. The Company secretary performs its duty of policy compliance of which shareholders' meetings are called and conducted as required by law and in accordance with the guidelines for shareholders' meetings as specified by the SET. The Company's auditor and a legal consultant who act as independent parties are allowed to attend the annual general meeting of shareholders to count and inspect the vote. In addition, the Company encourages rights of shareholders to propose an agenda/agendas or send their questions related to the Company at least 14 days prior to the meeting date via the Company's website, Fax (662) 99601577, or email: ir@irc Thailand.com.

Invitation Letters and Shareholders Facilitation

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

to state the place, date, time, and agenda of the meeting with enough supporting information for each agenda to shareholders in order to allow shareholders enough time to study the information. The information includes objectives and reasons for each proposed agenda with comments of the board of directors on each agenda. There shall be no hidden agenda or other agendas not stated in the invitation letter to the shareholders' meeting for the consideration and approval of the shareholders, except for urgent matters that are known after the invitation letter is sent. The Company will send an English version of the invitation letter and supporting documents to foreign shareholders. The Company also publishes the invitation letter together with supporting documents on the website 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 form with the invitation letter and clearly specifies the list of documents and evidences required for the appointment of a proxy. The shareholders can assign representatives or independent directors to attend the meeting and cast the vote on their behalves. The Company will state in the invitation letter the name of at least 1 independent director, whom a shareholder can give proxy to.

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

On and After Shareholders' Meeting

Before begin the meeting, the Chairman of the meeting will introduce to the meeting the Board of Directors, the company secretary, the auditor and the 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, the Chairman of the meeting will give floor to all attendants to express opinions or enquiries relevant to the agenda equally. The enquiries will be answered clearly and precisely and given adequate time for debate. For the agenda on the appointment of directors, the shareholders will vote for each director individually and separately.

The Company arranges for use of ballots 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

The Use of Inside Information

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

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

Protection of Minor Shareholders' Rights

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

Conflict of Interest

The Board of Directors sets the written policy and guidance of conflict of interest and include in 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.

Report on Conflict of Interest of Directors and Executives

Directors and executives have to submit the report on conflict of interest, including 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 the Chairman of the board and the chief executive officer.

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, business partners, creditors, and government sectors, 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 matter to the Corporate Good Governance and Social Responsibility Committee's meeting that has duty to check and scrutinize information before proposes to the Chairman and the President.

Corporate Social Responsibility: CSR

The Company defines vision and appoints Corporate Governance and Social Responsibility Committee (CGSR Committee) that concentrates on being responsible to society which affects development and publicity of quality

product, sustainable maintenance of standard system, and continuous and systematic conservation of energy for suitable benefit to society.

Complaint Report

A special or confidential channel has been arranged for all groups of stakeholders to keep those using the whistleblower hotline safe when the information or clues about offense, embezzlement, corruptions/ fraud, or violation of rights has been informed. The Company will take the safety of the complainer into account. Hence, there are many channels for complainers to choose whether disclose themselves or not, if fear of danger or threat.

Complainers can report to company secretary by phone: (622) 996 0890, by FAX: (622) 996 1577, by email: listen@ircthailand.com, or by postal service via the company's address. Petitioners can be assured that the company will keep their information confidential.

Section 4 Disclosure and Transparency

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

The Company has duty to fully, sufficiently, reliably and on a timely basis disclose financial and non-financial information to all shareholders and stakeholders to ensure equal treatment.

The Company has the policy to disclose significant information to the public, namely financial status and business performance and major shareholders. The Company also reveals information in the annual report, such as the number of meetings of the Board of Directors, profiles of the Board of Directors and executives, and the criteria for

determining the remuneration of the directors. Therefore, investors and stakeholders can acknowledge and consider information via the SET's publicity channels and the Company's website.

Additionally, there are channels for shareholders, institutional investors, retail investors, analysts and related sectors to contact Investor Relations Department as follows: phone: 02-9960890, FAX: 02-9961439, and e-mail: ir@ircthailand.com.

Section 5 Responsibilities of the Board

The Company has the Board of Directors, Independent Directors, Audit Committee, Executive Committee, Risk Management Committee, and Corporate Good Governance and Social Responsibility Committee to scrutinize and study guidelines on supervision and management of the Company. All directors have independence to express opinions on the Company's operations to ensure that business is efficiently, accurately and transparently administered by the management.

Qualification of Directors

Required qualifications of directors and the next four executives (as prescribed under the notification of the Capital Market Supervisory Board)

1. Qualifications mentioned under the notification of the Capital Market Supervisory Board,
2. Have a solid knowledge, expertise and experience considered beneficial to the Company
3. Be determined and have an ethical mind in running business
4. Must not be a director or a co-executive of a related company and/or organization, which is the rival business to the company
5. Take a position of a director in not more than 5 listed companies and not more than 7 affiliated companies of any listed companies

Qualification of Audit Committee

1. The 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 companies, joint-venture companies 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 not being the directors authorized by the Board of Directors to make the decision in the operation of the Company, parent company, subsidiary companies, joint-venture companies, subsidiary companies in the same class, or juristic person who many take part with disagreement, as well as not being the directors of the parent company, subsidiaries company or subsidiaries 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 Audit Committee member must have adequate knowledge and experience to perform his/her duty in verifying the reliability of the financial statements (attachment).

1.5. Never before having no relationship, directly or indirectly, on the finance or management of the Company or subsidiary companies or joint stock companies 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 (other qualifications are in accordance with the attachment).

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 the 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

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 skills, experiences 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 regulation.

Board Meetings

The Company will conduct the Board meeting in order to follow-up the business operation and approve issues related to vision, mission, strategy, risk, plan of action, budget and other matters that affect the Company. The Company will also hold the Board meeting not less than

6 times a year. The Company secretary is assigned to set up the annual meeting plan in advance and propose to the Board of Directors' meeting on November of every year.

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

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

Board Annual Self-Assessment

Board self-assessment is conducted annually both the Board as a whole and an individual basis in order to use as a framework for evaluating performance as the Board of Directors. Also, it is used to consider, review and combine opinions about the Board's function during the last year in order to improve and increase effectiveness. In addition, the assessment criteria are reviewed from the Board of Director's assessment guideline, the Stock Exchange of Thailand and the Committee's charter.

The Board Skill Matrix and the Board Self-Assessment both as a whole and as an individual covered there following aspects;

Board Skill Matrix	Board Self-Assessment as a whole	Board Self-Assessment as an individual
1. Business Management	1. Committee Structure and Qualifications	1. Committee Structure and Qualifications
2. Industry	2. The Committee Meeting	2. The Committee Meeting
3. International Business	3. Roles, Duties and Responsibilities of the Committee	3. Roles, Duties and Responsibilities of the Committee
4. Strategic Management		
5. Laws and Regulations		
6. Accounting		
7. Finance		
8. Information Technology		
9. Other Specific Knowledge		

Remuneration

Board remuneration is considered and approved by shareholders. There are annual payments for non-executive directors, executive directors and Audit Committees and travelling allowance per meeting as disclosed.

Board and Management Training

The Company regularly and continuously encourages and supports directors, executives and company secretary to get training and improve knowledge in order to gain more information in performing duty in different courses and seminars such as of Thai Institute of Directors Association.

The Board also assigns the company secretary to coordinate with the Board and executives in order to announce training courses. If there is a new director, the Company secretary has duty to deliver a Handbook of Listed Company, a Handbook of Listed Company Director, duties and responsibilities of the Board, Company's regulation, public law, corporate governance policy and code of conduct.

Succession Plan

The Company has the succession plan under the selection and evaluation on skills and qualifications in the Company's key positions to ensure that the Company will have qualified executives to carry on the Company's achievement afterwards.

Directors and Top Management's Selection and Nomination Process

Though the Company has not yet formed up Nominating

Committee, the Board of Directors considers and screens persons with proper qualifications based on knowledge, ability, experience, and good working background and then propose the Board of Directors' Meeting or the shareholders' meeting to consider appointment (as the case may be), aligned with regulations and procedures stated in the Company's Articles of Association as follows:

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.

- The directors shall be elected by a shareholder meeting in accordance with the following rules and procedures:

- Each shareholder shall have one vote per one share
- Each shareholder may exercise up to all the votes he has in favour of any one or more candidates but may not be allowed to allot his votes to any candidate in any number.

- 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 the 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.

- In the case of a vacancy in the board of directors for reasons other than the termination of the term of office, the Board of Directors shall elect a person who has the qualifications and is not being under any of the prohibi-

tions under Section 68 of Public Company Limited Act BE 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.

- A shareholder meeting may pass a resolution removing any director from office prior to retirement, by a vote of not less than three quarters of the number of shareholders attending the meeting who have the right to vote and who have shares totaling not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.

Qualifications of Directors and Executives

The qualifications of directors and executives are under the notification of the Capital Market Supervisory Board, Section 68 of Public Company Limited Act and Securities and Exchange Act. Directors and executives also possess considerable knowledge, ability and expertise beneficial to the Company's business; are determined; and comply with business morality.

Qualification of Independent Directors

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

his independent judgment, and neither being nor having been a principle shareholder, or controlling person of any person having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder, or controlling person of the Company unless the foregoing relationship has ended not less than two years prior to the date of application filing with the Office.

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

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

- Not being a director who has been appointed as a representative of the Company's director, major shareholder, or shareholders who are related to the Company's major shareholder;
- Not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

Supervision of Subsidiaries and Joint Ventures

As for management policy of subsidiaries and joint ventures, the Company has appointed its executives to be directors and executives in order to allow the Company to closely participate in administrating; setting up the important policies and business strategies; and following up subsidiaries' operations to align them with the Company's policies. Subsidiaries and joint ventures use discretion for overall benefits and report business operation and progression quarterly.

The Use of Inside Information

The Company sets up the supervision of inside information policy to prohibit insiders and unauthorized people from reaching the information and using it for their own interests. Not only establish the policy of information security, authorized people to access information in line with necessary level are settled.

The Company also has the policy that directors and executives must report changes in security holding to the Company all the time. Also, directors and executives cannot trade the Company's stocks a month before disclosing financial statements by using inside information which is not disclosed to the public. In addition, the use of inside information policy includes in Directors and Employees' Code of Conduct. Directors and employees should not trade the Company's stocks a month before disclosing the Company's financial statements, financial status and other important information. Directors and employees should postpone stock trading at least 24 – 48 hours after disclosing the aforesaid information. Company Secretary is assigned to report the security holding of directors and executives quarterly.

Code of Conduct

Board of Directors, executives and employees comply with Good Corporate Governance Principles and Business Morality continually; operate business and manage the Company with responsibility; and place emphasis on the mentioned matters by adding it in on-going agenda of the Board of Directors' Meeting in order to review and make it appropriate and aligned with the best practice.

The Board of Directors recently reviewed the Handbook of Good Corporate Governance in the Board of Directors' Meeting on November 24, 2015 which discloses in Sustainability report and the Company website www.irc thailand.com.

Reporting on Offence against Ethics

The directors, managers and employees are required to report the act which may be in conflict with the ethics. If it is found in conflict with the ethics, it is required to be reported to the superiors or the executives or the internal audit division or the human resource division as applicable

1. Filing complaints by verbal to the Company's Chairman
2. Comment boxes as placed in the Company
3. Email: listen@irc thailand.com
4. Website www.irc thailand.com

The Company shall keep the informant information confidentially by using this information for administration and internal control. Therefore, the informant or complaint shall be seriously taken respond in the whistle-blowing procedure and be protected without fear of fear of authority power to counter the action of the violation or complaint.

Penalty

If employees do not comply with Good Corporate Governance and Code of Conduct for Directors and Employees, they will be penalized in line with the Company's regulation.

Remuneration for Auditor

Appointment of Auditor

The Annual General Meeting of Shareholders appoints the Company's and its subsidiaries' auditor and fixes the audit fee. The Audit Committee selects and proposes the potential auditor together with the audit fee to the Board of Directors before the Board forwards to the Annual General Meeting of Shareholders to appoint the auditor and fix the remuneration. The meeting of shareholders considers that the proposed auditor and the auditor's company are independent and have no conflict of interest with the Company, the management, major shareholders or related persons.

In addition, the Company rotates the auditor aligned with the notification of the Capital Market Supervisory Board if the former auditor has reviewed, audited and expressed an opinion on the financial statements of the Company for 5 consecutive years.

Audit fee

The Company's and its' subsidiaries' financial statements of the fiscal year 2014 were reviewed and expressed an opinion by Mrs. Nattaporn Phan-Udom, Certified Public Accountant No. 3430 of PricewaterhouseCoopers ABAS Limited (PwC). The Company and its subsidiaries paid audit fee for the fiscal year 2015 as follows:

Company	Audit Fee
Inoue Rubber (Thailand) Public Company Limited	1,200,278
IRC (Asia) Research Co., Ltd.	225,056
Kinno Hoshi Engineering Co., Ltd.	225,056
Audit Fee for Investment Promotion Certification	324,000
Out of Pocket Expenses	91,660
Other Fees	฿๐
Total	2,066,050

Risk Factors

The Company has continuously carried out risk management with the aim to prevent potential risks which may impact the business operation of the Company, including conducting risk analysis and evaluating risk factors and constantly communicating any risk-related information within the organization. Risk Management Committee of which its members consisted of senior management from various departments and business units shall be responsible for making consideration of and defining risk management procedures, guidelines and measures in handling and controlling potential risks within acceptable level, including regulating risk management system to ensure highest efficiency.

In 2015, the unstable global economic situation had affected the mobility of international capital, causing instability among global financial markets and putting Thailand's economy at risk of technical recession as can be seen from the decreasing trend in exports value, contracting in investment and consumption of private sector which is also in line with the industrial trend of the Company. Bearing this in mind, the Risk Management Committee therefore defined strategies in response to the current situation and monitored risk management outcomes and conduct assessment in hope to mitigate potential risks which may impact the business goals and operation of the Company.

With the aim to become the leading company in development and manufacturing of quality elastomer products and motorcycle tires and tubes products in the ASEAN Region, the Company therefore defined strategies for each business unit by emphasizing on creating value-added among stakeholders in order achieve sustainability in every related dimension.

1) Strategic Risk

The slow growth in automotive industry has played a vital role in stimulating the Company's enhancement of research and development of compound rubber production formula and production technology. The Company also attempted to enhance its product diversity in order minimize impact due to risks resulting from such slow growth in the automotive

industry by focusing on expanding its line of products to other industries with high potential growth. This included railway infrastructure project, development of Rubber Rail Pad, Sekisui Heim Housing Gasket and Silicone Sheet, including the development of recycled rubber/rubber made from manufacturing wastes product to be used for producing Rubber Chips for sports complex and playground as a way to create value-added and product diversity based on the Company's strengths.

2) Operational Risk

For a business to achieve high level of competitiveness and sustainable growth today, innovation and high product quality are two major driving forces in fulfilling such goals. Bearing this in mind, the Company does not only realize the significance but also has been prioritizing such matter throughout its course of business. Hence, IRC (Asia) Company Limited, a subsidiary of the Company, was therefore encouraged to conduct research and development including creating a more sophisticated product design in order to meet both current and future requirements, gaining internationally-accepted standard, inventing alternative raw materials, uplifting production capacity through improvement of production technology and improving production process to ensure efficient controlling of production cost. Regarding occupational health and safety of employees and nearby communities, the Company also placed great importance on such matter as the Company's business greatly involves the use of machinery and chemical substances. Hence, preventive measures have been constantly established to avoid losses and incorporated as part of organizational culture and fundamental practice which must be strictly followed by all employees. No employee shall neglect any suspicions and must follow the **"Stop – Report – Wait"** protocol.

Furthermore, the Company is committed to raise safety awareness among employees through safety policy and 5 Don't and 5 Do Policy, including constantly providing safety trainings and Safety Day activities and encouraging employees to gain direct experience from actual practice such as maintenance of machinery, work station and other

related equipment as needed to ensure efficient performance in every use and defining safety management plan. This is to sustainably build an organizational culture that focuses on employee safety and zero-accident workplace.

3) Financial Risk

With relatively low debt to equity ratio (D/E) and financial strength of the Company in mind, the key factor in causing financial risks is the fluctuations of exchange rate as many of the Company's transactions undertaken in foreign currencies, particularly transactions relating to the imports of raw materials and exports of products, such as US Dollar (USD), Japanese Yen (JYP) and Euro (EUR). Throughout the year 2015, the Company encountered constant exchange rates fluctuations resulting from unstable global economic situation, Quantitative Easing (QE) measures and US Federal Reserve's (FED) pending decision on whether to increase or maintain current interests, including national and global geopolitical factors.

The Company has closely followed up on the movement of exchange rates and situations that may lead to potential impact as many of the Company's business transactions are related to foreign currencies whether it is incoming or outgoing transactions. In addition, the Company uses forward contract in order to reduce potential risks, includ-

ing constantly updating both Risk Management Committee and the Audit Committee.

4) Compliance Risk

Today rules, regulations and legal provisions have changed very common according to the current social, environmental and political situations as well as international standard with the aim to achieve higher efficiency in terms of management and implementation of statutory laws and regulations.

The Company's compliance risk included incompliance with internal and external rules and regulations such as state laws, governmental policy, anti-corruption principle and ethics.

The Company has always carried its business in strict compliance with relevant rules, regulations and legal provisions and is highly aware of the significance of changes in regards to such matter. The Company also carried out risk assessment relating to corruptions as part of its participation in Collective Action Coalition (CAC) and found no activities to be suspicious of corruptions such avoidance of taxes or using internal information to overcome competitors and/or bribing employees or state official to gain business interests.

Internal Control and Risk Management

Risk Management

The Board and executives of IRC recognize the importance of risk management under the challenges and opportunities of the changing economic conditions are volatized and highly uncertainty. The Company realizes how importance of risk management within the organization which is systematic and effective that helps achieve objectives and

builds up sustainability to the organization.

The Board has pushed risk management process into practice systematically by establishing risk management committee in order to formulate risk management policies and procedures covering the entire enterprise.

“IRCT continuously eliminates the causes of interruption in the achievement of our management policies. In the occurrence of an emergency, we make effort to minimize the impact on stakeholders as much as possible. And also we properly implement measures to prevent recurrences.”

In addition, the Committee has monitored the Company to have appropriate risk management systems and enhanced risk management processes to be more efficient, transparent and accountable for all stakeholders. Continuing risk management, it enables the Company to control risk factors resulting from internal and external environments; moreover to define risk management procedures and manage risk to the acceptable level so that the business shall create more value and returns to all stakeholders in the long-run.

Internal Control

Availability of a good internal control system is very important for ensuring the Company's operation meets purposes to be able to prevent and manage risks or reduce the possible losses/ damages caused by incidents taking place to the Company and stakeholders. The Company's internal control system is composed of 5 parts to correspond with the Committee of Sponsoring Organization of the Treadway Commission – Enterprise Risk Management (COSO-ERM)

- Efficient and effective operations by implementing strategies to meet the Company's targets
- Correct and reliable financial reports
- Compliance with the Company regulations and opera-

tions, related laws and regulations, and Corporate Governance policy

- A good control and protection to the Company's properties and internal information

1) Control Environment

The Company had developed corporate governance and morality practice and policy based on and in regard to the justice to stakeholders and the Company's long-term benefit. The practices include prohibiting the Company's directors, executives and staff to conduct in a way to cause conflict of interest and the guideline for the acts to stakeholders. Practice offences, if any, can be reported by the channels provided.

The Company's organization facilitates for effective administration and operation. Command authorities and responsibilities are suitably designated for the organization to meet purpose under the Board's supervision.

The Company has the policy and practice to recruit, develop and preserve the suitable skilled-employees, including performance evaluation and provides proper compensation; has a process to review work policies and practices regularly; and has the key personnel succession plan.

2) Risk Assessment

Risk Management Committee is composed of the executives appointed to review risk management under the action framework; plan strategies; assess the risks which may deliver effect; and determine the methods to reduce risks to the acceptable level.

Significant risks shall be reported to the executives and Risk Management Committee, assessments and decisions to be suitable for risk management strategy based on the report information.

Risk management committee shall report significant risks to the Board quarterly.

3) Control Activities

The Company's operation policies and regulations are in writing; appropriately encompass the financial, procurement and administration processes; and specify the approval scopes, authorities and hierarchy clearly in accordance with the Company organization and managerial authority. Approval authorities are isolated from book-keeping, IT information records and properties caring and keeping for balance and counter checks.

Control activities are lodged through policies and work procedures for the imposed policies to be practical and able to manage risks to meet the Company's purpose. The control activities are followed by the Company's all levels.

4) Information and Communication System

The Company prepares and uses both internal and external information which are relevant and quality information to support the internal control to proceed as specified for both internal and external information and to ensure information communications are correct and sufficient for the Board of Directors and executives.

According to the Board, executives and stakeholders to get informed properly within a reasonable time, the Company has delivered the Board's meeting invitation and important information for the their decision at least 7 days prior the meeting date.

In addition, the disclosure of important information in accordance with procedure and/ or the effect on the trading price of the Company's securities.

5) Follow-up System

The Company conducts the internal control follow-up and evaluation to ensure it is carried on completely and appropriately. Follow-ups and evaluations are continuously conducted by each line executive to ensure the internal control components still exist and function appropriately and effectively.

Weekly and monthly executives meetings are convened to follow-up targets and oversee the plans action mentioned in the annual budget plan approved by the Board of Directors. Progresses and unexpected changes against plans are reported to the Board of Directors quarterly. If the inspection found substantial internal control shortcoming, the Executive Committee reports to the Board of Directors or Audit Committee for clarification and promptly solve.

Comment of the Audit Committee's and The Board of Directors on the Company's Internal Control System

The Board conducted the internal control assessment from the Audit Committee's report consist of 5 aspects as follows; Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities.

As a result, the Company has adequate internal controls and has no substantial internal control shortcoming.

In addition, the external auditors have agreed with the Board on the issue of adequate internal controls and the Company has no substantial internal control shortcoming. The ability to protect the Company's property and its subsidiaries from the executive or employees are used illegally or without authorization. Financial reporting is accurate and reliable in accordance with generally accepted accounting standards and financial reporting standards.

Connected Transactions

Most of connected transactions happened between the Company and parties related to the Company's business operations. The connected transactions were undertaken to facilitate 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. 25 of financial statements and the connected transactions for the fiscal year 2015 were summarized in the table next page.

Connected Transactions with Parties with Potential Conflict of Interest

During the fiscal year 2015, the Company and its subsidiaries entered into connected transactions with businesses and parties with potential conflict of interest. Most of the mentioned transactions were related to sales and purchases of raw materials, short-term property rent, services rendered/received and long-term machinery lease. The aforesaid 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 and were disclosed in the note no. 25 of financial statements.

Necessity and Appropriateness of Transactions

Most of connected transactions between the Company and parties related to the Company's business operations were undertaken to facilitate business operating activities and led to sustainable development. To enter into each transaction, the Company made a decision based on stakeholders' benefits without any conflict of interests.

Measures and Procedures of Connected Transaction Approval

To enter into connected transactions or related party transactions with potential conflict of interest transparently and based on stakeholders' benefits, the Company had clearly stated the procedures of connected transaction approval in managerial authority of the company, aligned with the Security and Exchange Commission's regulations.

The Audit Committee had reviewed and proposed connected transactions of the fiscal year 2015 as shown in the table to the Board of Director for acknowledgement.

Potential Connected Transactions in the Future

Entering into each transaction will be based on trading terms which are possibly to refer to third parties' terms. The Company will also comply with Security and Exchange Act, regulations of the Stock Exchange of Thailand and rules of disclosure of information on connected transactions, and acquisition and disposal of assets.

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

Summary of Related Company Transaction as to Holding Stock and / or Sharing Committee

Fiscal Year 2015 (1 October 2014 – 30 September 2015)

Connected Parties/ Type of Relationship	Type of Transaction	Value/ Outstanding Balance (Unit: Million Baht)		Reasonability of Entering into the Transactions
		2015	2014	
Thai Inoac Component Co., Ltd. “TIC” - Be indirect shareholders - Have directors in common	Sales of assembly	5.25	1.60	Normal business transaction with the aim to determine TIC to assembly finish goods supplying to the Company under the cost-plus margin principle
	Assembly expense	0.22	0.18	Normal business transaction with the aim to determine TIC to assembly finish good supplying to the Company under the same practice as the price charged to other third parties
	Rental income	1.20	1.20	Short-term property rental contract, period 1 year. The contract price (Rental rate is not less than the 2 independent appraisers estimation.)
Thai Stanley Public Co., Ltd. “STANLY” - Have a major shareholder– Sopa-Kanok International Co., Ltd. –in common - Have directors in common	Sales of finish goods	25.60	20.07	Normal business transaction under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties
Sirivit-Stanley Co., Ltd. - Have a major shareholder– Sopa-Kanok International Co., Ltd. –in common - Have directors in common	Sales of finish goods	11.18	13.17	Normal business transaction under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties

Connected Parties/ Type of Relationship	Type of Transaction	Value/ Outstanding Balance (Unit: Million Baht)		Reasonability of Entering into the Transactions
		2015	2014	
Inoue Rubber Co., Ltd. “IRCJ” IRCJ is a major shareholders in IRC and has directors in common	Technical assistance fee expenses	13.21	12.76	Normal business transaction under the contract price charged by the percentage of motorcycle tire and tube sales
	Sales of motorcycle tire and tube products	108.70	119.49	Normal business transaction under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties
	Technical assistance fee expenses	7.03	4.15	Normal business transaction by adopting the same practice as other third parties
Inoac Corporation Co., Ltd. “Inoac Corp” - Have a major shareholder– IRCJ – in common - Have directors in common	Technical assistance fee expenses	19.32	18.82	Normal business transaction under the contract price charged by the percentage of industrial elastomer parts' sales and being reduced in accordance with the number of selling years
Inoue Rubber (Vietnam) Co., Ltd. “IRV” IRCT's joint-venture by holding 8% of total shares with the major shareholder– IRCJ –and directors in common	Sales of finish goods	26.67	46.57	Normal business transaction under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties
Inoac Thailand Co., Ltd. “ITH” - Be indirect shareholding	Professional service fee expenses	42.12	37.45	Professional service fee 1 year contract ITH provides the professional service fee in marketing and product quality control which the remuneration rule was set in accordance with the IRCT's group. The Audit Committee had reviewed and the Board of Directors' meeting had passed the resolution on the meeting no. 5/2015.

Connected Parties/ Type of Relationship	Type of Transaction	Value/ Outstanding Balance (Unit: Million Baht)		Reasonability of Entering into the Transactions
		2015	2014	
	Sales of finish goods	5.62	2.79	Normal business transaction under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties
	Rental and service incomes	0.67	0.47	Short-term property rental contract, period 1 year. The contract price (Rental rate is not less than the 2 independent appraisers estimation.) Service fee is the average fixed cost as the Company usually paid and the fee is variable on usages.
Inoac Vietnam Co., Ltd. “IVC” - Have indirect shareholders in common	Sales of finish goods	0.99	1.28	Normal business transaction under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties
The Sittipol (1919) Co., Ltd. “STP” - Have a major shareholder—Sopa-Kanok International Co., Ltd. —and directors in common	Sales of finish goods	403.01	541.56	Normal business transaction which STP was appointed as the only distributor in domestic sales of motorcycle tires and tubes in Thailand The prices are determined by the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties.
	Advertising expenses	6.03	6.93	Normal business transaction with the aim to support and promote the selling activities of STP which is the only distributor in domestic sales of motorcycle tires and tubes in Thailand

Connected Parties/ Type of Relationship	Type of Transaction	Value/ Outstanding Balance (Unit: Million Baht)		Reasonability of Entering into the Transactions
		2015	2014	
Smart Sport Promotion Co., Ltd. - Have an indirect shareholder– Sopa-Kanok International Co., Ltd. –and directors in common	Advertising expenses	0.20	0.25	Normal business transaction in advertising activities to increase agility in operation
Total Oil (Thailand) Co., Ltd. “TOTAL” - Have a major shareholder– Sopa-Kanok International Co., Ltd. –and directors in common	Material and spare part expenses	3.12	3.09	Normal business transaction by adopting the same practice as other third parties
Pacific Industries (Thailand) Co., Ltd. “PACIFIC” - Have a major shareholder– Sopa-Kanok International Co., Ltd. –and directors in common	Raw material expenses	63.47	73.89	Normal business transaction by adopting the same practice as other third parties
SK Rubber Product Co., Ltd. “SKR” - Have an indirect shareholder– Sopa-Kanok International Co., Ltd. –in common	Work in Process incomes	35.48	33.21	Normal business transaction by adopting the same practice as other third parties
	Purchase of goods	67.10	65.00	
Inoac International Co., Ltd. “IIC” - Have a major shareholder Sopa-Kanok International Co., Ltd. –and directors in common	Sales of finish goods	189.85	139.05	Normal business transaction under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties
	Material expenses	240.77	252.23	Normal business transaction by adopting the same practice as other third parties
Techno Foam Co., Ltd. - Have an indirect shareholder– IRCJ –in common	Sales of finish goods	0.73	0.62	Normal business transaction under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties

Connected Parties/ Type of Relationship	Type of Transaction	Value/ Outstanding Balance (Unit: Million Baht)		Reasonability of Entering into the Transactions
		2015	2014	
Inoac Industries (Thailand) Co., Ltd. - Have an indirect shareholder–IRCJ –in common	Sales of finish goods	0.18	0.09	Normal business transaction under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties
Asian Rubber Parts Co., Ltd. “ARP” - Have an indirect shareholder–IRCJ – and directors in common	Sales of finish goods	56.25	65.34	Normal business transaction under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties
	Rental and service incomes	0.45	0.55	Short-term property rental contract, period 1 year. The contract price (Rental rate is not less than the 2 independent appraisers estimation.) Service fee is the average fixed cost as the Company usually paid and the fee is variable on usages.
	Machine rental incomes	4.33	4.33	Machine rental, period 10 year started at April 2012, which were required unique technology and characteristics in production
Inoac Automotive (Thailand) Co., Ltd. - Have an indirect shareholder–IRCJ –in common	Sales of finish goods	0.38	1.29	Normal business transaction under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties
	Raw material expenses	10.09	7.79	Normal business transaction under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties

Connected Parties/ Type of Relationship	Type of Transaction	Value/ Outstanding Balance (Unit: Million Baht)		Reasonability of Entering into the Transactions
		2015	2014	
Bridestone IRC Manufacturing Co., Ltd.	Sales of finish goods	50.11	70.18	Normal business transaction under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties
	Purchase of goods	149.18	152.45	Normal business transaction under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties
	Work in Process incomes	559.07	562.76	Normal business transaction under the market price or cost-plus margin determination by product type which is the same practice as the price charged to other third parties
Inoac Tokai (Thailand) Co., Ltd.	Service and professional service incomes	9.56	9.84	Professional service fee 1 year contract IRCT provides the professional service in accounting, finance, human resource, computer system, and other services under the average fixed cost of existing system and this service providing is able to maximize the capacity of the system.

Management Discussion and Analysis

The Automotive Industry Situation

During the fiscal year 2015 (October 1st 2014 – September 30th 2015), the Company has faced a lot of challenges both from Thai economic situation and global economy that caused concerns and uncertainty throughout the year. Moreover, the Government's economic stimulus plans were delayed expectation and falling in agricultural prices which contracted households' consumption and spending as well as caused concerns over all industries including the automotive industry.

In the fiscal year 2015, the Thai automobile production reached approximately 1.90 million units, reduced by 1.23%. The key driver was the production for export sales in the amount of 1.11 million units, jumped by 35.18%, comparing to the previous year. While the production for

domestic sales contracted 311,485 units or 28.08%, which the major cut in 1 Ton Pickups in line with shortening in agricultural and commodity revenues; on the contrary, Sport Utility Vehicles (SUV) performed high growth and the most colored automotive industry during this year. For the motorcycle market, it slightly dropped 0.89% comparing to the previous year. The production for domestic sales decreased by 4.45% aligning with the domestic economic situation; while the production for exports rose 18.36% driven by the export in CBU (Complete Built Up) motorcycles from the main motorcycle makers. The most shining market is Big Bike motorcycles which are still popular and grow against the market and economy.

Car and Motorcycle Production in the Fiscal Year 2014 – 2015

	FY. 2015 (1 OCT 14 – 30 SEP 15)	FY. 2014 (1 OCT 13 – 30 SEP 14)	Change (%)
Car Production (units)	1,903,465	1,927,152	(1.23)
- Domestic Sales (units)	797,585	1,109,070	(28.08)
- Export Sales (units)	1,105,870	818,082	35.18
Motorcycle Production(units)	1,839,712	1,856,315	(0.89)
- Domestic Sales (units)	1,497,337	1,567,042	(4.45)
- Export Sales (units)	342,375	289,273	18.36

Overview of the Company and Its Subsidiaries Operation

In the fiscal year 2015, the Company's total revenues amounted to 5,186.25 million baht, downed by 310.27 million baht or 5.64% compared to the previous year.

- Motorcycle tires and tubes business was driven by the production for exports. The export market both original equipment manufacturer "OEM" and replacement spare

parts have grew to offset the declining in Thailand's domestic demand.

- Industrial elastomer part business was in line with the overall automotive sector in the fiscal year 2015, which slightly contracted by 1.23%. Thanks to, the production for exports both in automotive and motorcycle expanded

35.18% and 18.36% respectively and the high growth export destinations were Asia, Australia, and North-America markets. However, the Company has diversified the in-

dustrial elastomer products into other industries such as agricultural machinery, construction, and infrastructure etc.

The Company's Performance in the Fiscal Year 2015 (Ended September 30th, 2015)

(unit: million baht)	Q4/ 2015	Q3/ 2015	Q2/ 2015	Q1/ 2015	%QoQ	FY. 2015	FY. 2014	%YoY
Total Revenues	1,201.63	1,198.76	1,428.30	1,357.56	0.24%	5,186.25	5,496.52	-5.64%
Cost of Sales and Services	997.43	997.84	1,168.96	1,166.49	-0.04%	4,330.72	4,789.44	-9.58%
Selling and Administration Expenses	60.76	78.92	86.36	81.12	-23.01%	307.16	318.03	-3.42%
EBIT	139.53	116.34	167.37	104.55	19.93%	527.79	372.39	41.73%
Net Profit	114.69	97.12	138.92	90.79	18.09%	441.52	313.47	40.85%
Basic Earnings per Share	0.58	0.49	0.69	0.45	18.37%	2.21	1.57	40.76%

Additionally, other incomes were recorded from special events in Q2/2015 namely receiving 23.42 million baht for the compensation of flood prevention in 2011 and receiving the dividend income from the investment in the Company's subsidiaries-- IRC (Asia) Research Ltd. and Kin No Hoshi Engineering Co., Ltd. -- amounted to 42.10 and 51.00 million baht respectively.

Since the economy has yet recovered enough, caused the oil and commodity process dramatically dropped; moreover, the natural rubber prices remained flat comparing to the previous year together with the managing cost of the raw materials efficiently by devoting to research and development. This caused EBIT rose by 41.73% and benefited to net profit reached 441.52 million baht, increased by 128.05 million baht or 40.85%, as well as the basic earnings per share were 2.21 baht, increased by 0.64 baht or 40.76% comparing to the previous year.

Financial Status

As of September 30th 2015, the Company had total assets 3,973.45 million baht, heightened 104.13 million baht from September 30th, 2014. It resulted from the increase in short-term investment amounted to 519.71 million baht and investing in computer system which has enhanced management effectiveness. Even though trade and other receivables dropped by 165.58 million baht in line with the economic situation.

The total liabilities amounted to 1,109.67 million baht, downed 209.83 million baht due to the decreases in account payables 137.16 million baht including paying loans to financial institutes which caused the Company's financial status has no long-term borrowing.

The total shareholders' equity amounted to 2,863.78 million baht, which surged 313.96 million baht from the operation's result during the fiscal year 2015, with the strong financial status represented by the debt to equity ratio (D/E ratio) at 0.39.

Cash Flow

As of September 30th 2015, the Company had cash received from the operating activities amounted to 825.30 million baht, increased by 32.00 million baht; while cash paid from the operating activities amounted to 799.28 million baht, rose by 568.43 million baht mainly due to the short-term investment and investing in equipment, machines, and technologies to enhance efficiency and effectiveness for sustainable production process. In addition, the cash flow from financing activities amounted to 206.36 million baht, contracted from paying financial loans 72.00 million baht and dividend payment 125.38 million baht.

As a result, the Company had cash and cash equivalent amounted to 202.40 million baht, shorten 180.34 million baht in the amount of the short-term investment in 2015, 519.71 million baht.

The Possible Effects to Financial Status/ Operation in the Future

The market and automotive industry in the past 2-3 years have faced a lot of volatility and challenges in many aspects including the economic and political instability impacting on consumers' buying decision, increasing in minimum wages forced Thai automotive industry to enhance to be more strength in order to be strategic manufacturer in

terms of quality, costs, and delivery of products to customers. Throughout the operation, the Company has stood in this point to prepare and be ready for possible changing circumstances and dynamics.

Furthermore, the change in Excise Tax on automobile scheme imposed in 2016 is going to be the critical point in technological breakthrough e.g. eco-friendly, energy-saving, high level of safety cars to ensure drivers' confidence. Hence, being the leader in automotive manufacturers with the intent to develop technological advancement enables the Company to foresee the potential of future markets.

Finally, the coming of Asean Economic Community "AEC" that shall officially start in 2016 benefits to the Company's opportunity. Thanks to Thai automotive industry, it has strong points in supply chain, skills of labor that widely accept in the international level which supports the Company's growth together with the Thai automotive industry. Additionally, being the hub in Asean continent among CLMV countries including Cambodia, Laos, Myanmar, and Vietnam which is the emerging market with high growth economy and high demand on IRC's products from being the supplier to motorcycle OEMs.

Report of the Board of Directors' Responsibility for the Financial Reports

The Board of Directors is responsible for the financial statements of the Company and its subsidiaries and the financial information as presented in the annual report of the Company. The financial statements of the Company and its subsidiaries as of September 30, 2015 have been prepared with careful consideration, in conformity with generally accepted accounting principles in Thailand, and using appropriate accounting policies and best estimation. All material information has been sufficiently disclosed in the notes to financial statements. The financial statements have been duly audited by independent authorized auditors who have provided unqualified opinions. The financial statements therefore reflect the Company's financial condition and results of operation that is true, transparent and reasonable for the benefits of all shareholders and investors.

The Board of Directors has established and maintained an appropriate and efficient internal control system and internal audit system to ensure that all accounting records are accurate, complete and sufficient to safeguard the

Company's assets and prevent corruptions and materially irregular practices.

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

The Board of Directors is of the opinion that the Company's overall internal control system is satisfactory and provides reasonable assurance to the credibility of the financial statements of the Company and its subsidiaries as of September 30, 2015.

On behalf of the Board of Directors
Inoue Rubber (Thailand) Public Company Limited



Mrs. Pimjai Leeissaranukul
(Chairman)



Mr. Kazuo Sato
(President)

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 2015, 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

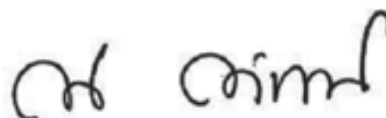
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 the 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 2015, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Nopanuch Apichatsatien
Certified Public Accountant (Thailand) No.5266
PricewaterhouseCoopers ABAS Ltd.

Bangkok
24 November 2015

Inoue Rubber (Thailand) Public Co., Ltd.

Financial Statement

30 September 2015

		Consolidated		Company	
		2015	2014	2015	2014
	Notes	Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	5	205,975,838	382,736,029	181,870,196	266,610,426
Short-term investments	6	519,713,833	-	484,509,120	-
Trade and other receivables, net	7	861,609,509	1,027,186,093	859,396,198	1,025,246,302
Inventories, net	8	600,792,553	585,726,660	593,013,428	576,815,199
Other current assets		15,877,523	26,375,346	15,200,766	25,528,118
Total current assets		2,203,969,256	2,022,024,128	2,133,989,708	1,894,200,045
Non-current assets					
Investments in subsidiaries	9	-	-	20,049,230	20,049,230
Other long-term investment	10	30,781,799	30,781,799	30,781,799	30,781,799
Investment property, net	11	9,913,921	10,190,325	10,765,224	11,296,176
Property, plant and equipment, net	12	1,637,816,314	1,707,741,324	1,567,440,173	1,631,053,303
Computer software, net	13	38,128,439	18,328,651	32,335,936	12,913,397
Deferred tax assets	14	18,924,205	19,116,459	18,481,738	18,748,245
Other non-current assets		33,914,010	61,132,956	33,914,010	61,132,956
Total non-current assets		1,769,478,688	1,847,291,514	1,713,768,110	1,785,975,106
Total assets		3,973,447,944	3,869,315,642	3,847,757,818	3,680,175,151

Director _____

Director _____

The accompanying notes are an integral part of these consolidated and company financial statement

Inoue Rubber (Thailand) Public Company Limited
Statements of Financial Position (Cont'd)
As at 30 September 2015

		Consolidated		Company	
		2015	2014	2015	2014
Notes		Baht	Baht	Baht	Baht
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts	15	3,577,578	-	3,577,578	-
Trade and other payables	16	761,393,007	898,552,280	788,008,128	925,728,814
Current portion of long-term loans	15	-	72,000,000	-	72,000,000
Current portion of finance lease liabilities	15	5,891,782	9,214,725	5,891,782	9,214,725
Income tax payable		35,598,122	26,739,342	35,585,646	26,581,265
Accrued expenses	17	134,886,707	135,374,537	120,832,539	123,865,853
Other current liabilities		1,741,708	2,114,281	186,298	585,000
Total current liabilities		943,088,904	1,143,995,165	954,081,971	1,157,975,657
Non-current liabilities					
Employee benefit obligations	18	140,319,577	144,053,768	126,700,706	131,153,947
Finance lease liabilities	15	25,242,149	30,898,603	25,242,149	30,898,603
Deferred tax liabilities	14	1,018,078	548,346	-	-
Total non-current liabilities		166,579,804	175,500,717	151,942,855	162,052,550
Total liabilities		1,109,668,708	1,319,495,882	1,106,024,826	1,320,028,207

Inoue Rubber (Thailand) Public Company Limited
Statements of Financial Position (Cont'd)
As at 30 September 2015

	Notes	Consolidated		Company	
		2015	2014	2015	2014
		Baht	Baht	Baht	Baht
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital	19				
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 paid-up at Baht 1 each		200,000,000	200,000,000	200,000,000	200,000,000
Share premium	19	298,000,000	298,000,000	298,000,000	298,000,000
Retained earnings					
Appropriated - legal reserve	20	20,000,000	20,000,000	20,000,000	20,000,000
Unappropriated		2,345,772,037	2,031,809,438	2,223,732,992	1,842,146,944
Total parent's shareholders' equity		2,863,772,037	2,549,809,438	2,741,732,992	2,360,146,944
Non-controlling interest		7,199	10,322	-	-
Total shareholders' equity		2,863,779,236	2,549,819,760	2,741,732,992	2,360,146,944
Total liabilities and shareholders' equity		3,973,447,944	3,869,315,642	3,847,757,818	3,680,175,151

Inoue Rubber (Thailand) Public Company Limited
Statements of Comprehensive Income
For the year ended 30 September 2015

		Consolidated		Company	
		2015	2014	2015	2014
	Notes	Baht	Baht	Baht	Baht
Revenues					
Sales and service income	25	5,126,279,768	5,454,959,391	5,125,293,435	5,453,505,128
Dividend income	9	-	-	93,100,732	-
Other income		59,970,934	41,562,564	61,777,758	44,104,096
Total revenues		5,186,250,702	5,496,521,955	5,280,171,925	5,497,609,224
Expenses					
Costs of sales and services	25	4,330,718,709	4,789,439,630	4,369,482,718	4,827,732,659
Selling expenses		86,340,512	97,904,181	86,340,512	97,904,181
Administrative expenses		220,821,341	220,129,299	212,097,780	211,601,423
Other expenses		20,579,698	16,661,524	20,568,138	16,606,549
Total expenses	21	4,658,460,260	5,124,134,634	4,688,489,148	5,153,844,812
Profit before finance costs and income tax		527,790,442	372,387,321	591,682,777	343,764,412
Finance costs	22	(3,085,655)	(6,837,037)	(3,047,133)	(6,814,955)
Profit before income tax		524,704,787	365,550,284	588,635,644	336,949,457
Income tax expense	23	(83,183,594)	(52,080,606)	(81,301,831)	(50,029,502)
Net profit for the year		441,521,193	313,469,678	507,333,813	286,919,955
Other comprehensive income (expense)					
Total items that will not be reclassified subsequently to profit or loss:					
Actuarial gains on employee benefit obligations		(2,383,091)	4,660,337	(438,607)	5,465,653
Deferred tax relating to actuarial gains on employee benefit obligations		205,042	(893,841)	70,842	(937,608)
Items that will not be reclassified subsequently to profit or loss		(2,178,049)	3,766,496	(367,765)	4,528,045
Total comprehensive income for the year - net of tax		439,343,144	317,236,174	506,966,048	291,448,000

The accompanying notes are an integral part of these consolidated and company financial statement

Inoue Rubber (Thailand) Public Company Limited
Statements of Comprehensive Income (Cont'd)
For the year ended 30 September 2015

	Note	Consolidated		Company	
		2015	2014	2015	2014
		Baht	Baht	Baht	Baht
Profit attributable to:					
Equity holders of the parent		441,520,628	313,469,138	507,333,813	286,919,955
Non-controlling interests		565	540	-	-
		<u>441,521,193</u>	<u>313,469,678</u>	<u>507,333,813</u>	<u>286,919,955</u>
Total comprehensive income					
attributable to:					
Equity holder of the parent		439,342,599	317,235,643	506,966,048	291,448,000
Non-controlling interests		545	531	-	-
		<u>439,343,144</u>	<u>317,236,174</u>	<u>506,966,048</u>	<u>291,448,000</u>
Earnings per share for the attributable					
to the equity holders of the parent					
Basic earnings per share (Baht)	24	2.21	1.57	2.54	1.43

Inoue Rubber (Thailand) Public Company Limited
Statement of Changes in Shareholders' Equity
For the year ended 30 September 2015

	Note	Consolidated												Total shareholders' equity	Baht
		Equity holders of the Company													
		Other components of equity													
		Other comprehensive													
		Issued and fully paid-up share capital	Share premium	Legal reserve	Unappropriated retained earnings	Actuarial gains on employee benefit obligations	Income	Other components of equity	Total	Total owners of the parent	Non-controlling interests	Baht	Baht		
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht				
Balance as at 30 September 2013		200,000,000	298,000,000	20,000,000	1,878,213,795	-	-	-	-	-	-	-	2,396,213,795	9,791	2,396,223,586
Total comprehensive income for the year		-	-	-	313,469,678	3,765,965	3,765,965	3,765,965	3,765,965	3,765,965	3,765,965	3,765,965	317,235,643	531	317,236,174
Dividends paid	29	-	-	-	(163,640,000)	-	-	-	-	-	-	-	(163,640,000)	-	(163,640,000)
Balance as at 30 September 2014		200,000,000	298,000,000	20,000,000	2,028,043,473	3,765,965	3,765,965	3,765,965	3,765,965	3,765,965	3,765,965	3,765,965	2,549,809,438	10,322	2,549,819,760
Balance as at 30 September 2014															
Total comprehensive income for the year		200,000,000	298,000,000	20,000,000	2,028,043,473	3,765,965	3,765,965	3,765,965	3,765,965	3,765,965	3,765,965	3,765,965	2,549,809,438	10,322	2,549,819,760
Dividends paid	29	-	-	-	441,521,193	(2,178,594)	(2,178,594)	(2,178,594)	(2,178,594)	(2,178,594)	(2,178,594)	(2,178,594)	439,342,599	545	439,343,144
		-	-	-	(125,380,000)	-	-	-	-	-	-	-	(125,380,000)	(3,668)	(125,383,668)
Balance as at 30 September 2015		200,000,000	298,000,000	20,000,000	2,344,184,666	1,587,371	1,587,371	1,587,371	1,587,371	1,587,371	1,587,371	1,587,371	2,863,772,037	7,199	2,863,779,236

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

Inoue Rubber (Thailand) Public Company Limited
Statement of Changes in Shareholders' Equity (Cont'd)
For the year ended 30 September 2015

Company							
Other components of equity							
Other comprehensive income							
	Issued and fully paid-up share capital	Share premium	Legal reserve	Unappropriated retained earnings	Actuarial gains on employee benefit obligations	Total other components of equity	
Note	Baht	Baht	Baht	Baht	Baht	Baht	Total Baht
Balance as at 30 September 2013							
Total comprehensive income for the year	200,000,000	298,000,000	20,000,000	1,714,338,944	-	-	2,232,338,944
Dividends paid	-	-	-	286,919,955	4,528,045	4,528,045	291,448,000
29	-	-	-	(163,640,000)	-	-	(163,640,000)
Balance as at 30 September 2014	200,000,000	298,000,000	20,000,000	1,837,618,899	4,528,045	4,528,045	2,360,146,944
Balance as at 30 September 2014	200,000,000	298,000,000	20,000,000	1,837,618,899	4,528,045	4,528,045	2,360,146,944
Total comprehensive income for the year	-	-	-	507,333,813	(367,765)	(367,765)	506,966,048
Dividends paid	-	-	-	(125,380,000)	-	-	(125,380,000)
29	-	-	-	(125,380,000)	-	-	(125,380,000)
Balance as at 30 September 2015	200,000,000	298,000,000	20,000,000	2,219,572,712	4,160,280	4,160,280	2,741,732,992

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

Inoue Rubber (Thailand) Public Company Limited
Statements of Cash Flows
For the year ended 30 September 2015

		Consolidated		Company	
		2015	2014	2015	2014
	Notes	Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit before income tax		524,704,787	365,550,284	588,635,644	336,949,457
Adjustments for:					
Depreciation	11,12	325,687,094	319,152,874	311,933,644	305,183,516
Amortisation	13	3,443,661	2,495,058	2,390,240	1,423,296
Reversal of allowance for obsolete inventories	8	(2,040,220)	(762,682)	(2,040,220)	(762,682)
Gain on disposals of property, plant and equipment		8,063,382	4,188,606	8,063,381	4,206,604
Dividend income	9	-	-	(93,100,732)	-
Interest income		(4,487,188)	(256,411)	(3,466,701)	(68,031)
Interest expenses	22	2,837,690	6,588,496	2,836,421	6,588,292
Employee benefit obligations	18	1,154,346	30,167,860	704,484	28,698,701
Changes in operating assets and liabilities					
Trade and other receivables		166,947,441	169,933,557	167,167,587	170,943,343
Inventories		(13,025,674)	51,121,745	(14,158,009)	55,312,903
Other current assets		10,497,823	13,655,941	10,327,352	14,327,693
Other non-current assets		27,218,946	(23,223,755)	27,218,946	(23,223,755)
Trade and other payables		(144,387,651)	(84,085,892)	(142,230,418)	(83,752,118)
Other current liabilities and accrued expenses		(5,337,790)	(858,770)	(5,553,360)	(269,564)
Employee benefit obligations paid	18	(7,271,628)	(2,568,251)	(5,596,332)	(2,568,251)
Net cash receipts from operating activities		894,005,019	851,098,660	853,131,927	812,989,404
Interest received		3,116,331	237,714	2,149,218	49,335
Interest paid		(3,910,588)	(7,631,810)	(3,909,319)	(7,631,607)
Income tax paid		(67,907,500)	(50,395,994)	(68,765,858)	(51,086,525)
Net cash flows from operating activities		825,303,262	793,308,570	782,605,968	754,320,607

Inoue Rubber (Thailand) Public Company Limited**Statements of Cash Flows (Cont'd)****For the year ended 30 September 2015**

	Notes	Consolidated		Company	
		2015 Baht	2014 Baht	2015 Baht	2014 Baht
Cash flows from investing activities					
Short-term investment	6	(519,713,833)	-	(484,509,120)	-
Purchases of property, plant and equipment		(259,373,662)	(232,009,429)	(254,396,190)	(228,993,224)
Purchases of intangible assets	13	(23,243,449)	(4,264,404)	(21,812,779)	(3,664,403)
Proceeds from disposals of property, plant and equipment		3,052,978	5,423,971	3,052,978	5,405,970
Dividend received from subsidiary		-	-	93,100,732	-
Net cash flows from investing activities		<u>(799,277,966)</u>	<u>(230,849,862)</u>	<u>(664,564,379)</u>	<u>(227,251,657)</u>
Cash flows from financing activities					
Repayments of short-term loans from financial institutions		-	(44,000,000)	-	(44,000,000)
Repayments of long-term loans from financial institutions	15	(72,000,000)	(64,000,000)	(72,000,000)	(64,000,000)
Finance lease payments	15	(8,979,397)	(4,250,818)	(8,979,397)	(4,250,818)
Dividends paid	29	(125,383,668)	(163,640,000)	(125,380,000)	(163,640,000)
Net cash flows from financing activities		<u>(206,363,065)</u>	<u>(275,890,818)</u>	<u>(206,359,397)</u>	<u>(275,890,818)</u>
Net (decrease) increase in cash and cash equivalents		<u>(180,337,769)</u>	<u>286,567,890</u>	<u>(88,317,808)</u>	<u>251,178,132</u>
Cash and cash equivalents at the beginning of the year		<u>382,736,029</u>	<u>96,168,139</u>	<u>266,610,426</u>	<u>15,432,294</u>
Cash and cash equivalents at the end of the year		<u><u>202,398,260</u></u>	<u><u>382,736,029</u></u>	<u><u>178,292,618</u></u>	<u><u>266,610,426</u></u>
Cash and cash equivalents include the following for the purposes of the statement of cash flows:					
Cash and cash equivalents		205,975,838	382,736,029	181,870,196	266,610,426
Bank overdraft		(3,577,578)	-	(3,577,578)	-
Total cash and cash equivalents		<u><u>202,398,260</u></u>	<u><u>382,736,029</u></u>	<u><u>178,292,618</u></u>	<u><u>266,610,426</u></u>
Non-cash transactions					
Significant non-cash activities for the years ended 30 September 2015 and 2014 comprised the following:					
- Accounts payable					
- Property, plant and equipment		43,559,288	36,330,910	62,584,204	58,074,472

The accompanying notes are an integral part of these consolidated and company financial statement

Inoue Rubber (Thailand) Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 30 September 2015

1 General information

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

Head office:

No. 258, Soi Rangsit-Nakornnayok 49, Prachathipat sub-district, Thanyaburi district, Pathumthan.

Factory:

No. 157, Moo 5, Phahoyothin Road, Lamsai, Wangnoi, Ayutthaya.

The Company is listed in 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 tires, tubes, and industrial elastomer rubber parts.

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

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

These consolidated and company financial statements were authorised for issue by the Board of Directors on 24 November 2015.

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 Financial Reporting Standards issued under the Accounting Profession Act B.E.2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

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

The preparation of financial statements in conformity with 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.

Inoue Rubber (Thailand) Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 30 September 2015

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards

1) Revised accounting standards which are effective on 1 January 2014 and are relevant to the Group:

TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of cash flows
TAS 12 (revised 2012)	Income taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee benefits
TAS 21 (revised 2012)	The effects of changes in foreign exchange rates
TAS 24 (revised 2012)	Related party disclosures
TAS 34 (revised 2012)	Interim financial reporting
TAS 38 (revised 2012)	Intangible assets
TFRS 8 (revised 2012)	Operating segments
TFRIC 4	Determining whether an arrangement contains a lease
TFRIC 10	Interim financial reporting and impairment

TAS 1 (revised 2012) clarifies that conversion features that are at the holder's discretion do not impact the classification of the liability component of the convertible instrument. TAS 1 also explains that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This standard has no impact to the Group.

TAS 7 (revised 2012) clarifies that only expenditures that result in a recognized asset in the statement of financial position are eligible for classification as investing activities. This standard has no impact to the Group.

TAS 12 (revised 2012) amends an exception to the existing principle for the measurement of deferred tax assets or liabilities on investment property measured at fair value. TAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This amendment therefore adds the rebuttable presumption that the carrying amount of an investment property measured at fair value is entirely recovered through sale. As the result of the amendment, TSIC 21 - Income tax - recovery of revalued non-depreciable assets is incorporated in to TAS 12 (revised 2012). This standard has no impact to the Group.

TAS 17 (revised 2012) deletes the guidance for a lease of land with an indefinite useful life to be classified as an operating lease. The standard has been amended to clarify that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with TAS 17's general principles. This standard has no impact to the Group.

TAS 18 (revised 2012) removes the appendix to TAS 18. This standard has no impact to the Group.

TAS 19 (revised 2012) deletes the transition provisions of the current TAS 19. This standard has no impact to the Group.

TAS 21 (revised 2012) clarifies the method of recording cumulative amount of the exchange different relating to disposal or partial disposal of a foreign operation. This matter should be adjusted prospectively effective for the period begins on or after 1 January 2011. This standard has no impact to Group.

Inoue Rubber (Thailand) Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 30 September 2015

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

- 1) Revised accounting standards which are effective on 1 January 2014 and are relevant to the Group (Cont'd):

TAS 24 (revised 2012) removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of related parties. This standard has no impact to the Group.

TAS 34 (revised 2012) emphasises the existing disclosure principles for significant event and transactions. Additional requirements cover disclosure of changes in fair value measurements (if significant), and the need to update relevant information from the most recent annual report. This standard has no impact to the Group.

TAS 38 (revised 2012) clarifies about intangible assets acquired in a business combination that is separable. Intangible assets should be recognised separately from goodwill. Complementary assets may only be recognised as a single asset if they have similar useful lives. This standard has no impact to the Group.

TFRS 8 (revised 2012) clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker. This standard has no impact to the Group.

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 specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. This interpretation has no impact to the Group.

TFRIC 10 prohibits reversal of an impairment losses recognised in a previous interim period in respect of goodwill. This interpretation has no impact to the Group.

- 2) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Group and are not early adopted:

a) Financial reporting standards, which are expected to have significant changes:

TAS 1 (revised 2014)	Presentation of financial statements
TAS 16 (revised 2014)	Property, plant and equipment
TAS 19 (revised 2014)	Employee benefits
TAS 27 (revised 2014)	Separate financial statements
TAS 28 (revised 2014)	Investments in associates and joint ventures
TAS 34 (revised 2014)	Interim financial reporting
TFRS 10	Consolidated financial statements
TFRS 11	Joint arrangements
TFRS 12	Disclosure of interests in other entities
TFRS 13	Fair value measurement

TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. This standard has no impact to the Group.

TAS 16 (revised 2014) indicates that spare part, stand-by equipment and servicing equipment are recognised as PPE when they meet the definition of PPE. Otherwise, such items are classified as inventory. This standard has no impact to the Group.

Inoue Rubber (Thailand) Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 30 September 2015

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

- 2) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Group and are not early adopted (Cont'd):

a) Financial reporting standards, which are expected to have significant changes: (Cont'd)

TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed 'remeasurements' and will be recognised immediately in 'other comprehensive income' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; and (b) past-service costs will be recognised in the period of a plan amendment; unvested benefits will no longer be spread over a future-service period. This standard has no impact to the Group.

TAS 27 (revised 2014) provide the requirements relating to separate financial statements. This standard has no impact to the Group.

TAS 28 (revised 2014) provide the requirements for investment in associates and joint ventures accounted by equity method. This standard has no impact to the Group.

TAS 34 (revised 2014), the key change is the disclosure requirements for operating segment. An entity shall disclose information of a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. This standard has no impact to the Group.

TFRS 10 has a single definition of control and supersedes the principles of control and consolidation included within the original TAS 27, 'Consolidated and separate financial statements'. The standard sets out the requirements for when an entity should prepare consolidated financial statements, defines the principles of control, explains how to apply the principles of control and explains the accounting requirements for preparing consolidated financial statements. The key principle in the new standard is that control exists, and consolidation is required, only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. This standard has no impact to the Group.

TFRS 11 defined that a joint arrangement is a contractual arrangement where at least two parties agree to share control over the activities of the arrangement. Unanimous consent toward decisions about relevant activities between the parties sharing control is a requirement in order to meet the definition of joint control. Joint arrangements can be joint operations or joint ventures. The classification is principle based and depends on the parties' exposure in relation to the arrangement. When the parties' exposure to the arrangement only extends to the net assets of the arrangement, the arrangement is a joint venture. Joint operations have rights to assets and obligations for liabilities. Joint operations account for their rights to assets and obligations for liabilities. Joint ventures account for their interest by using the equity method of accounting. This standard has no impact to the Group.

TFRS 12 require entities to disclose information that helps readers of financial statements to evaluate the nature of risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. This standard has no impact to the Group.

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. This standard has no impact to the Group.

Inoue Rubber (Thailand) Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 30 September 2015

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

- 2) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Group and are not early adopted (Cont'd):

- b) Financial reporting standards with minor changes and do not have impact to the Group are as follows:

TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of cash flows
TAS 8 (revised 2014)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2014)	Events after the reporting period
TAS 11 (revised 2014)	Construction contracts
TAS 12 (revised 2014)	Income taxes
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 20 (revised 2014)	Accounting for government grants & disclosure of government assistance
TAS 21 (revised 2014)	The effects of changes in foreign exchange rates
TAS 23 (revised 2014)	Borrowing costs
TAS 24 (revised 2014)	Related party disclosures
TAS 26 (revised 2014)	Accounting and reporting by retirement benefit plans
TAS 29 (revised 2014)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2014)	Earnings per share
TAS 36 (revised 2014)	Impairment of assets
TAS 37 (revised 2014)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment property
TFRS 2 (revised 2014)	Share-based payment
TFRS 3 (revised 2014)	Business combinations
TFRS 5 (revised 2014)	Non-current asset held for sale and discontinued operations
TFRS 6 (revised 2014)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2014)	Operating segments
TSIC 10 (revised 2014)	Government assistance - No specific relation to operating activities
TSIC 15 (revised 2014)	Operating leases - Incentives
TSIC 25 (revised 2014)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2014)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2014)	Service concession arrangements: Disclosures
TSIC 31 (revised 2014)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2014)	Intangible assets - Web site costs

Inoue Rubber (Thailand) Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 30 September 2015

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

- 2) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Group and are not early adopted (Cont'd):

- b) Financial reporting standards with minor changes and do not have impact to the Group are as follows (Cont'd):

TFRIC 1 (revised 2014)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2014)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2014)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2014)	Applying the restatement approach under IAS29 Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2014)	Interim financial reporting and impairment
TFRIC 12 (revised 2014)	Service concession arrangements
TFRIC 13 (revised 2014)	Customer loyalty programmes
TFRIC 15 (revised 2014)	Agreements for the construction of real estate
TFRIC 17 (revised 2014)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2014)	Transfers of assets from customers

- c) New and revised accounting standards have been published by the Federation of Accounting Professions that are mandatory for annual periods beginning on or after 1 January 2016. The Group has not yet early adopted these revised standards:

TFRS 3 (revised 2015), 'Business combinations' clarifies i) an obligation to pay contingent consideration which meets the definition of a financial instrument as a financial liability or equity, on the basis of the definitions in TAS 32, 'Financial instruments: Presentation' (when announced) or other applicable standards. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss, and ii) TFRS 3 does not apply to the accounting for the formation of any joint venture under TFRS 11.

TFRS 4 (revised 2014) applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. The standard exempts an insurer temporarily from some requirements of other standards, including the requirement to consider the Framework in selecting accounting policies for insurance contracts. However, the standard (a) prohibits provision for possible claims under contracts that are not in existence at the end of the reporting period; (b) requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets; and (c) requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expired, and to present insurance liabilities without offsetting them against related reinsurance assets.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker.

TFRS 12 (revised 2015) introduces disclosures that an investment entity needs to disclose.

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

Inoue Rubber (Thailand) Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 30 September 2015

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

- 2) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Group and are not early adopted (Cont'd):

- c) New and revised accounting standards have been published by the Federation of Accounting Professions that are mandatory for annual periods beginning on or after 1 January 2016. The Group has not yet early adopted these revised standards (Cont'd):

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

TAS 27 (revised 2015) allows an investment entity that is exempted from consolidating its subsidiaries presenting separate financial statements as its only financial statements. It requires the investment entity to measure its investment in subsidiaries at fair value through profit or loss.

TAS 40 (revised 2015), 'Investment property' clarifies that TFRS 3 should be applied when determining whether an acquisition of an investment property is a business combination.

The management has assessed and considered that the above revised standards will not have a material impact on the Group.

2.3 Group Accounting - Investments in subsidiaries

(1) 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 are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Inoue Rubber (Thailand) Public Company Limited
Notes to the Consolidated and Company Financial Statements
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2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries (Cont'd)

(1) Subsidiaries (Cont'd)

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 or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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.

A list of the Group's principal subsidiaries is set out in Note 9.

2.4 Investments

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

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

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Group's functional and presentation currency.

Inoue Rubber (Thailand) Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 30 September 2015

2 Accounting policies (Cont'd)

2.5 Foreign currency translation (Cont'd)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2.6 Financial instruments

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

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

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 30.

2.7 Cash and cash equivalents

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

2.8 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.

Inoue Rubber (Thailand) Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 30 September 2015

2 Accounting policies (Cont'd)

2.9 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the moving 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 (based on normal operation capacity). It excluded borrowing costs. 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.

2.10 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.

Land is not depreciated. Depreciation is calculated on the straight line method to allocate their cost to their residual values over their estimated useful lives, 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 as other income or expense, net in the statement of comprehensive income.

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2 Accounting policies (Cont'd)

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 of 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 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.

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

Land improvements	10 years
Building and building improvements	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.

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2 Accounting policies (Cont'd)

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 the Group is a 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 finance lease liabilities. 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 the Group is a lessor

Assets leased out under operating leases are included in investment property 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.

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2 Accounting policies (Cont'd)

2.16 Current and deferred income taxes (Cont'd)

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 Employee benefits

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior period. 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 annually 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 in the period in which they arise.

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

Inoue Rubber (Thailand) Public Company Limited
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2 Accounting policies (Cont'd)

2.18 Provisions

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.

2.19 Revenue recognition

Revenue comprised the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group for the consolidated financial statements.

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

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

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

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

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chairman and President and Director that makes strategic decisions.

Segment information is presented by business segment of the Group's operations in Note 27.

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) Investment property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's investment property, 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.

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3 Critical accounting estimates, assumptions and judgements (Cont'd)

b) 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 or 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 18.

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	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Cash on hand	46,066	36,565	31,066	21,564
Bank deposits - Saving deposits	90,041,767	9,498,622	70,099,659	6,826,991
- Current deposits	5,888,005	373,200,842	1,739,471	259,761,871
- Fixed deposits	110,000,000	-	110,000,000	-
Total Cash and cash equivalents	205,975,838	382,736,029	181,870,196	266,610,426

The interest rates on saving deposits ranged between 0.10 - 0.50 percent per annum (2014: 0.10 - 0.75 percent per annum).

The interest rate on fixed deposits is at 1.30% per annum. The deposits have maturity within 12 days (2014: Nil).

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6 Short-term investments

Short-term investments consist of 4 - 5 months fixed deposits with financial institution. The interest rates on short-term investment ranged between 1.88 - 2.00 percent per annum (2014: Nil).

7 Trade and other receivables, net

	Consolidated		Company	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Trade accounts receivable				
- related companies (Note 25)	336,805,383	316,503,518	335,777,296	315,206,642
Trade accounts receivable				
- other companies	516,639,404	703,634,341	516,639,404	703,634,341
<u>Less</u> Allowance for doubtful accounts	(2,167,775)	(2,167,775)	(2,167,775)	(2,167,775)
Trade accounts receivable, net	851,277,012	1,017,970,084	850,248,925	1,016,673,208
Prepaid expenses	7,413,174	7,341,189	6,097,972	6,503,542
Accrued income	1,453,365	441,553	1,344,688	396,360
Amount due from related parties (Note 25)	1,319,415	1,220,078	1,559,340	1,460,003
Other receivables	146,543	213,189	145,273	213,189
Trade and other receivables, net	861,609,509	1,027,186,093	859,396,198	1,025,246,302

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

	Consolidated		Company	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
<u>Related companies</u>				
Current	336,574,108	314,890,291	335,546,021	313,593,415
Overdue not over 3 months	88,275	1,470,227	88,275	1,470,227
Overdue 3 - 6 months	-	-	-	-
Overdue 6 - 12 months	-	-	-	-
Overdue more than 12 months	143,000	143,000	143,000	143,000
	336,805,383	316,503,518	335,777,296	315,206,642
<u>Other companies</u>				
Current	511,156,975	685,786,533	511,156,975	685,786,533
Overdue not over 3 months	3,267,660	15,675,972	3,267,660	15,675,972
Overdue 3 - 6 months	28,923	-	28,923	-
Overdue 6 - 12 months	16,638	(967)	16,638	(967)
Overdue more than 12 months	2,169,208	2,172,803	2,169,208	2,172,803
Total	516,639,404	703,634,341	516,639,404	703,634,341
<u>Less</u> Allowance for doubtful accounts	(2,167,775)	(2,167,775)	(2,167,775)	(2,167,775)
	514,471,629	701,466,566	514,471,629	701,466,566
Total trade accounts receivable, net	851,277,012	1,017,970,084	850,248,925	1,016,673,208

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8 Inventories, net

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Raw materials	278,176,853	230,522,702	278,072,966	230,405,086
Work in process	97,345,454	111,853,619	92,366,391	104,933,130
Finished goods	127,816,522	133,501,280	127,816,522	133,501,280
Supplies and spare parts	54,102,553	53,930,141	51,406,378	52,056,785
Inventories in transit	48,424,147	63,032,114	48,424,147	63,032,114
	605,865,529	592,839,856	598,086,404	583,928,395
<u>Less</u> Allowance for inventories				
obsolescence - raw materials	(1,680,552)	(1,971,265)	(1,680,552)	(1,971,265)
Allowance for inventories				
obsolescence - finished goods	(3,392,424)	(5,141,931)	(3,392,424)	(5,141,931)
Total inventories, net	600,792,553	585,726,660	593,013,428	576,815,199

During 2015, the Group and the Company reversed their allowance for diminution in value of inventories to net realisable value and obsolete inventories to the consolidated and company statement of comprehensive income amounting to Baht 2,040,220 (2014: reversal amounting to Baht 762,682).

9 Investments in subsidiaries

As at 30 September, the Company had investments in subsidiaries, incorporated in Thailand, as follows:

Company	Type of business	Country of incorporation	Company 30 September 2015		
			Registered capital Baht	Percentage of holding %	Investment Baht
IRC (Asia) Research Ltd.	Research and development of products	Thailand	10,050,000	99.99	10,049,930
Kin No Hoshi Engineering Co., Ltd.	Manufacture and repair of molds	Thailand	10,000,000	99.99	9,999,300
Investments in subsidiaries, net					20,049,230

Company	Type of business	Country of incorporation	Company 30 September 2014		
			Registered capital Baht	Percentage of holding %	Investment Baht
IRC (Asia) Research Ltd.	Research and development of products	Thailand	10,050,000	99.99	10,049,930
Kin No Hoshi Engineering Co., Ltd.	Manufacture and repair of molds	Thailand	10,000,000	99.99	9,999,300
Investments in subsidiaries, net					20,049,230

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9 Investments in subsidiaries (Cont'd)

At the Annual General Meeting of shareholders of IRC (Asia) Research Ltd. held on 29 January 2015, the shareholders passed a resolution approving dividend payment from its operating results for 2014 at Baht 14.0348 per share from BOI-promoted operations, totaling Baht 42.10 million. The dividends were distributed on 27 February 2015.

At the Annual General Meeting of shareholders of Kin No Hoshi Engineering Company Limited held on 29 January 2015, the shareholders passed a resolution approving dividend payment from its operating results for 2014 at Baht 510 per share (Baht 240.46 per share from BOI-promoted operations and Baht 269.54 per share from non-BOI promoted operations), totaling Baht 51 million. The dividends were distributed on 27 February 2015.

10 Other long-term investment

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

Consolidated and Company 30 September 2015					
Company	Type of business	Country of incorporation	Registered capital	Percentage of holding %	Investment Baht
Inoue Rubber Vietnam Co., Ltd.	Manufacturing of tires and tubes of motorcycles	Vietnam	US\$ 12.5 Million	8	30,781,799
Total					30,781,799

Consolidated and Company 30 September 2014					
Company	Type of business	Country of incorporation	Registered Capital	Percentage of holding %	Investment Baht
Inoue Rubber Vietnam Co., Ltd.	Manufacturing of tires and tubes of motorcycles	Vietnam	US\$ 12.5 Million	8	30,781,799
Total					30,781,799

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11 Investment property, net

	Consolidated (Baht)		
	Land and land Improvements	Building and Building improvements	Total
As at 30 September 2013			
Cost	11,486,728	33,014,058	44,500,786
Reclassifications	(2,465,909)	(21,609,385)	(24,075,294)
<u>Less</u> Accumulated depreciation	-	(29,873,534)	(29,873,534)
Reclassifications	-	19,941,639	19,941,639
Net book value	9,020,819	1,472,778	10,493,597
Fair value	17,983,500	18,662,450	36,645,950
For the year ended 30 September 2014			
Opening net book value	9,020,819	1,472,778	10,493,597
Depreciation charges	-	(303,272)	(303,272)
Closing net book value	9,020,819	1,169,506	10,190,325
As at 30 September 2014			
Cost	9,020,819	11,404,673	20,425,492
<u>Less</u> Accumulated depreciation	-	(10,235,167)	(10,235,167)
Net book value	9,020,819	1,169,506	10,190,325
Fair value	18,373,500	18,672,680	37,046,180
For the year ended 30 September 2015			
Opening net book value	9,020,819	1,169,506	10,190,325
Depreciation charges	-	(276,404)	(276,404)
Closing net book value	9,020,819	893,102	9,913,921
As at 30 September 2015			
Cost	9,020,819	11,404,673	20,425,492
<u>Less</u> Accumulated depreciation	-	(10,511,571)	(10,511,571)
Net book value	9,020,819	893,102	9,913,921
Fair value	22,665,000	12,914,532	35,579,532

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11 Investment property, net (Cont'd)

	Company (Baht)		
	Land and land Improvements	Building and Building improvements	Total
As at 30 September 2013			
Cost	12,030,858	42,895,068	54,925,926
Reclassifications	(2,465,909)	(21,609,385)	(24,075,294)
<u>Less</u> Accumulated depreciation	-	(38,796,833)	(38,796,833)
Reclassifications	-	19,941,639	19,941,639
Net book value	9,564,949	2,430,489	11,995,438
Fair value	28,053,500	28,809,368	56,862,868
For the year ended 30 September 2014			
Opening net book value	9,564,949	2,430,489	11,995,438
Depreciation charges	-	(699,262)	(699,262)
Closing net book value	9,564,949	1,731,227	11,296,176
As at 30 September 2014			
Cost	9,564,949	21,285,683	30,850,632
<u>Less</u> Accumulated depreciation	-	(19,554,456)	(19,554,456)
Net book value	9,564,949	1,731,227	11,296,176
Fair value	28,649,500	28,438,072	57,087,572
For the year ended 30 September 2015			
Opening net book value	9,564,949	1,731,227	11,296,176
Depreciation charges	-	(530,952)	(530,952)
Closing net book value	9,564,949	1,200,275	10,765,224
As at 30 September 2015			
Cost	9,564,949	21,285,683	30,850,632
<u>Less</u> Accumulated depreciation	-	(20,085,408)	(20,085,408)
Net book value	9,564,949	1,200,275	10,765,224
Fair value	38,075,000	19,161,132	47,236,132

Fair values of investment property as at 30 September 2015 were appraised by independently professional 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 relating to investment property were as follows:

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Rental income	1,683,300	1,683,300	4,562,400	4,562,400
Direct operating expenses arising from investment property that generated rental income	-	-	-	-
	1,683,300	1,683,300	4,562,400	4,562,400

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12 Property, plant and equipment, net

	Consolidated					
	Land and land improvements	Building and building improvements	Machinery	Tools and factory equipment	Furniture, fixtures, and office equipment	Motor vehicles
	Baht	Baht	Baht	Baht	Baht	Baht
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
Less Accumulated depreciation	(24,162,301)	(468,976,265)	(1,416,178,884)	(1,234,717,235)	(78,004,897)	(23,813,273)
Net book amount	155,759,058	316,710,657	873,658,587	330,641,383	28,177,412	21,371,616
For the year ended 30 September 2014						
Opening net book value	155,759,058	316,710,657	873,658,587	330,641,383	28,177,412	21,371,616
Reclassifications	-	-	9,301,103	-	-	-
Additions	7,479,508	16,654,063	53,813,028	70,982,240	11,552,026	4,356,052
Disposals	-	-	(4,914,717)	(4,260,034)	(145,117)	(292,708)
Transfers	-	7,510,781	46,430,625	2,438,442	158,400	-
Depreciation charges	(5,437,958)	(41,198,683)	(137,846,843)	(115,336,709)	(11,460,546)	(7,568,863)
Closing net book amount	157,800,608	299,676,818	840,441,783	284,465,322	28,282,175	17,866,097
As at 30 September 2014						
Cost	187,400,866	809,701,867	2,361,405,480	1,628,917,912	109,360,559	47,827,312
Less Accumulated depreciation	(29,600,258)	(510,025,049)	(1,520,963,697)	(1,344,452,590)	(81,078,384)	(29,961,215)
Net book amount	157,800,608	299,676,818	840,441,783	284,465,322	28,282,175	17,866,097
For the year ended 30 September 2015						
Opening net book value	157,800,608	299,676,818	840,441,783	284,465,322	28,282,175	17,866,097
Additions	9,206,098	29,283,961	52,789,445	71,975,773	7,204,600	5,889,735
Disposals	(1)	(668,432)	(6,555,671)	(3,774,681)	(67,389)	(50,185)
Transfers	-	688,754	29,649,010	8,981,121	1,921,700	-
Depreciation charges	(6,392,928)	(38,543,793)	(143,223,253)	(117,495,530)	(12,134,169)	(7,621,017)
Closing net book amount	160,613,777	290,437,308	773,101,314	244,152,005	25,206,917	16,084,630
As at 30 September 2015						
Cost	196,464,564	835,595,009	2,390,733,090	1,692,871,501	115,533,125	52,965,546
Less Accumulated depreciation	(35,850,787)	(545,157,701)	(1,617,631,776)	(1,448,719,496)	(90,326,208)	(36,880,916)
Net book amount	160,613,777	290,437,308	773,101,314	244,152,005	25,206,917	16,084,630

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

	Company							
	Land and land improvements	Building and building improvements	Machinery	Tools and factory equipment	Furniture, fixtures, and office equipment	Motor vehicles	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
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
Year ended 30 September 2014								
Opening net book value	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
Reclassifications	-	-	9,301,103	-	-	-	-	9,301,103
Additions	7,479,508	15,893,344	50,732,120	69,526,767	10,734,254	4,033,623	67,797,494	226,197,110
Disposals	-	-	(4,914,715)	(4,260,035)	(145,116)	(292,708)	-	(9,612,574)
Transfers	-	6,117,182	36,742,242	2,438,442	158,400	-	(45,456,266)	-
Depreciation charges	(5,437,958)	(39,719,526)	(128,228,420)	(113,282,940)	(10,496,835)	(7,318,575)	-	(304,484,254)
Closing net book amount	157,256,479	294,978,176	777,873,662	280,189,157	26,586,637	17,111,751	77,057,441	1,631,053,303
As at 30 September 2014								
Cost	186,856,737	788,898,393	2,185,121,226	1,593,024,904	88,086,971	46,308,240	77,057,441	4,967,353,912
Less: Accumulated depreciation	(29,600,258)	(493,920,217)	(1,407,247,564)	(1,314,835,747)	(61,500,334)	(29,196,489)	-	(3,336,300,609)
Net book amount	157,256,479	294,978,176	777,873,662	280,189,157	26,586,637	17,111,751	77,057,441	1,631,053,303
Year ended 30 September 2015								
Opening net book value	157,256,479	294,978,176	777,873,662	280,189,157	26,586,637	17,111,751	77,057,441	1,631,053,303
Additions	9,206,098	28,655,250	52,252,245	70,765,570	6,380,343	5,643,000	86,003,415	258,905,921
Disposals	(1)	(668,432)	(6,555,671)	(3,774,681)	(67,389)	(50,185)	-	(11,116,359)
Transfers	-	688,754	29,649,010	8,981,121	1,921,700	-	(41,240,585)	-
Depreciation charges	(6,392,928)	(36,967,742)	(133,753,249)	(115,665,983)	(11,299,202)	(7,323,588)	-	(311,402,692)
Closing net book amount	160,069,648	286,686,006	719,465,997	240,495,184	23,522,089	15,380,978	121,820,271	1,567,440,173
As at 30 September 2015								
Cost	195,920,434	814,162,825	2,213,911,636	1,657,768,290	93,435,281	51,199,740	121,820,271	5,148,218,477
Less: Accumulated depreciation	(35,850,786)	(527,476,819)	(1,494,445,639)	(1,417,273,106)	(69,913,192)	(35,818,762)	-	(3,580,778,304)
Net book amount	160,069,648	286,686,006	719,465,997	240,495,184	23,522,089	15,380,978	121,820,271	1,567,440,173

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

Depreciation expense of Baht 305,940,563 (2014: Baht 300,222,573) was included in the costs of sales and services, Baht 19,470,127 (2014: Baht 18,627,029) in administrative expenses for the consolidated financial statements.

Depreciation expense of Baht 292,779,902 (2014: Baht 286,668,844) was included in the costs of sales and services, Baht 18,622,790 (2014: Baht 17,815,410) in administrative expenses for the company financial statements.

13 Computer software, net

	Consolidated Baht	Company Baht
As at 30 September 2013		
Cost	62,349,556	38,244,338
<u>Less</u> Accumulated amortisation	(45,790,251)	(27,572,048)
Net book value	<u>16,559,305</u>	<u>10,672,290</u>
Year ended 30 September 2014		
Opening net book value	16,559,305	10,672,290
Additions	4,264,404	3,664,403
Amortisation charges	(2,495,058)	(1,423,296)
Closing net book value	<u>18,328,651</u>	<u>12,913,397</u>
As at 30 September 2014		
Cost	66,613,960	41,908,741
<u>Less</u> Accumulated amortisation	(48,285,309)	(28,995,344)
Net book value	<u>18,328,651</u>	<u>12,913,397</u>
Year ended 30 September 2015		
Opening net book value	18,328,651	12,913,397
Additions	23,243,449	21,812,779
Amortisation charges	(3,443,661)	(2,390,240)
Closing net book value	<u>38,128,439</u>	<u>32,335,936</u>
As at 30 September 2015		
Cost	89,857,409	63,721,520
<u>Less</u> Accumulated amortisation	(51,728,970)	(31,385,584)
Net book value	<u>38,128,439</u>	<u>32,335,936</u>

Amortisation expense of Baht 345,394 (2014: Baht 398,575) was included in the costs of sales and services and Baht 3,098,267 (2014: Baht 2,096,483) in administrative expenses for the consolidated financial statements.

Amortisation expense of Baht 2,390,240 (2014: Baht 1,423,296) was included in the administrative expenses for the company financial statements.

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14 Deferred income taxes

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

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
a) Entity and subsidiary with net deferred tax asset position				
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	3,289,382	3,327,383	2,759,199	2,885,177
Deferred tax assets to be recovered after 12 months	23,598,018	21,791,270	23,598,018	21,791,270
	<u>26,887,400</u>	<u>25,118,653</u>	<u>26,357,217</u>	<u>24,676,447</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	(199,150)	142,049	(199,150)	142,049
Deferred tax liabilities to be settled after 12 months	(7,764,045)	(6,144,243)	(7,676,329)	(6,070,251)
	<u>(7,963,195)</u>	<u>(6,002,194)</u>	<u>(7,875,479)</u>	<u>(5,928,202)</u>
Net deferred taxes (assets)	<u>18,924,205</u>	<u>19,116,459</u>	<u>18,481,738</u>	<u>18,748,245</u>
b) Subsidiary with net deferred tax liability position				
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	338,496	498,772	-	-
Deferred tax assets to be recovered after 12 months	-	-	-	-
	<u>338,496</u>	<u>498,772</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	-	(112,080)	-	-
Deferred tax liabilities to be settled after 12 months	(1,356,574)	(935,038)	-	-
	<u>(1,356,574)</u>	<u>(1,047,118)</u>	<u>-</u>	<u>-</u>
Net deferred taxes (liabilities)	<u>(1,018,078)</u>	<u>(548,346)</u>	<u>-</u>	<u>-</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 entity of the Company and subsidiaries. Deferred tax assets and liabilities are offset where the income taxes relate to the same tax authority, being the Revenue Department.

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

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Opening balance	18,568,113	21,958,066	18,748,245	21,934,874
Credited to the statements of comprehensive income	(661,986)	(3,389,953)	(266,507)	(3,186,629)
Ending balance	<u>17,906,127</u>	<u>18,568,113</u>	<u>18,481,738</u>	<u>18,748,245</u>

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14 Deferred income taxes (Cont'd)

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			2015 Baht
	2014 Baht	Credit (charge) to profit or loss Baht	Other comprehensive income (expenses) Baht	
Deferred tax assets				
Intangible assets	101,499	(45,906)	-	55,593
Accounts receivable and other assets	3,989,439	129,319	-	4,118,758
Provisions and accruals	21,178,862	1,231,877	205,042	22,615,781
Leased tangible equipment	347,625	88,140	-	435,765
	<u>25,617,425</u>	<u>1,403,430</u>	<u>205,042</u>	<u>27,225,897</u>
Deferred tax liabilities				
Leased equipment	(449,448)	(146,698)	-	(596,146)
Plant and equipment	(6,599,864)	(2,123,760)	-	(8,723,624)
	<u>(7,049,312)</u>	<u>(2,270,458)</u>	<u>-</u>	<u>(9,319,770)</u>
Net deferred taxation	<u>18,568,113</u>	<u>(867,028)</u>	<u>205,042</u>	<u>17,906,127</u>
Company				
	Company			2015 Baht
	2014 Baht	Credit (charge) to profit or loss Baht	Other comprehensive income (expenses) Baht	
Deferred tax assets				
Intangible assets	101,499	(45,907)	-	55,592
Accounts receivable and other assets	3,989,439	129,319	-	4,118,758
Provisions and accruals	20,237,884	1,438,376	70,842	21,747,102
Leased tangible equipment	347,625	88,140	-	435,765
	<u>24,676,447</u>	<u>1,609,928</u>	<u>70,842</u>	<u>26,357,217</u>
Deferred tax liabilities				
Leased equipment	(449,448)	(146,698)	-	(596,146)
Plant and equipment	(5,478,754)	(1,800,579)	-	(7,279,333)
	<u>(5,928,202)</u>	<u>(1,947,277)</u>	<u>-</u>	<u>(7,875,479)</u>
Net deferred taxation	<u>18,748,245</u>	<u>(337,349)</u>	<u>70,842</u>	<u>18,481,738</u>

As at 30 September 2015, the Group only recognised those deferred tax assets that in the management's judgement were likely to be realised, due to the historical operating profits generated by the Group's operations and the timings of the tax loss carried forward. This is disclosed in the note regarding the gross deferred and income taxes to enable users of the financial statements to understand the nature of the movements in this balance.

As at 30 September 2015, the Group has no tax loss carried forward.

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

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15 Borrowings

15.1 Bank overdrafts and loans from financial institutions

	Consolidated		Company	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Current				
Bank overdrafts	3,577,578	-	3,577,578	-
Current portion of long-term loans	-	72,000,000	-	72,000,000
	3,577,578	72,000,000	3,577,578	72,000,000
Non-current				
Long-term loans	-	-	-	-
Total loans from financial institutions	3,577,578	72,000,000	3,577,578	72,000,000

The movements in loans from financial institutions for the year ended 30 September 2015 were as follows:

	Consolidated	Company
	Baht	Baht
Opening balance	72,000,000	72,000,000
Repayments of long-term loan	(72,000,000)	(72,000,000)
Closing balance	-	-

Maturity of long-term loans:

	Consolidated		Company	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Not later than 1 year	-	72,000,000	-	72,000,000
Later than 1 year but not later than 5 years	-	-	-	-
	-	72,000,000	-	72,000,000

Loans from financial institutions are in Thai Baht, the details of which are as follows:

In May 2012, the Company entered into an unsecured loan agreement for loan of Baht 200 million with a local branch of a foreign commercial bank. This loan is payable semi-annually starting from November 2012 to November 2014 for Baht 32 million each. Afterwards, in May 2015, the loan is payable for Baht 40 million. This loan bears an interest rate of 3.70 percent per annum.

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15 Borrowings (Cont'd)

15.2 Finance leases

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Finance lease liabilities				
Not later than 1 year	7,794,477	11,543,142	7,794,477	11,543,142
Later than 1 year	31,301,961	39,096,438	31,301,961	39,096,438
Future finance charges on finance leases	(7,962,507)	(10,526,252)	(7,962,507)	(10,526,252)
Present value of finance lease liabilities	31,133,931	40,113,328	31,133,931	40,113,328
Representing lease liabilities:				
- current	5,891,782	9,214,725	5,891,782	9,214,725
- non-current	25,242,149	30,898,603	25,242,149	30,898,603
	31,133,931	40,113,328	31,133,931	40,113,328

Movements in finance lease liabilities for the year ended 30 September 2015 were as follows:

	Consolidated Baht	Company Baht
Opening balance	40,113,328	40,113,328
Additions	-	-
Repayments	(8,979,397)	(8,979,397)
Closing balance	31,133,931	31,133,931

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

	Consolidated		Company	
	2015 %	2014 %	2015 %	2014 %
Bank overdrafts	9.88	-	9.88	-
Short-term loans from financial institutions	-	2.10 - 2.60	-	2.10 - 2.60
Long-term loans from financial institutions	3.70	3.70	3.70	3.70
Finance leases obligation	4.46 - 5.50	4.46 - 5.50	4.46 - 5.50	4.46 - 5.50

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16 Trade and other payables

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Trade accounts payable				
- related companies (Note 25)	197,318,900	211,047,283	213,205,570	226,533,586
Trade accounts payable - other companies	474,695,439	609,028,139	467,455,806	601,133,133
Amount due to related parties (Note 25)	4,136,975	2,183,888	23,755,217	22,298,781
Down payments received from customer	5,962,526	3,281,041	5,962,527	3,281,041
Other payables	79,279,167	73,011,929	77,629,008	72,482,273
Total trade and other payables	761,393,007	898,552,280	788,008,128	925,728,814

17 Accrued expenses

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Accrued bonuses	110,250,437	104,336,397	99,688,234	95,373,779
Accrued employee income taxes	7,478,260	8,224,386	6,313,031	6,940,294
Accrued annual leave refundable	5,254,056	4,938,741	5,254,056	4,938,741
Accrued interest expense	-	1,072,899	-	1,072,899
Other accruals	11,903,954	16,802,114	9,577,218	15,540,140
Total accrued expenses	134,886,707	135,374,537	120,832,539	123,865,853

18 Employee benefit obligations

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

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Present value of unfunded obligations	157,325,899	136,528,661	144,570,220	124,517,633
Unrealised past service cost	(19,389,413)	12,185,444	(18,308,121)	12,101,967
Actuarial (gains) loss	2,383,091	(4,660,337)	438,607	(5,465,653)
Liabilities in the statements of financial position	140,319,577	144,053,768	126,700,706	131,153,947

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

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Opening balance	144,053,768	121,114,496	131,153,947	110,489,150
Current service cost	15,291,273	13,155,793	14,183,897	12,166,971
Interest cost	5,252,486	4,826,623	4,828,708	4,429,763
Recognition of past service cost	(19,389,413)	12,185,444	(18,308,121)	12,101,967
Actuarial (gains) loss	2,383,091	(4,660,337)	438,607	(5,465,653)
Benefits paid	(7,271,628)	(2,568,251)	(5,596,332)	(2,568,251)
Ending balance	140,319,577	144,053,768	126,700,706	131,153,947

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18 Employee benefit obligations (Cont'd)

The amounts recognised in the statements of comprehensive income were as follows:

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Current service cost	15,291,273	13,155,793	14,183,897	12,166,971
Interest cost	5,252,486	4,826,623	4,828,708	4,429,763
Recognition of past service cost	(19,389,413)	12,185,444	(18,308,121)	12,101,967
Total	1,154,346	30,167,860	704,484	28,698,701

Expense of Baht 1,338,520 (2014: Baht 24,004,243) was included in the costs of sales and services and income of Baht 171,334 (2014: Expense of Baht 6,163,617) was included in administrative expenses for the consolidated financial statements.

Expense of Baht 875,818 (2014: Baht 22,535,084) was included in the costs of sales and services and income of Baht 171,334 (2014: Expense of Baht 6,163,617) was included in administrative expenses for the company financial statements.

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

	2015	2014
Discount rate	3.5%	3.75%
Inflation rate	3%	3%
Future salary increase rates	4% - 7%	4% - 7%
Retirement age	58 years old	55 years old

19 Share capital and share premium

	Consolidated and Company		
	Number of shares	Ordinary shares Baht	Share premium Baht
As at 30 September 2014	200,000,000	200,000,000	298,000,000
As at 30 September 2015	200,000,000	200,000,000	298,000,000

As at 30 September 2015, the total number of registered ordinary shares was 200 million shares (2014: 200 million shares) with a par value of Baht 1 per share (2014: Baht 1 per share). All issued shares are fully paid-up.

20 Legal reserve

Under the Public Companies Act, B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of profit derived from the business of the Company after accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered share capital. This reserve is non-distributable.

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21 Expenses by nature

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

	Consolidated	
	2015 Baht	2014 Baht
Raw materials and consumables used	2,311,715,178	2,645,877,941
Changes in inventories of finished goods and work in progress	(20,192,922)	(15,967,120)
Depreciation on investment property, land improvements, property plant and equipment (Notes 11 and 12)	325,687,094	319,152,874
Staff costs	698,289,849	711,120,846
Advertising and promotion expenses	16,720,921	25,720,298
Amortisation charges (Note 13)	3,443,661	2,495,058
Rental expenses	1,990,722	1,537,013
	Company	
	2015 Baht	2014 Baht
Raw materials and consumables used	2,289,785,948	2,622,224,119
Changes in inventories of finished goods and work in progress	(18,251,497)	(21,008,492)
Depreciation on investment property, land improvements, property plant and equipment (Notes 11 and 12)	311,933,644	305,183,516
Staff costs	638,167,034	655,350,353
Advertising and promotion expenses	16,720,921	25,720,298
Amortisation charges (Note 13)	2,390,240	1,423,296
Rental expenses	1,990,722	1,537,013

22 Finance costs

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Interest expenses	2,837,690	6,588,496	2,836,421	6,588,292
Bank charges	247,965	248,541	210,712	226,663
Total finance costs	3,085,655	6,837,037	3,047,133	6,814,955

23 Income taxes

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Taxation				
Current taxes	82,316,567	49,584,494	80,964,482	47,780,481
Deferred taxation				
Origination and reversal of temporary differences	867,027	2,496,112	337,349	2,249,021
Income tax expenses	83,183,594	52,080,606	81,301,831	50,029,502

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23 Income taxes (Cont'd)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the company as follows:

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Profit before taxes	524,704,787	365,550,284	588,635,644	336,949,457
Income taxation at statutory tax rates 20%	104,940,957	73,110,057	117,727,129	67,389,891
Tax effect of:				
Expenses not deductible for tax purpose	4,060,821	9,433,058	3,501,676	9,046,211
Income not subject to tax	(25,818,184)	(30,462,509)	(39,926,974)	(26,406,600)
Income tax expenses	83,183,594	52,080,606	81,301,831	50,029,502

24 Basic earnings per share

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

	Consolidated		Company	
	2015	2014	2015	2015
Net profit attributable to equity holders of the parent (Baht)	441,520,628	313,469,138	507,333,813	507,333,813
Weighted average of issued ordinary shares outstanding (Shares)	200,000,000	200,000,000	200,000,000	200,000,000
Basic earnings per share (Baht per share)	2.21	1.57	2.54	2.54

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

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25 Related party transactions

During the year, the Group and the Company 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.

	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, equipment	Prices which approximate to the price charged to a third party
Research and development Expenses	Prices as agreed in the contract
Finance lease interest	Interest rates as agreed in the contract
Technical assistance fee expenses	Prices as agreed in the contract which based on percentage of sales
Advertising expenses	Prices which approximate to the price charged to a third party

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

	Consolidated		Company	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Sales of goods				
Related parties	1,619,068,608	1,479,078,023	1,619,068,608	1,479,078,023
Service and other income				
Related parties	10,562,836	10,420,758	10,562,836	10,420,758
Rental income				
Subsidiaries	-	-	2,879,100	2,879,100
Related parties	1,683,300	1,683,300	1,683,300	1,683,300
	1,683,300	1,683,300	4,562,400	4,562,400
Dividend income				
Subsidiary	-	-	93,100,732	-
Purchases of raw materials				
Related parties	558,583,453	540,765,094	558,583,453	540,765,094
Purchases of equipment				
Subsidiaries	-	-	60,296,833	61,095,792
Research and development expense				
Subsidiaries	-	-	86,029,285	83,578,742
Related parties	196,891	-	-	-
	196,891	-	86,029,285	83,578,742

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25 Related party transactions (Cont'd)

The significant related company transactions for the years ended 30 September are summarised as follows:
 (Cont'd)

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Technical assistance fee expenses				
Related parties	71,759,660	80,084,337	69,028,960	74,654,337
Advertising expenses				
Related parties	7,180,000	6,230,400	7,180,000	6,230,400
Interest expenses under finance leases				
Related parties	1,420,398	1,561,975	1,420,398	1,561,975

The Company entered into rental agreements of land, building, and machinery and equipment with two subsidiaries and three related companies at total annual rental income of approximately Baht 4.6 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 2014 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 finance lease 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.

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25 Related party transactions (Cont'd)

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

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Trade accounts receivable				
Subsidiaries	-	-	-	-
Related companies	336,805,383	316,503,518	335,777,296	315,206,642
Total trade accounts receivable	336,805,383	316,503,518	335,777,296	315,206,642
Amounts due from related companies				
Subsidiaries	-	-	239,925	239,925
Related companies	1,319,415	1,220,078	1,319,415	1,220,078
Total amounts due from related companies	1,319,415	1,220,078	1,559,340	1,460,003
Trade accounts payable				
Subsidiaries	-	-	15,886,670	15,580,124
Related companies	197,318,900	211,047,283	197,318,900	210,953,462
Total trade accounts payable	197,318,900	211,047,283	213,205,570	226,533,586
Amounts due to related parties				
Subsidiaries	-	-	20,675,075	22,273,218
Related companies	4,136,975	2,183,888	3,080,142	25,563
Total amounts due to related companies	4,136,975	2,183,888	23,755,217	22,298,781

Directors and management's remuneration

The Company and its subsidiaries have the compensation paid or payable to their key directors and management for the years ended 30 September 2015 and 2014 as follows:

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Salaries and short-term employee benefits	41,330,252	35,140,600	41,330,252	35,140,600
Post-employee benefits	576,630	555,469	576,630	555,469
Other long-term employee benefits	542,944	485,353	542,944	485,353
	42,449,826	36,181,422	42,449,826	36,181,422

26 Commitments

As at 30 September 2015, there were outstanding bank guarantees of approximately Baht 20.99 million (2014: Baht 20.83 million) issued by banks to the Provincial Electricity Authority for electricity consumption on behalf of the Company.

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27 Segment information

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

Financial information of the Group for the years ended 30 September 2015 and 2014 classified by market are presented as follows:

	Consolidated (Baht)		
	Local	Export	Total
For the year ended 30 September 2015			
Sales	3,789,991,010	1,336,288,758	5,126,279,768
Costs of sales	(3,300,030,394)	(1,030,688,315)	(4,330,718,709)
Gross margin	489,960,616	305,600,443	795,561,059
Other income			59,970,934
Selling expenses			(86,340,512)
Administrative expenses			(220,821,341)
Other expenses			(20,579,698)
Financial costs			(3,085,655)
Income tax expense			(83,183,594)
Net profit			441,521,193
For the year ended 30 September 2014			
Sales	4,081,477,928	1,373,481,463	5,454,959,391
Costs of sales	(3,685,590,898)	(1,103,848,732)	(4,789,439,630)
Gross margin	395,887,030	269,632,731	665,519,761
Other income			41,562,564
Selling expenses			(97,904,181)
Administrative expenses			(220,129,299)
Other expenses			(16,661,524)
Financial costs			(6,837,037)
Income tax expense			(52,080,606)
Net profit			313,469,678

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28 Promotional privileges

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

Details	Inoue Rubber (Thailand) Public Company Limited		Kin No Hoshi Engineering Company Limited		IRC (Asia) Research Limited
	1992(2)/2554 28 June 2011	2277(1)/2554 27 April 2010	1682(2)/2550 12 July 2007	1302(1)/2555 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)/2548 16 March 2005 Research and Development
2. Promotional privileges for					
3. The significant privileges are					
3.1 Exemption of corporate income tax for net income from promotional operations and exemption of income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.	3 years	8 years	8 years	8 years	8 years
3.2 Allowance for carry-forward of annual loss from operations incurred during the exemption of corporate income tax on net income to offset with net income for a period of 5 years, after exemption period in 3.1.	Granted	Granted	Granted	Granted	Granted
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	None	None
4. Date of first earning operating income	October 2012	October 2012	May 2010	October 2012	October 2011

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28 Promotional privileges (Cont'd)

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

	Consolidated					
	BOI		non-BOI		Total	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Sales						
Export	323,284,442	337,824,223	1,013,004,316	1,035,657,240	1,336,288,758	1,373,481,463
Local	427,261,486	532,418,807	3,362,729,524	3,549,059,121	3,789,991,010	4,081,477,928
	<u>750,545,928</u>	<u>870,243,030</u>	<u>4,375,733,840</u>	<u>4,584,716,361</u>	<u>5,126,279,768</u>	<u>5,454,959,391</u>
	Company					
	BOI		non - BOI		Total	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Sales						
Export	323,284,442	337,824,223	1,012,711,043	1,035,243,689	1,335,995,485	1,373,067,912
Local	427,261,486	532,418,807	3,362,036,464	3,548,018,409	3,789,297,950	4,080,437,216
	<u>750,545,928</u>	<u>870,243,030</u>	<u>4,374,747,507</u>	<u>4,583,262,098</u>	<u>5,125,293,435</u>	<u>5,453,505,128</u>

29 Dividends paid

At the Annual General Meeting of shareholders held on 29 January 2015, the shareholders passed a resolution approving dividend payment from its operating results for 2014 at Baht 0.6269 per share (from BOI-promoted operations Baht 0.4950 per share and Non-BOI-promoted operations Baht 0.1319 per share), totaling Baht 125.38 million. The dividends were distributed on 19 February 2015.

At the Annual General Meeting of shareholders held on 29 January 2014, the shareholders passed a resolution approving 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 dividends were distributed on 24 February 2014.

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30 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 foreign exchange forward 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

Foreign exchange forward contracts were entered into to manage exposure to fluctuations in foreign currency exchange rates for specific transactions.

Foreign exchange forward contracts outstanding at 30 September are summarised as follows:

Foreign currency	2015		2014	
	Sold amount Million	Bought amount Million	Sold amount Million	Bought amount Million
US Dollars	0.83	1.75	0.63	1.44
Japanese Yen	290.13	56.96	307.38	94.57
Euro	-	0.25	-	0.19

Net fair values

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

	Consolidated	
	2015 Baht	2014 Baht
Favourable forward foreign exchange contracts	6,767,062	615,814
Unfavourable forward foreign exchange contracts	(1,409,052)	(6,066,575)
Net	5,358,010	(5,450,761)

The fair values of foreign exchange forward contracts have been calculated using market price rates quoted by the Group's banks as if such forward contracts were to be terminated the contracts at the financial position date.

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

	Consolidated		Company	
	2015 Million	2014 Million	2015 Million	2014 Million
Assets				
US Dollars	1.53	2.79	1.53	2.79
Japanese Yen	54.60	86.18	54.60	86.18
Euro	0.28	0.22	0.28	0.22
Liabilities				
US Dollars	1.13	1.70	1.13	1.70
Japanese Yen	317.25	369.32	317.25	369.32

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30 Financial instruments (Cont'd)

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.

31 Subsequent events

On 24 November 2015, the Board of Directors' Meeting of the Company No. 8/2015 passed a resolution approving the proposed dividend payment from its operating results for 2015 at Baht 0.883 per share (from BOI-promoted operations Baht 0.123 per share and non-BOI promoted operations Baht 0.76 per share), totaling Baht 176.60 million. The dividend payment will later be proposed for approval in the Annual General Meeting of the Company's shareholders.



Inoue Rubber (Thailand) Public Co.,Ltd.

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