



Inoue Rubber (Thailand) Public Co., Ltd.



ANNUAL REPORT 2019

Drive the Creative Innovation

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Remarks

- 1) Social Responsibility data appears in the Sustainability Report 2019 at the backside of Annual Report
- 2) Investors can find more information of Inoue Rubber Public Company Limited from the Annual Registration Statement (Report 56-1) posted on the Securities and Exchange Commission's website at www.sec.or.th or on the Company's website at www.ircthailand.com



About IRC

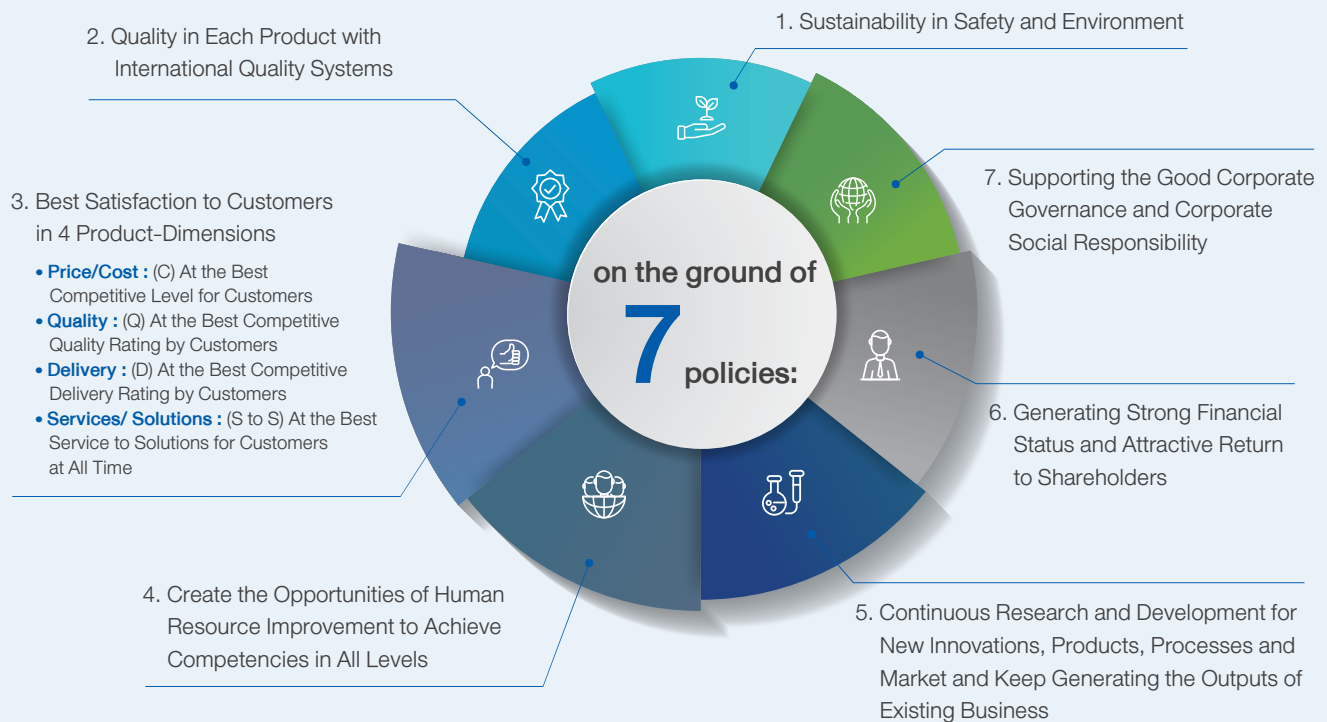
Inoue Rubber (Thailand) Public Co., Ltd. “IRC” is a joint-venture company, established on December 15, 1969 with the aim to manufacture elastomer products for automotive and other industries, and motorcycle tires and tubes with high quality at the international standard. Those quality products are manufactured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

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

“*Be the Leading Company in Innovation Development and the Smart Factory of Quality Elastomer Products, Motorcycle Tires and Tubes in AEC*”

Vision & Mission

“Be the Leading Company in Innovation Development and the Smart Factory of Quality Elastomer Products, Motorcycle Tires and Tubes in AEC”



Corporate Core Values and Cultures



Financial Highlight

Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

As of September 30th, 2019

	2017	2018	2019
Statement of Comprehensive Income			
Sales and services income	5,232,565	5,562,408	5,429,643
Costs of sales and services	4,465,927	4,788,679	4,865,662
EBIT	510,516	432,473	196,934
Net Profit	423,790	358,616	166,542
Total Assets	4,631,757	5,058,055	4,848,781
Total Liabilities	1,214,885	1,461,757	1,267,701
Total Equity	3,416,872	3,596,299	3,581,080

Unit : Thousand Baht

Financial Ratios

Net Profit Margin (%)	8.10	6.45	3.07
Return on Assets (ROA) (%)	9.15	7.09	3.43
Return on Equity (ROE) (%)	12.40	9.97	4.65
Debt to Equity (D/E)	0.36	0.41	0.35
Earnings per share (THB)	2.12	1.79	0.83
Book Value per share (THB)	17.08	17.98	17.91

Message from the Executive Chairman



A handwritten signature in black ink, appearing to read 'Pimjai'.

(Mrs. Pimjai Leeissaranukul)
Executive Chairman

“

“IRC aims to become an organization with sustainable growth, enhancing awareness toward economy, society and environment under the vision & mission of “Be the leading Company in Innovation Development and the Smart Factory of Quality Elastomer Products, Motorcycle Tires and Tubes in AEC” under strong ‘IRC DNA’ foundation”

”

Dear All Shareholders

In FY 2019, Inoue Rubber (Thailand) Public Company Limited (**IRC**) has encountered a number of challenges in several aspects, namely domestic and international economy, evolving social trends, and environment-related issues, which have brought about the Company’s challenges in sustainable adaptation towards the changes and continuously improve potentiality. The overall operating performance in FY 2019 has been affected by the constant global and Thai economic recession influenced by the US-China trade war, The trend of EV (electric vehicle) development, climate change, digital and technological transformation, and the amendment to the Labor Protection Act 2019, which bring about the better benefits and welfare for Thai people. As a result, in FY 2019, IRC achieved 197.60 million baht of EBIT and 167.79 million baht of net profit which translated to 0.84 baht of EPS. However, the company was able to maintain the market shares and expand market to other industries well.

Vision and Mission together with the Sustainable Growth Concept

Economic Aspect (Innovate for Growth)

In 2019, IRC has been inventing, researching, and developing innovative products and production process including automation in order to maintain and improve IRC's strengths for sustainable growth. As a testament to such effort, IRC has consistently won the "Automation Award" from the Japanese Inoac Corporation and IRC has also remodeled its production process from 'mass production' to 'mass customization' to increase competitiveness based on the 'Quality Policy', which is "Quality First, Delivery on Time, and Customer Satisfaction". This has culminated in product reliability, coupled with remarkable revenue growth in the successfully market share and increased car market share of; for example, ISUZU D-MAX, TOYOTA ALTIS, MAZDA 3, etc. Moreover, the Company has expanded to new market by doing R&D in new products such as products in other industries; for example, Vi-pafe rubber floor and on-road rubber furnitures like "Glare Screen Protection". Furthermore, there were new 23 models of motorcycle's tire that is made to the customer's order. These performance emphasize the Company's goal that we are stepping forward to *"Be the leading Company in Innovation Development and the Smart Factory"* as expected.

Social Aspect (Responsibility to Stakeholders)

IRC aims to create shared value to bring the maximum benefits to all people in the society. We have continued and launched several corporate social responsibility (CSR) projects in certain communities, for example, *'Career for Life'*, which was based on the concept of *"returning good citizens back to the society"*. For consecutive six years, the Company has introduced ethics, morality, positive attitude building and vocational training program to female prisoners. Moreover, we have the *'Klongpang Cooperative'* project, under the concept of IRC becoming the *'partner'* in developing the capacity of Thai rubber farmers by adding value to natural rubber through globally-accepted quality standard, and finally help uplift the quality of life and promote sustainable growth among local communities. Additionally, IRC has offered its concrete support to Thailand 4.0 policy by obviously launched the *'Supply Chain Development for Thailand 4.0'* project, which focuses on developing the Company's suppliers to understand and be able to initiate new ideas to improve the efficiency of working process to increase sales as well as reducing excessive cost and waste stemming from the production process. Nevertheless, the Company has also promoted the safety driving campaign through

'Safe Ride – IRC Care' and *'Safe Drive campaign during long holiday'* projects to raise awareness of "safety", particularly for motorcycle riders.

Importantly, we also emphasize on the development of *'IRC People'* as it is considered as the most valuable fundamental toward sustainability. The *'IRC DNA'* model unveils three key development strategies focusing on the concept of 1. "Our Company Our Home", 2. "Corporate Culture", and 3. "Competency Development and Career Path". With our long-standing reputation of Corporate Citizenship, we are always aware of pursuing good corporate governance principles. The IRC crew unanimously signed on the ratification and announced our honest intention to fight against corruption of all kinds.

Environmental Aspect (Create Green Culture)

To cope efficiently with the severe climate change and support the international Paris Agreement, IRC has realized the importance of resource efficiency and facilitated green culture in all operations of the organization, according to the *'Zero Waste'* policy that focuses on the *'Reduce, Reuse, and Recycle'* or *'3Rs'* concept, altogether with water management, energy conservation, and office waste management, dust, smell and heat reduction in the workplace, solar panel installation for sustainable use of energy, and advocacy of alternative clean energy to help reduce greenhouse gas. This effort was rewarded through the "Reduce Greenhouse Gas Certification" from Thailand Greenhouse Gas Management Organization (Public Organization).

For 50 years, IRC has grown sustainably and become concretely successful because, in FY 2019, the Company won an award at *ASEAN Business Awards 2019* in *"17 Priorities Integration Sectors: Rubber-Based (Large-Tier)"* category, and accredited with the *'ESG 100'* certificate for the outstanding performance in environmental, social, and governance aspects for four years consecutively. Moreover, the Company has been rated with *'Very Good' CG scoring* by the Thai Institute of Directors for five consecutive years. In addition, IRC has also been listed on the *'Thailand Sustainability Investment (THSI)'* for three years consecutively. These remarkable achievements confirm the Company as the 'Role model' for outstanding sustainable performance certified by the Stock Exchange of Thailand (SET).

The aforementioned achievements are not possible without substantial support provided by valued shareholders. I would like to thank all related sectors for contribution to IRC's efficient and sustainable growth. More importantly, I believe that our strong emphasis on three key development areas, including economy, society, and environment, will propel IRC's to future progress and prosperity alongside the Thai society sustainably.

Board of Directors



Mrs. Pimjai Leeissaranukul



Mr. Katsunori Ito



Mr. Soichi Inoue



Mr. Thanong Leeissaranukul



Mr. Apichart Leeissaranukul



Mrs. Porntip Sethiwan



Mr. Masayuki Inoue



Mrs. Anchalee Chavanich



Assoc.Prof.
Jaruporn Viyanant



Mr. Kittichai Raktakanit



Mr. Surong Bulakul



Mr. Kazuo Sato

Executive Committee



Mr. Katsunori Ito



Mrs. Pimjai Leeissaranukul



Mr. Takeshi Arakawa



Ms. Witchuda Kupongsak



Mr. Shigeyuki Hosokawa



Mr. Mitsuhiro Ito



Mr. Chaowalit Meethongkum



Mr. Narongchai Rattanaekkawin



Mr. Suchart Kootiratrakarn



Mr. Kazuaki Yamada



Mr. Hiroyuki Hibi

Details of Directors



Mrs. Pimjai Leeissaranukul

Position

Executive Chairman /
Executive Director /
Authorized Director /
Vice Chairman of the Executive Committee

Age 58 years

Appointment Year 1993

Shareholding Proportion 2.78%

Highest Education

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

Training

Director Training in 2019

- Exponential Manufacturing, SingularityU Thailand Summit in collaboration with the Federation of Thai Industries

Thai Institute of Directors Association (IOD)

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

Other Training

- Thailand Energy Academy Class 11 (TEA 11), Thailand Energy Academy
- Diploma, National Defence College, The National Defence Course Class 26/2013
- Leadership Program Class 10, Capital Market Academy (CMA)
- ACMA Business Forum 2017, Capital Market Academy (CMA)
- Business Revolution and Innovation Network Batch 1 (BRAIN 1), The Federation of Thai industries

Past Working Experience

2013 – Present	Executive Chairman of Inoue Rubber (Thailand) PCL. Honorary Chairman of Inoac Tokai (Thailand) Company Ltd.
2018 – Present	Vice President of the Federation of Thai Industries Chairman of Industrial Excellence Center (IEC), the Federation of Thai Industries Director of funding, Thailand National Defense College (NDC) – The Joint Stage Private Sector Regular Course, 26
2017 – Present	The Board Member of ASEAN Woman Entrepreneur Network (AWEN)
2016 – Present	Member of the Board, Association of Capital Market Academy (ACMA)
2014 – Present	Consultants of the Board of Thai Women Engineers, The Engineering Institute of Thailand
2010 – Present	Global Advisory Board Members of Babson College, MA, USA
2008 – Present	Member of the Young Thai Entrepreneurs Association (YTEA)
2006 – Present	Director of Daido Sittipol Co., Ltd.
2003 – Present	Director of Wang Chula Co., Ltd.
2001 – Present	Director of Kinno Hoshi Engineering Co., Ltd.
1995 – Present	Director of Sungold Holding Co., Ltd. Director of IRC (Asia) Research Co., Ltd. President of Thai Inoac Components Co., Ltd.
1993 – Present	Director of Sopa-Kanok International Co., Ltd.
1983 – Present	Director of Thai Stanley Electric PCL.
2016 – 2018	Vice President of Thailand Forest Certification Council (TFCC), The Federation of Thai Industries Director and Deputy Secretary of The Federation of Thai Industries
2015 – 2018	Member of the Board and Deputy Secretary General, Public Relations, The Federation of Thai Industries
2014 – 2018	Director, Student of National Defense College, The Joint State - Private Sector Class 2013
2014 – 2016	Member of the Board of Thai Women Engineers, The Engineering Institute of Thailand



Mr. Katsunori Ito

Position

President / Executive Director / Authorized Director / Chairman of Executive Committee / Vice-Chairman of Risk Management Committee

Age 57 years

Appointment Year 2018

Shareholding Proportion -None-

Highest Education

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

Training

Director Training in 2019

- Director Accreditation Program (DAP) Class 158/2019

Past Working Experience

2018 – Present	President, Chairman of Executive Committee, and Vice-Chairman of Risk Management Committee, Inoue Rubber (Thailand) PCL. Director of Sungold Holding Co., Ltd. Director of Thai Inoac Components Co., Ltd. Director of Kinno Hoshi Engineering Co., Ltd.
2016 – Present	Executive Committee Member of Inoue Rubber (Thailand) PLC.
2014 – 2018	Executive Director of IED Business Unit, Inoue Rubber (Thailand) PLC.
2013 – 2018	Director of IRC (Asia) Research Co., Ltd.
2011 – 2013	Manager of Rubber and Elastomer Division, Inoac Corporation Co., Ltd.
2009 – 2011	Managing Director of Inoac Vietnam Co., Ltd.



Mr. Soichi Inoue

Position

Director

Age 90 years

Appointment Year 1993

Shareholding Proportion -None-

Highest Education

- Bachelor's degree in Economics, Kobe University, Japan

Training

–

Past Working Experience

1969 – Present	Director of Inoue Rubber (Thailand) PCL.
2000 – Present	Chairman & CEO of Inoac Corporation Co., Ltd.
1975 – Present	President of Inoac International Co., Ltd.
1973 – Present	President of Inoue Rubber Co., Ltd., Japan
1986 – Present	President of Inoac Technical Center Co., Ltd.



Mr. Thanong Leeissaranukul

Position

Director / Authorized Director

Age 59 years

Appointment Year 1993

Shareholding Proportion 2.19%

Highest Education

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

Training

Thai Institute of Directors Association (IOD)

- DAP Director Accreditation Program Class 136/2017

Past Working Experience

1986 – Present	Director of Inoue Rubber PCL.
2017 – Present	President of M Vision PCL.
2015 – Present	Director of Studio 888 Co., Ltd.
	Director of Sonic Design (Thailand) Co., Ltd.
	Member of sub-committee of Public Relations, Organ Donation Center, Thai Red Cross Society
2014 – Present	Director of Pacific Auto Part Co., Ltd.
2007 – Present	President of Kanok-Sopa Foundation
2006 – Present	Director of Budsayapan Co., Ltd.
2003 – Present	Director of Wang Chula Co., Ltd.
2001 – Present	President of Smart Sport Promotion Co., Ltd.
1998 – Present	Director of The Studio Production Co., Ltd.
1996 – Present	President of Bike Clinic Co., Ltd.
	Vice President of Daido Sittipol Co., Ltd.
	Managing Director of Seng Guan Hong Co., Ltd.
1995 – Present	Executive Director of Total Oil (Thailand) Co., Ltd.
	Director of Thai Inoac Components Co., Ltd.
	Director of Sungold Holding Co., Ltd.
	Director of IRC (Asia) Research Co., Ltd.
1993 – Present	Director of Sopa - Kanok International Co., Ltd.
1986 – Present	Managing Director of The Sittipol 1919 Co., Ltd.
1983 – Present	Director of Thai Stanley Electric PCL.



Mr. Apichart Leeissaranukul

Position

Director

Age 56 years

Appointment Year 1993

Shareholding Proportion 2.35%

Highest Education

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

Training

Director Training in 2019

- Property Tax Course, Omega world class Research Institute

Thai Institute of Directors Association (IOD)

- DCP Director Certification Program Class 8/2001

Other Training

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

Past Working Experience

1991 – Present	Director of Inoue Rubber (Thailand) PCL.
2019 – Present	Vice-President of Investor Club Association
2016 – Present	Independent Director, Nominating and Remuneration Committee, LEO Global Logistics PCL.
2014 – Present	Director of Pacific Auto Part (Thailand) Co., Ltd.
2013 – Present	Chairman of Thai Stanley Electric PCL.
2006 – Present	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 Wang Chula 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.
1994 – Present	Director of Budsayapan 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.
2004 – 2019	Executive Director of Investor Club Association



Mrs. Porntip Sethiwan

Position

Director

Age 52 years

Appointment Year 1993

Shareholding Proportion 2.44%

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 Working Experience

1991 – Present	Director of Inoue Rubber (Thailand) PCL.
2014 – Present	Managing Director of Pacific Auto Part (Thailand) Co., Ltd.
2006 – Present	Director of IRC (Asia) Research Co., Ltd.
2003 – Present	Director of Wang Chula Co., Ltd.
1996 – Present	Vice-President of Bike Clinic Co., Ltd.
	Director of Daido Sittipol Co., Ltd.
1993 – Present	Director of Sopa-Kanok International Co., Ltd.
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 PCL.



Mr. Masayuki Inoue

Position

Director / Authorized Director

Age 54 years

Appointment Year 1993

Shareholding Proportion -None-

Highest Education

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

Training

Thai Institute of Directors Association (IOD)

- DCP Director Certification Program Class 65/2007

Past Working Experience

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



Mr. Surong Bulakul

Position

Independent Director / Chairman of Risk Management Committee

Age 64 years

Appointment Year 2015

Shareholding Proportion -None-

Highest Education

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

Training

Director Training in 2019

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

Thai Institute of Directors Association (IOD)

- Directors Certification Program (DCP 121/2009)

Others

- Capital Market Academy Leadership Program Class 10, CMA
- Program for Management Development, Harvard University, Boston, U.S.A.
- Democratic Politics and Governance for High-Level Administrators Program, King Prajadhipok's Institute Thailand, Class 8
- The National Defense College (The Joint State-Private Sector) Course 4919, NDC
- The Program for Senior Executives on Criminal Justice Administration, National Justice Academy, Thailand, Class 15
- Thai Intelligent Investors Program, Thai Investors Academy, Class 1
- Executive Program, Thailand Energy Academy, Class 2
- Leadership Development Program (LDP 2) by PLLI

Past Working Experience

2015 – Present	Independent Director/ Chairman of Risk Management Committee Inoue Rubber (Thailand) PCL.
2018 – Present	Chairman of Expressway Authority of Thailand Senior Expert Director of Thailand Institute of Justice Independent Director of National ITMX Co., Ltd. Director of Provincial Electricity Authority
2017 – Present	Advisor of Thai Listed Companies Association, Stock Exchange of Thailand (SET) Advisor of Federation of Thai Capital Market Organizations (FETCO)
2016 – Present	Director of Bangkok Industrial Gas Co., Ltd.
2015 – Present	Vice Chairman of the Thai Chamber of Commerce
2014 – Present	Director of Tiger Energy Trading Pte. Ltd. (Singapore) Director of 24M Technologies, Inc. (U.S.A.)
2017 – 2019	Advisor of The Office of the Securities and Exchange Commission (SEC)
2017 – 2018	Chairman of Port Authority of Thailand
2014 – 2019	Chairman of Sakari Resources Ltd. (Singapore)
2014 – 2016	Director of the Federation of Thai industries
2014 – 2015	Chief Operation Officer Infrastructure of PTT PCL
2013 – 2019	Chairman of Global Power Synergy Public Company Limited



Mrs. Anchalee Chavanich

Position

Independent Director /
Chairman of Audit Committee

Age 69 years

Appointment Year 2018

Shareholding Proportion -None-

Highest Education

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

Training

Thai Institute of Directors Association (IOD)

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

Other Training

- Diploma, National Defence College, The Joint State - Private Sector Course Class 11/2541, Thailand National Defence College
- Advance Security Management Program Class 3/2555, Thailand National Defence College
- Leadership Program Class 7/2551, Capital Market Academy
- Politics and Democratic Governance System Course for Executive Management Class 6/2002, King Prajadhipok's Institute
- Thailand Energy Academy Class 3/2014, Thailand Energy Academy
- Advanced Administrative Justice Executive Class 4/2012, College of Administrative
- Rule of Law for Democracy Class 2/2014, The Constitutional Court of the Kingdom of Thailand

Past Working Experience

2018 – Present	Chairman of Audit Committee/ Independent Director, Inoue Rubber (Thailand) PCL. Honorary Member of the Dhurakij Pundit University Council
2017 – Present	Honorary Advisor of the Eastern Economic Corridor (EEC) Director of WHA Industrial Development PCL.
2016 – Present	Director of B. Grimm Power PCL.
2011 – Present	President of Thai Industrial Estate and Strategic Partner Association
2000 – Present	President of Coral & Coastal Conservation Foundation
2016 – 2017	Board of Director, the Economic Steering Sub-Committee Industries and Service (National Reform Steering Assembly) Advisor, Commission National Reform Steering Assembly (Energy)
2015 – 2016	Member of the National Reform Council (NRC)
2013 – 2014	Chairperson, Electricity Generating Authority of Thailand (EGAT)
2011 – 2013	President, Siam Solar Co., Ltd. Board of Director, the Engineering Institute of Thailand Under H.M the King's Patronage (Chairperson of Thai Women Engineers)
2000 – 2015	Governor of Industrial Estate Authority of Thailand



Assoc.Prof. Jaruporn Viyanant

Position

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

Age 75 years

Appointment Year 2015

Shareholding Proportion -None-

Highest Education

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

Training

Director Training in 2019

- Cyber Security: Public Security Cyber Security Act, SET
- Reinventing Confidence in Accounting Profession, Faculty of Accountant at Thammasat University in corroboration with SET
- Decode the government market entry with the Thai Innovation Accounting Program, ThaiBIO
- BOT Symposium 2019: Competitive Thailand, Bank of Thailand and Puey Ungphakorn Institute for Economic Research
- Audit Committee Forum 2019: Strategic Audit Committee: Beyond Figure and Compliance, organized by IOD, SEC, Deloitte, EY, KPMG, and PwC
- The list of accounting data that the auditor proposed for listed companies to amend the financial statements for the year 2018 (audit adjustments), SET

Thai Institute of Directors Association (IOD)

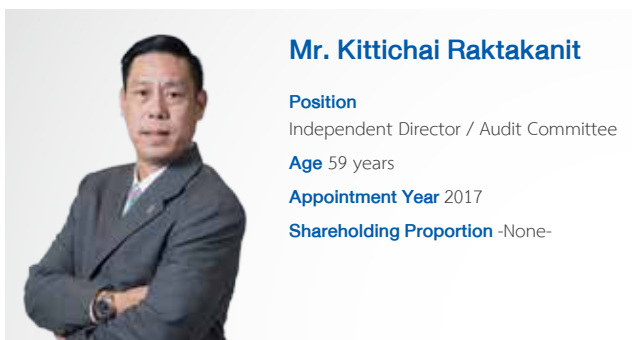
- DCP Director Certificate Program
- DCPU Director Certificate Program Update
- ACP Audit Committee Program
- MFM Monitoring Fraud Risk Management
- MIA Monitoring the Internal Audit Function
- MIR Monitoring the System of Internal Control and Risk Management
- MFR Monitoring the Quality of Financial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

Other Training

- Capital Market Academy Leadership Program Class 10

Past Working Experience

2015 – Present	Independent Director, Audit Committee, and Chairman of CGSR Committee of Inoue Rubber (Thailand) PCL.
2017 – Present	Independent Director, Chairman of Audit Committee of BBGI PCL.
2014 – Present	Independent Director, Audit Committee, Nomination and Remuneration Committee of Ocean Life Insurance PCL.
2012 – Present	Independent Director, Chairman of Audit Committee, Chairman of the Corporate Governance Committee, Nomination and Remuneration Committee of VGI Global Media PCL.
2014 – Present	Sub-Committee of Monitoring and Evaluation, Office of The National Broadcasting and Telecommunications Commission
2008 – Present	Academic Professional, Faculty of Commerce and Accountancy, Thammasat University
2012 – 2019	Member of the Audit Committee of Digital Government Development Agency
2018 – 2018	Audit and Corporate Governance Sub-Committees , Thailand Arbitration Centre, Ministry of Justice
2016 – 2017	Independent Director, Chairman of Audit Committee, and Nomination and Remuneration Committee of KSL Green Innovation PCL.
2012 – 2014	Executive director of Electronic Government Agency (Public Organization)
2011 – 2014	Committee of the Financial Institutions Policy, Bank of Thailand
2010 – 2012	Expert Committee of the Anti-Money Laundering Office (AMLO)
2009 – 2015	Senior Director of Insurance Business Chamber
2009 – 2011	Director and Chairman of Audit of the Stock Exchange of Thailand



Mr. Kittichai Raktakanit

Position

Independent Director / Audit Committee

Age 59 years

Appointment Year 2017

Shareholding Proportion -None-

Highest Education

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

Training

Thai Institute of Directors Association (IOD)

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

Other Training

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

Past Working Experience

2017 – Present	Independent Director, Member of Audit Committee of Inoue Rubber (Thailand) PCL.
2019 – Present	Director of Loxley Property Development Co.,Ltd.
2016 – Present	Independent Director, SEAMICO SECURITIES PLC.
	Chairman of Loxley System Integrator Co.,Ltd.
	Director of Loxley Evaluation Technology Co.,Ltd.
2015 – Present	Director & Audit Committee (Independent Director) of Sansiri PCL.
2011 – Present	Chair of Executive Board of L-Elevator and Engineering Co.,Ltd.
2010 – Present	Executive Vice President of Loxley PCL.
2015 – 2016	Director, Executive Director of Mainstay Property Solutions Co., Ltd.
2013 – 2014	Director of Cholkij Sakol Co.,Ltd
2012 – 2017	Managing Director of L Green Solution Co.,Ltd
2011 – 2016	Director of Town & Country Planning Board, Department of Public works and Town & Country Planning



Mr. Kazuo Sato

Position

Director

Age 61 years

Appointment Year 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 Working Experience

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

Details of Executive Committee



Mr. Takeshi Arakawa

Position

Managing Director /
Member of Executive Committee

Age 60 years

Appointment Year 2018

Shareholding Proportion -None-

Highest Education

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

Training

Thai Institute of Directors Association (IOD)

- Director Accreditation Program 65/2007

Past Working Experience

2018 – Present	Member of Executive Committee/ Managing Director, Inoue Rubber (Thailand) Public Co., Ltd. Director and Executive Director of IRC (Asia) Research Co., Ltd
2012 – 2018	Director of BIMC Co., Ltd.
2011 – 2012	General Manager of Inoue Rubber Co., Ltd. (Japan)
2009 – 2011	Managing Director of Inoue Rubber (Thailand) Public Co., Ltd.
2006 – 2009	Executive Director of Inoue Rubber (Thailand) Public Co., Ltd.
2004 – 2005	General Manager Production Division of Bridgestone IRC Manufacturing Co., Ltd.
2000 – 2004	Engineering Manager of Bridgestone IRC Manufacturing Co., Ltd.



Ms. Witchuda Kupongsak

Position

Executive Director of Administrative and Control Unit /
Member of Executive Committee

Age 55 years

Appointment Year 2013

Shareholding Proportion 0.024 %

Highest Education

- Master of Business Administration, Thammasat University

Training

Director Training in 2019

- Preparation to join the Collective Action Coalition against Corruption by Principle Project Advisor from IOD
- Delve into Privacy Information Security Act (Draft), Araya Consulting Co., Ltd.

Thai Institute of Directors Association (IOD)

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

Other Training

- Babson Entrepreneurial Leadership Program Babson College

Past Working Experience

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



Mr. Shigeyuki Hosokawa

Position

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

Age 51 years

Appointment Year 2014

Shareholding Proportion -None-

Highest Education

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

Training

—

Past Working Experience

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



Mr. Mitsuhiro Ito

Position

Executive Director of IED Business Unit /
Member of Executive Committee

Age 46 years

Appointment Year 2018

Shareholding Proportion -None-

Highest Education

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

Training

—

Past Working Experience

2018 – Present	Member of Executive Committee / Executive Director, IED Business Unit, Inoue Rubber (Thailand) PLC.
2004 – 2018	Assistant Manager of Rubber Production Engineering Department, Inoac Co., Ltd



Mr. Chaowalit Meethongkum

Position

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

Age 61 years

Appointment Year 2015

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	Deputy Executive Director of IED Business Unit, Member of Executive Committee and Risk Management Committee of Inoue Rubber (Thailand) PCL.
2001 – Present	Director of Kinno Hoshi Engineering Co., Ltd.
2013 – 2014	Manager of Planning Division of IED Business Unit, Inoue Rubber (Thailand) PCL.



Mr. Narongchai Rattanaekkawin

Position

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

Age 49 years

Appointment Year 2014

Shareholding Proportion 0.005%

Highest Education

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

Training

Director Training in 2019

- Director Accreditation Program (DAP) Class 159/2019,
Thai Institute of Directors Association (IOD)

Thai Institute of Directors Association (IOD)

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

Other Training

- Babson Entrepreneurial Leadership Program Babson College (CEDI)
- 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

2016 – Present	Director of Kinno Hoshi Engineering Co., Ltd.
2015 – Present	Deputy Executive Director of IED Business Unit of Inoue Rubber (Thailand) PCL. Deputy Executive Director of R&D Division of IRC (Asia) Research Co., Ltd. Member of Risk Management Committee of Inoue Rubber (Thailand) PCL.
2014 – Present	Member of Executive Committee of Inoue Rubber (Thailand) PCL.
2013 – 2015	Production Division Manager of Inoue Rubber (Thailand) PCL.
2009 – 2015	Engineering Division Manager of Inoue Rubber (Thailand) PCL. R&D Manager of IRC (Asia) Research Co., Ltd.



Mr. Suchart Kootiratrakarn

Position

Deputy Executive Director of Tire & Tube Business Unit /
Member of Executive Committee /
Member of Risk Management Committee

Age 50 years

Appointment Year 2013

Shareholding Proportion 0.003%

Highest Education

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

Training

Training in 2019

- Director Accreditation Program (DAP) Class 159/2019, Thai Institute of Directors Association (IOD)

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

Other training

- Babson Entrepreneurial Leadership Program Babson College (CEDI)

Past Working Experience

2015 – Present	Deputy Executive Director of Tire & Tube Business Unit, and Member of Risk Management Committee, Inoue Rubber (Thailand) PCL. Deputy Executive Director of IRC (Asia) Research Co., Ltd.
2013 – Present	Executive Committee of Inoue Rubber (Thailand) PCL.



Mr. Kazuaki Yamada

Position

Member of Executive Committee

Age 53 years

Appointment Year 2019

Shareholding Proportion -None-

Highest Education

- Bachelor's Degree in Accounting, Shiga University, Japan

Training

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Past Working Experience

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



Mr. Hiroyuki Hibi

Position

Member of Executive Committee

Age 56 years

Appointment Year 2016

Shareholding Proportion -None-

Highest Education

- Bachelor's Degree in Economics, Ritsumeikan University

Training

—

Past Working Experience

2018 – Present	Corporate Officer of Rubber and Elastomer Division Inoac Co., Ltd.
2016 – Present	Member of Executive Committee of Inoue Rubber (Thailand) PCL. Director of Kinno Hoshi Engineering Co., Ltd.
2015 – 2016	Managing Director of Division of Rubber and Elastomer Division of INOAC Vice President of PT. IRC INOAC INDONESIA
2010 – 2015	Managing Director of Dongguan Inoac (F.K.) Metal and Elastomer Co., Ltd.

Shareholding Proportion of Directors

Name	Position	Amount of Shares		Trading during the fiscal year 2019	Proportion (%)
		30 SEP 2018	30 SEP 2019		
Mrs. Pimjai Leeissaranukul ² spouse and minor children	Chairman / Executive Director	4,881,075	5,568,575	687,500	2.78
Mr. Katsunori Ito spouse and minor children	President / Executive Director	-	-	-	-
Mr. Soichi Inoue ¹ spouse and minor children	Director	-	-	-	-
Mr. Masayuki Inoue ¹ spouse and minor children	Director	-	-	-	-
Mr. Thanong Leeissaranukul ² spouse and minor children	Director	3,408,000	4,370,500	962,500	2.19
Mr. Apichart Leeissaranukul ² spouse and minor children	Director	3,726,200 9,000	4,697,700 9,000	971,500 -	2.35 0.0045
Mrs. Porntip Sethiwan ² spouse and minor children	Director	4,197,375 195,600	4,884,875 200,000	687,500 4,400	2.44 0.10
Mr. Kazuo Sato spouse and minor children	Director	-	-	-	-
Mrs. Anchalee Chavanich spouse and minor children	Director / Independent Director	-	-	-	-
Assoc.Prof. Jaruporn Viyanant spouse and minor children	Director / Independent Director	-	-	-	-
Mr. Kittichai Raktakanit spouse and minor children	Director / Independent Director	-	-	-	-
Mr. Surong Bulakul spouse and minor children	Director / Independent Director	-	-	-	-
Mr. Takeshi Arakawa spouse and minor children	Managing Director	-	-	-	-
Ms. Witchuda Kupongsak spouse and minor children	Executive Director of Administrative and Control Unit	47,800	47,800	-	0.0239
Mr. Chaowalit Meethongkum spouse and minor children	Deputy Executive Director of IED Business Unit	1,000	1,000	-	0.0005
Mr. Narongchai Rattanaekkawin spouse and minor children	Deputy Executive Director of IED Business Unit	10,000	10,000	-	0.005
Mr. Suchart Kootiratrakarn spouse and minor children	Deputy Executive Director of Motorcycle Tire & Tube Business Unit	6,000	6,000	-	0.003
Mr. Shigeyuki Hosokawa spouse and minor children	Executive Director of Motorcycle Tire & Tube Business Unit	-	-	-	-
Mr. Mitsuhiro Ito spouse and minor children	Executive Director of IED Business Unit	-	-	-	-
Ms. Praewphan Songhong spouse and minor children	Accounting and Finance Division Manager	-	-	-	-

Remark: ¹ Major shareholders: Inoue Rubber Co., Ltd (Japan)

² Major shareholders: Leeissaranukul Family

Milestones in the Past 3 Years

2019

January	<ul style="list-style-type: none"> Received “Automation Award” for the improvement of assembling by robot from Inoac Corporation Received “New Business Development Award” for the development of RUBBER BUMPER and HOOD SHEEL from Inoac Corporation
May	<ul style="list-style-type: none"> Received the COST AWARD 2018 from Thai Stanley Electric Public Company Limited Received the BEST IN QUALITY AWARD from Isuzu Engine Manufacturing (Thailand) Co., Ltd. Received the SUPPORTING SUPPLIER AWARD 2018 from Suzuki Motor (Thailand) Co., Ltd. Ranked at the top 100 companies for outstanding performance in terms of environment, social, and governance, “ESG 100 Certificate 2019” for 4 consecutive years
July	<ul style="list-style-type: none"> Received the “THAILAND VISION ZERO ACHIEVEMENT AWARD LEVEL 2” from Safety and Health at Work Promotion Association (Thailand)
August	<ul style="list-style-type: none"> Won the first prize from the competition at the QCC KAIZEN Thailand Competition 2019 organized by Inoac (Thailand) Co., Ltd. Received the Regional Supplier Quality Award Finalist from Nissan Motor (Thailand) Co., Ltd. Received the Supplier Quality Excellence Award 2018 from General Motors (Thailand) Co., Ltd.
September	<ul style="list-style-type: none"> Received Reduce Greenhouse Gas Certification from Thailand Greenhouse Gas Management Organization (Public Organization): TGO Received the Gold Award from the presentation at the ICQCC 2019 organized by the Union of Japanese Scientists and Engineers (JUSE) Received the Excellence Award from the presentation at the INOAC QC/ Kaizen International Convention organized by Inoac Corporation Japan
October	<ul style="list-style-type: none"> Received the Best Presentation Team award from the presentation at the APQO International Awards 2019 at Indonesia Received “Very Good” (4 Stars) CG scoring rated by the Thai Institute of Directors Association (IOD) from the survey of 771 listed companies in 2019 Listed in Thailand Sustainability Investment (THSI) 2019 awarded by the Stock Exchange of Thailand. The Company is one of 98 listed companies with outstanding performance on Environmental, Social and Governance for 3 years consecutively
November	<ul style="list-style-type: none"> The Winner under the category of 17 Priorities Integration Sectors: Rubber-Based (Large-Tier)” from ASEAN BUSINESS AWARDS 2019 organized by ASEAN-BAC cooperated with Ministry of Foreign Affairs, Ministry of Commerce, and a joint committee of 3 private institutions consisting of the Board of Trade of Thailand, the Federation of Thai Industries and the Thai Bankers Association

2018

January	<ul style="list-style-type: none"> Received “Automation Award” for the Company’s creation of ROBOT for TUBE VALVE FITTING Machine Received Safety Award for the road to 10 Million hours zero accident
March	<ul style="list-style-type: none"> Received Runner Up of 2017 Outstanding Performance Supplier in Quality Performance Award from Toyota Received Delivery 2017 Best Award from ROKI

May	<ul style="list-style-type: none"> Received Cost Award 2017 from Thai Stanley Electric Public Company Limited Received Certificate for 2017FY Supplier Evaluation Score from ISUZU Engine Manufacturing Company (Thailand) Limited Ranked at the top 100 companies for outstanding performance in terms of environment, social, and governance among 683 listed companies, “ESG 100 Certificate 2018” for 3 consecutive years Received Awards of Quality 2017 from Mitsubishi Motors (Thailand) Company Limited
June	<ul style="list-style-type: none"> Received Certificate Gold Level for 2nd Consecutive year, Zero Accident Campaign from the Ministry of Labour
August	<ul style="list-style-type: none"> Certified as the Green Industry Level 3 (Green System) by systematic environmental management, monitoring evaluation, and reviewed for continuous improvement from the Ministry of Industry Received Thailand Energy Awards 2018 (Outstanding) for Energy Conservation, Designated Factory from the Ministry of Energy
September	<ul style="list-style-type: none"> Received Outstanding Establishment on Skill Development Promotion in accordance with Skill Development Promotion Act B.E. 2545 (2002) Award from the Department of Skill Development, Ministry of Labour
October	<ul style="list-style-type: none"> Received Gold Award for Presenting the project at the International Convention on Quality Control Circles 2018 (ICQCC 2018) by Singapore Productivity Centre Received “Very Good” (4 Stars) CG scoring rated by the Thai Institute of Directors Association (IOD) from the survey of 657 listed companies in 2018 Listed in Thailand Sustainability Investment (THSI) 2018 awarded by the Stock Exchange of Thailand. The Company is one of 79 listed companies with outstanding performance on Environmental, Social and Governance for 2 years consecutively
November	<ul style="list-style-type: none"> Received Platinum Award for Presenting in the International Quality & Productivity Convention 2018 (IQPC 2018) at Indonesia

2017

January	<ul style="list-style-type: none"> Received “Automation Award” in Productivity Improvement of the Assembly process of air intake hose by automation from INOAC CORPORATION
February	<ul style="list-style-type: none"> Received certificate of “Good organization that empower persons with disabilities” from Pathumthani province
March	<ul style="list-style-type: none"> Organized “IRCT Group Step to Thailand 4.0 with the DVE” event and presented the successful projects from the graduated students in IRCT Dual Vocational Project 2016
May	<ul style="list-style-type: none"> Ranked at the top 100 companies for outstanding performance in terms of environment, social, and governance among 656 listed companies, “ESG 100 Certificate 2017” for 2 consecutive years
August	<ul style="list-style-type: none"> Certified ISO14001:2015 (new version)
September	<ul style="list-style-type: none"> Certified IATF16949:2016 (new version) and ISO 9001:2015 (new version) Achieved 10 million working hours without lost time accident
October	<ul style="list-style-type: none"> Received “Team Presenter – Gold, in actively participating and sharing of best practice” award from the Quality and Productivity Association of the Philippines (QPAP), INC. in “2017 International Convention on Quality Control Circles” event, at the Philippines Got “Very Good” CG scoring rated by the Thai Institute of Directors Association (IOD) from the survey of 620 listed companies. This guarantees the Company’s good corporate governance Listed in Thailand Sustainability Investment (THSI) 2017 awarded by the Stock Exchange of Thailand. The Company is one of 65 listed companies with outstanding performance on Environmental, Social and Governance aspects
November	<ul style="list-style-type: none"> Received “SET Sustainability Awards 2017 – Rising Stars”. The Company was one of 24 listed company that was chosen as “Role model” for excellence sustainable business performance.

Revenue Structure and Product Features

The Company's income structure from product sales in the last three fiscal years is as follows:

Business/product line	2017	%	2018	%	2019	%
Industrial Elastomer Parts						
Domestic	2,241.66	42.85	2,645.37	47.58	2,631.85	48.49
Export	398.33	7.61	391.71	7.05	402.04	7.41
Total	2,639.99	50.46	3,037.08	54.63	3,033.89	55.90
Motorcycle Tires and Tubes						
Domestic	1,598.55	30.55	1,435.20	25.82	1,367.49	25.20
Export	993.32	18.99	1,087.07	19.55	1,025.71	18.90
Total	2,591.87	49.54	2,522.27	45.37	2,393.20	44.10
Total (million baht)	5,231.86	100.00	5,559.35	100.00	5,427.10	100.00

Product types

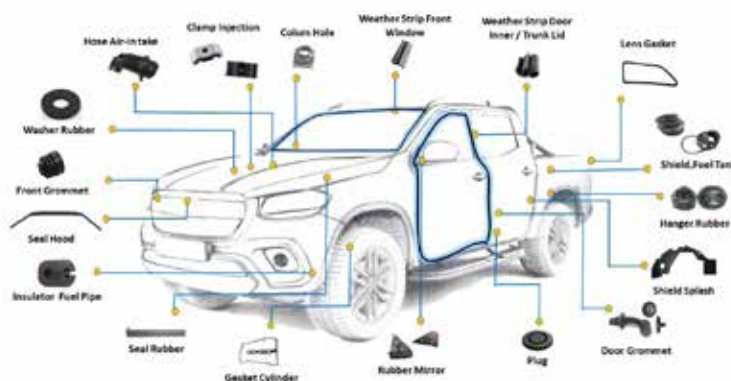
Industrial Elastomer Parts

The Company produces and develops elastomer parts together with customers to suit the applications in many industries as per customer's requirements, specifications and various usages. The Company's industrial elastomer parts can be categorized into two main groups.

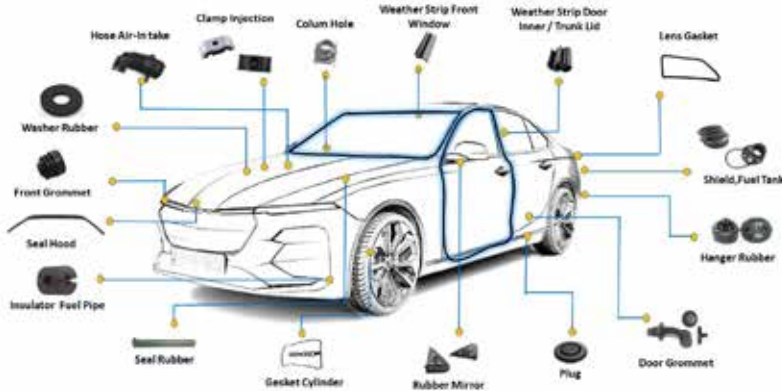
Group I. Elastomer parts for automobile industry

- Air intake hose
- Front grommet
- Lens gasket
- Door grommet
- Column hole
- Anti-slip side step rubber
- Plug
- Fuel pipe insulator
- Dipstick
- Splash shield
- Rubber washer
- Rubber bumper
- Cylinder gasket
- Injection clamp
- Engine mounting
- Hanger rubber
- Brake cable boot
- Door inner/trunk lid weather strip
- Front window weather strip
- Hood seal
- Rubber seal
- Rubber mirror
- Fuel tank shield
- Seals

Elastomer parts for 1-ton pick-up



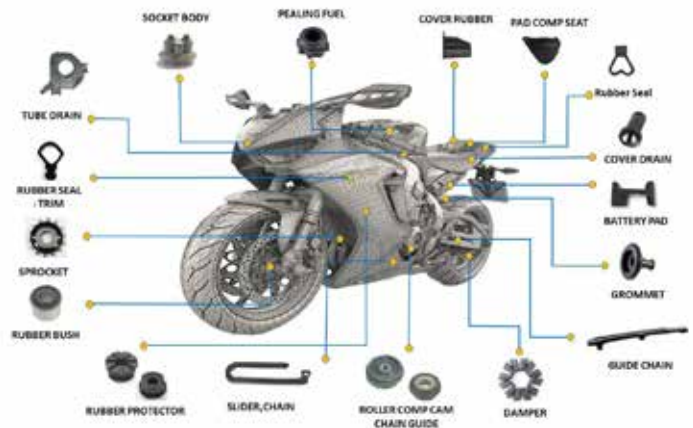
Elastomer parts for passenger car



- Air intake hose
- Rubber seal
- Headlight gasket
- Column hole
- Door inner weather strip
- Front window weather strip
- Fuel pipe insulator
- Engine mounting
- Door grommet
- Hanger rubber
- Radiator mount lock
- Trunk lid weather strip
- Lens gasket
- Front grommet
- Fuel tank shield
- Mirror rubber
- Hood seal
- Plugs

Elastomer parts for motorcycles

- Rubber seal
- Sheath rubber
- Seat comp pad
- Grommet
- Radiator mount lock
- Chain guide
- Cover rubber
- Rubber protector
- Roller comp cam chain guide
- Sprocket
- O-ring
- Gauge rubber
- Fuel peeling
- Slider chain



Group II. Other Industrial Elastomer Parts

The Company has researched and developed other industrial elastomer parts as per customer's requirements under various specifications and applications, for example, elastomer parts in the infrastructure, agricultural machinery, construction machines, air conditioners, electrical appliances, construction materials, container seals, Waterworks Authority's valve rubbers and others.

Elastomer parts for electrical appliances and air conditioners



- Grommet
- Tube insulation
- Copper pipe plug

Elastomer parts for agricultural machinery

Kubota



- Hood seal



- Agricultural engine mount



- Rubber bumper



- Hydraulic cable conduit



- Indoor wall seal



- Indoor floor cover



- Door and window seal



- Outdoor wall seal



- House wall seal

Elastomer parts for construction industry



SCG
HEIM

TOSTEM

Elastomer parts for waterworks system



SCI VALVES
QUALITY VALVES WORLDWIDE

Valve rubber

Compound rubber



ITTC

Compound rubber

Rubber chip



Rubber paving blocks



Vi-pafe® Products



vi-pafe

Rubber floor tile

Main client groups

1) Original Equipment Manufacturer: OEM

These include car assembly plants such as Mitsubishi, Toyota, Isuzu, Honda, Nissan, Mazda, Suzuki, Ford, Chevrolet, General Motors (Thailand) and General Motors (Brazil), as well as motorcycle assembly plants like Honda, Suzuki, Kawasaki, Yamaha and Ducati. IRC's quality rubber products are readymade and installed on the completed cars and motorcycles in order to export to sell in the other countries worldwide.

Moreover, IRC's quality rubber products are exported to assemble into completed cars in other countries, including the part centers of manufacturers domestically and internationally which offers part guarantee as specified by each customer.

2) Sub-Automobile and Sub-Motorcycle Manufacturers

These manufacturers are sub-assemblers for Original Equipment Manufacturer ("OEM"). They can be categorized into First-Tier Suppliers – the manufacturers which supply parts directly to car and motorcycle plants; and Second-Tier Suppliers – the manufacturers which take over some parts production for the First-Tier group. The example is that a car window assembler should take IRC's quality rubber products to assemble a window seal, before sending the car window with a rubber seal to a car assembler to install it into a completed car.

3) Others Industries

Clients in this group are various according to types of products mentioned before, such as:

- Air condition group: Mitsubishi Electric, Daikin Industry and Toshiba Carrier
- Agricultural machinery group: Kubota and Cobelco
- General users of Vi-Pafe rubber floor such as running fields and futsal fields that are paved with Vi-Pafe rubber tiles and rubber chips.
- Other groups such as SCI Corporation Co., Ltd. (a water valve manufacturer for Waterworks Authority), Hitachi (a water pump and washing machine manufacturer), as well as Panasonic (a loudspeaker manufacturer).

Motorcycle Tires and Tubes

IRC is a leader in the motorcycle tire and tube market in Thailand. We have been trusted by domestic motorcycle manufacturers for 50 years to produce OEM tires for leading assembly plants such as Honda, Yamaha, Kawasaki, Suzuki and others.

With determination in quality, production potential, quality product delivery and after-delivery service, IRC's market share is consistently in the first place in the motorcycle assembly plant market. The Company focuses on and places importance on research and development in the product and production process in order to achieve the products acknowledged in potential and quality that meet any demand of the customers, in addition to serving the market with new innovations matching requirements and lifestyles of customer groups in all segments. In the present, the Company is able to produce more than 600 models of tires to cater to several applications, for example, tires for general roads, tires for off- and on-road, scooter tires, tires for heavy loads, snow tires, fuel efficient tires and electric vehicle tires.

In 2019, the Company has announced a motorcycle tire for scooter under the code IZ-S S99s especially for 150 – 300cc scooter riders in domestic and ASEAN markets.

Main client groups

Main client groups of the motorcycle tires and tubes, categorized by domestic sales and export are as follows:

1) Domestic markets

- Original Equipment Market: OEM
- Sittipol 1919 Co., Ltd. for the replacement market.

2) Export markets

- Motorcycle assembly plant (OEM) under IRC's marketing activities for worldwide sales
- INOAC International Co., Ltd. and BIMC Co., Ltd. for markets in Japan.
- Inoue Rubber (Japan) Plc. for markets in the US, Europe and other continents.
- Sales via distributors to clients in ASEAN countries such as Myanmar, Cambodia and other countries in ASEAN.

Product Highlights in the 2019 Fiscal Year

Motorcycle tires

S99T

WR-001 (Rain Tire)



17-inch tire developed for domestic competition especially for wet roads.



Scooter sport styled tire designed especially for scooters with wide ranges of size for every model, increasing confidence in any path.

GP-211F & GP212R

VX10



Pure off-road tire for 50-150cc motocross bike for all riding conditions.



Tire developed for new-gen cars with wide ranges of size for riding on any road conditions.

Elastomer parts in other industries



Elastomer parts in car



Grommet: a rubber tube in which the cables are put before assembling the body in order to avoid the damage from cables hitting.



Steering column boot: covers the steering column in order to prevent dust and dirt from the engine room getting into the passenger compartment.



Air Intake Hose: transfer intake from a filter to the combustion chamber in the engine.



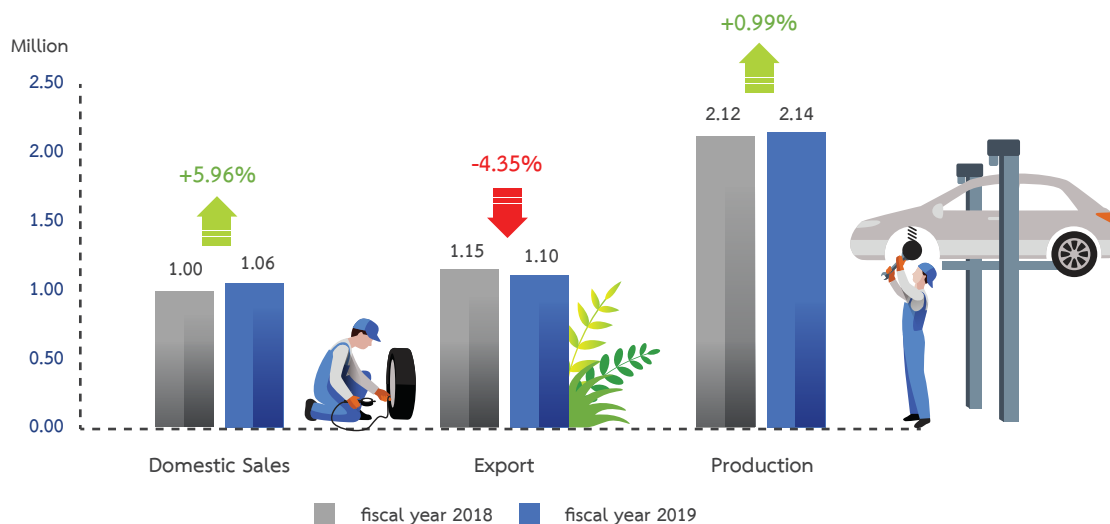
- 1 Polyurethane sport flooring
- 2 Multipurpose field
- 3 Rubber paving blocks

Market and competition situation

Overview of automotive industry

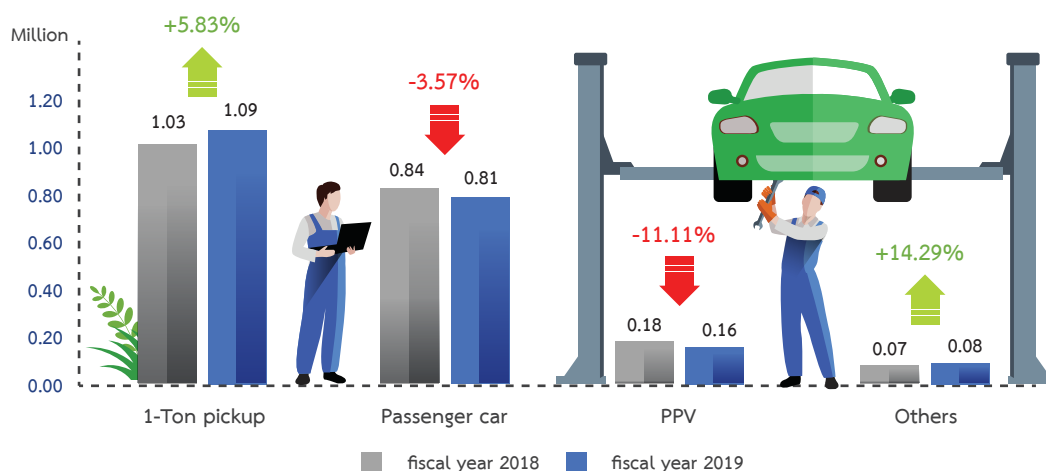
Car

Car Industry

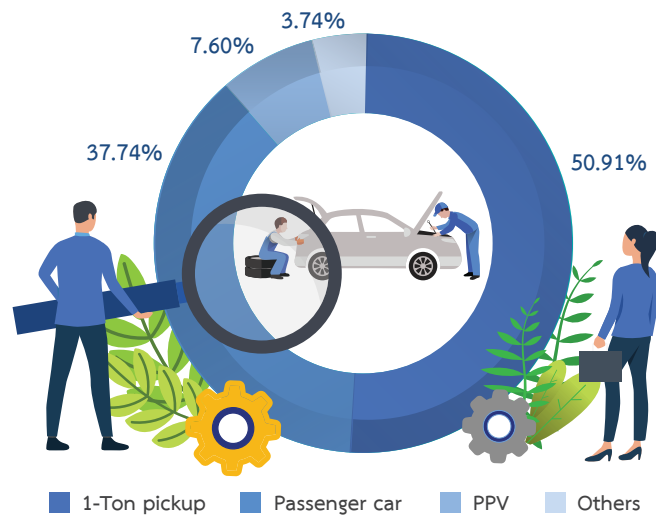


In the 2019 Fiscal Year (1 Oct 2018 – 30 Sep 2019), Thailand's total car production are 2.14 million, a small increase of 0.99% from the previous fiscal year. The main reason is because the increase of domestic consumers' demand, as well as consistent promotional activities from many manufacturers. These result in the domestic sales of 1.06 million, an increase of 5.96%, when the export is 1.10 million, a decrease of 4.35%. The main markets are Asia, Oceania, European Union and North America.

Car production per type



Ratio of car production per type in Fiscal Year 2019

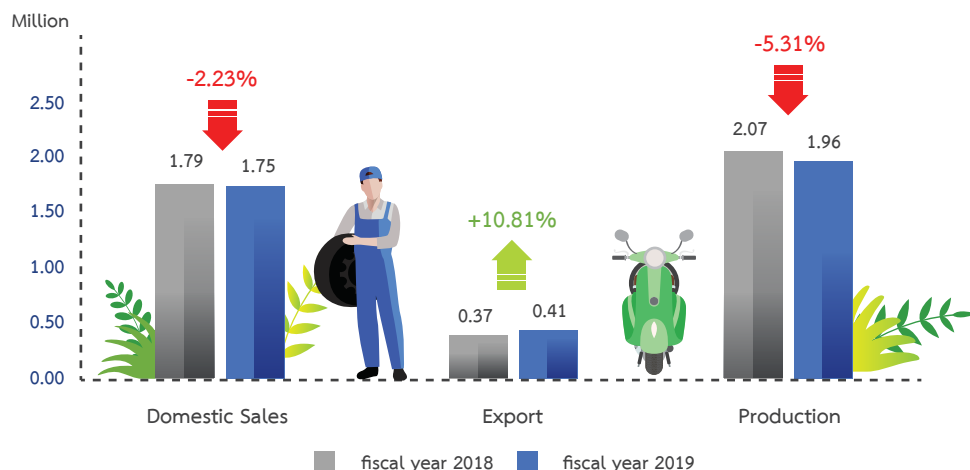


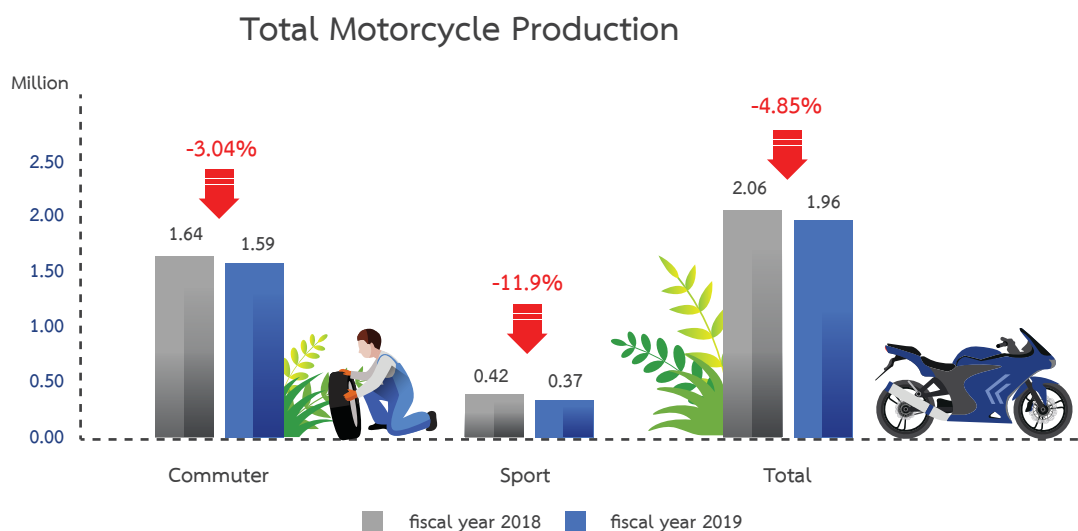
Considering the types of vehicle, the production ratio in the Fiscal Year 2019 can be described as follows:

- 1-ton pickup: Its production ratio is 50.91% of total car production in Thailand, an increase of 6.02%. It is still a popular product continuously with major car manufacturers like Mitsubishi, Toyota, Isuzu, Nissan, Ford, and General Motors, making investment and using Thailand as a production base.
- Passenger car: Its production ratio is 37.74% of total car production in Thailand, a decrease of 3.63% from the previous year. Cars with 1,500 cc or less are still the most popular in the group.
- Pick-Up Passenger Vehicle or PPV: Its production ratio is 7.60 % of total car production in Thailand, a decrease of 9.75% from the previous year.
- Others (Van, Bus, Pickup<1ton, and Truck): Its production ratio is 3.74% of total car production in Thailand, an increase of 9.93% from the previous year.

Motorcycle

Motorcycle Industry





To shed the light on the overall Thai motorcycle market in the 2019 fiscal year, the total production was reported at 1.96 million vehicles, 1.59 million of which were family models and 0.37 million sports types. It suffered a decrease by 5.03 percent year-on-year, 3.84 percent for the family motorcycle group and 9.76 percent for sports one. The trend was a result of the economic slowdown at the beginning of the year and the purchasing power of customers in the farmer group which was affected by lower crops prices. However, exports in the 2019 fiscal year stood at 0.41 million units, a 10.60% growth, mainly thanks to exports to neighboring countries, especially Vietnam.

Competition

Industrial Elastomer Part

The majority of the customers of the industrial rubber parts business group encompass automobile and motorcycle manufacturers and other industrial groups, i.e. air conditioners, agricultural machinery, construction industry and basic structures across fields. Most of them involve OEM (Original Equipment Manufacturer) and contribute to income grow as per market growth in the certain industry. This has long fostered the stability of the Company.

Furthermore, the Company has centered attention on innovation improvements in both products and production processes. This includes in-house competitions so that all employees participate and revolutionize concepts. Attempts have also been made to develop staff in the areas of research and development, product design dedicated to the needs of customers. These will maximize the Company's competitiveness, amplify customers' confidence over quality and punctual delivery; and foster development of automation in the manufacture by developing in-house workforce.

Consequently, the Company is confident in expanding the market share among the existing customers while standing ready to widen the customer base to unexplored markets with endless potential by sticking to the Company's strengths and innovation.

Motorcycle Tires and Tubes

Domestic Market: The Local 2 large groups of customers in the tires and motorcycle tires group can be listed as shown below:



- **Original Equipment Market (OEM):** In 2019, the motorcycle manufacture for domestic sale suffered a decline because of domestic economic health. It is so because the agricultural sector, which is the foremost target group, showed lowering purchasing power, and thus directly jeopardized domestic sales. This affected both in the outer tire - inner tube motorcycle. On the contrary, every manufacturer tried their hands on promotional attempts to revive the markets. The strategies included a series of new car model development to suit users' varying needs. They modernized performance and functions, especially, the famed automatic motorcycle of size 125 - 150 cc and the introduction of family cars that featured easy use and less oil consumption.
- **Replacement Market:** The total amount faced a decline year-on-year because of the overall economy of the country. Nevertheless, IRC continues to execute promotional activities and cooperation with dealers, such as activities with distributors in the upcountry, recommendation for choosing the right products and appropriate product maintenance, promotional events in each sale area to engage in more consumers, participation in activities with a variety of manufacturers to promote the "IRC tire", which is famed for those who concern safety as part of the safe driving event.; and lastly, tourist rallies across regions.

The Company has devised and designed new products of superior quality, performance and reasonable price to the market. For instance, the latest tires are on offer with the code SCT-001 of 12 inches and 14 inches for automatic models; tires for on & off road, GP21F of 21 inches for front tires; GP22R of 18 inches for rear tires; and SC-3 of 12 inches and 14 inches DR-5 tires, to name but a few.

Moreover, IRC is on its way to devise premium tires for scooters, which is now in high demand, with the code IZS S99T, coming in 4 models in 8 different sizes.

Export Market:

Despite of undulations across segments such as exchange rate and the US-China trade war that affect corporate distribution strategies, the Company has actively attempted to reshape plans to keep up with the current situation and this has garnered warm response by both local and overseas clients, in particular Japan and the ASEAN. In a bid to cater to the US market, the Company has devised off-road tyres with the code VX-10 for 50-250 cc Motocross. This model is likely to perform well in the country too.

General Information of the Company



Company Name	Inoue Rubber (Thailand) Public Company Limited
Abbreviation	IRC
Company Registration Number	0107536001737
Type of Business	Manufacturer of Industrial Elastomer Part and Motorcycle Tires and Tubes
Website	www.ircthailand.com
Site (Head Office)	258 Soi. Rangsit – Nakornnayok 49, Prachatipat, Thanyaburi, Pathumthani 12130 Tel. (66) 2 996 0890 Fax (66) 2996 1439
Registered Capital/ Paid-up Capital	200,000,000 Baht (fully paid-up)
Number of Shares	200,000,000 ordinary shares
Par Value	1 Baht
Investor Relation	ir@ircthailand.com Tel. (66) 2 996 0890 Ext. 243

Company that IRC held more than 10% share

IRC (Asia) Research Company Limited

Location	:	258 Soi. Rangsit – Nakornnayok 49, Prachatipat, Thanyaburi, Pathumthanee 12130 Tel: (66) 2 996 0890 Fax: (66) 2 996 1439 157 Moo 5, Phaholyothin Rd., Lamsai, Wangnoi, Ayutthaya 13170 Tel: (66) 2 996 1471-3 Fax: (66) 2 996 1574
Type of Business	:	Conducts mainly researches and development for the Company's raw materials and products
Registered Capital	:	30 million baht
Paid-up capital	:	10.05 million baht
Share portion	:	99.99%

Kinno Hoshi Engineering Co., Ltd

Location	:	157 Moo 5, Phaholyothin Rd., Lamsai, Wangnoi, Ayutthaya 13170 Tel: (66) 35 272 206-7 Fax: (66) 35 214 896
Type of Business	:	Manufactures metal molds for motorcycle and automotive elastomer parts. Currently, mainly manufactures various types of mold for the Company.
Registered Capital	:	10 million baht
Paid-up capital	:	10 million baht
Share portion	:	99.99%

Reference Persons

Security Registrar	Thailand Securities Depository Company Limited 93 Ratchadaphisek Road, Dindaeng, Bangkok, 10400 Tel. (66) 2 009 9000 Fax (66) 2 009 9991
Auditor	Ms. Nopanuch Apichartsatien Certified Public Accountant (Thailand) 5266 Pricewaterhouse Coopers ABAS Ltd. Bangkok City Tower 15 th Floor 179/74-80 South Sathorn Road, Bangkok, 10120 Tel (66) 2 286 9999 Fax (66) 2 286 5050

Major Shareholders

List of the top 10 shareholders as at ex-dividend date (XD) on February 8, 2019

Top Ten Major Shareholders	Number of Shares	Shareholding Percentage (%)
1) Inoue Rubber (Japan) Co., Ltd.*	68,600,000	34.30
2) Sopa-kanok International Co., Ltd.**	50,666,000	25.33
3) Dr. Vicharat Chawa-amphorn	7,408,888	3.70
4) Mrs. Porndee Leeissaranukul **	6,500,000	3.25
5) CITIBANK NOMINEES SINGAPORE PTE LTD-CITIGROUP GLOBAL MARKETS JAPAN INC.-CUSTOMER 1	6,235,000	3.12
6) Ms. Pissacha Hemvachiravarakorn	5,400,000	2.70
7) Mrs. Pimjai Leeissaranukul**	4,881,075	2.44
8) Mrs. Porntip Sethiwan**	4,197,375	2.10
9) Mr. Niti Osathanugrah	3,840,500	1.92
10) Mr. Thanong Leeissaranukul**	3,408,000	1.70

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

** Leeissaranukul family Shareholding

Directors of Subsidiaries

As of 30 September 2019

Director	Subsidiaries		Affiliates
	IAR	KIN	IRV
Mrs. Pimjai Leeissaranukul	/ , X	/ , X	-
Mr. Katsunori Ito	-	/ , //, X	-
Mr. Thanong Leeissaranukul	/	-	-
Mrs. Pornthip Sethiwan	/	-	-
Mr. Eiichi Yano	/ , //, X	-	-
Ms. Witchuda Kupongsak	-	/	/
Mr. Chaowalit Meethongkum	-	/	-
Mr. Narongchai Rattanaekkawin	/ , //	/	-
Mr. Mitsuhiro Ito	//	-	-
Mr. Hiroyuki Hibi	-	/	-
Mr. Hiroshi Harada	-	/	-
Mr. Suchart Kootiratrakarn	//	-	-

Symbols indicate positions

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

IAR = IRC (ASIA) RESEARCH COMPANY LIMITED

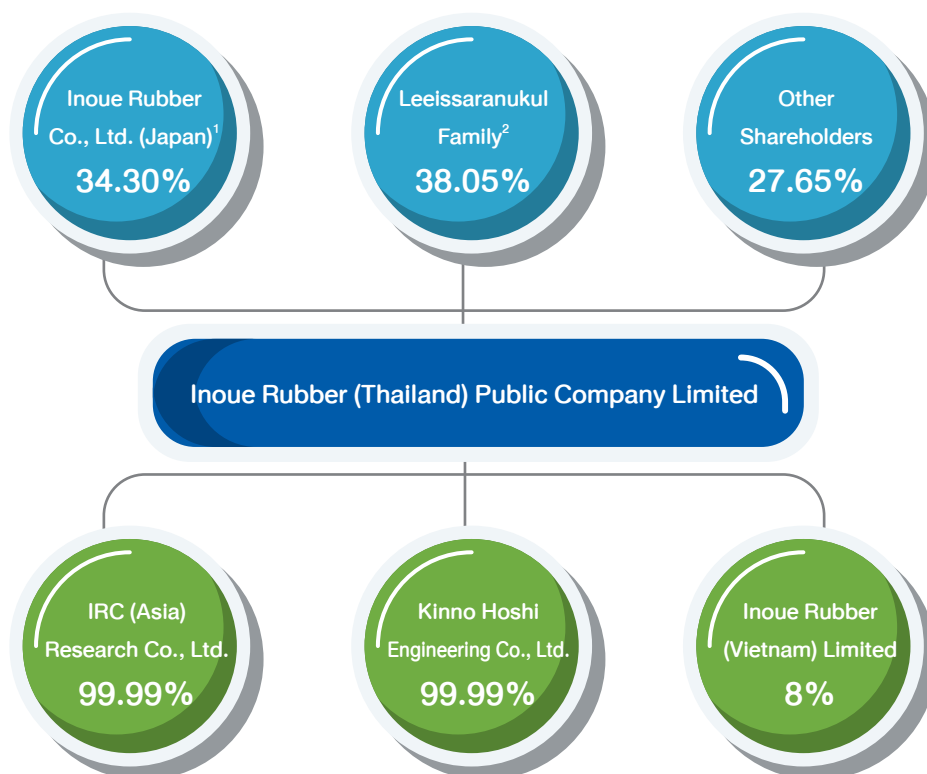
KIN = KINNO HOSHI ENGINEERING COMPANY LIMITED

IRV = INOUE RUBBER VIETNAM COMPANY LIMITED

Shareholding Structure

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

As at February 8th, 2019



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, Mrs. Porntip Sethiwan, Mrs. Kessara Leeissaranukul, Mr. Chokchai Sethiwan, Mr. Kanin Laochinda, and Ms. Sirinya Laochinda

Subsidiaries and Joint Venture Business Operation Governance

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

Dividend Policy of the Company

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

Message from the Good Corporate Governance and Social Responsibility Committee

Dear All Shareholders,

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

In 2019, the Committee held 4 meetings. Below are the essences of the meetings;

Good Corporate Governance

- Encouraging the Shareholders to propose agenda, directors' candidates, and questions in advance for the Annual General Meeting for 2020 in the period of October 1 – 31, 2019, through the Company's website and the Stock Exchange of Thailand's website then proposed to the Board of Directors to consider in this November 2019's meeting. Thus, no shareholders had proposed any agenda.
- Revising the Handbook of Good Corporate Governance altogether with the Charter to comply with the Securities and Exchange Act (No. 5) B.E. 2016 and Corporate Governance Code for Listed Company of 2017 (CG Code 2017) of the Securities and Exchange Commission, in order to enhance the regulation and good corporate governance policy of the Company thorough to have the Directors, Executives and Employees performed accordingly.



A handwritten signature in black ink, appearing to read 'Jaruporn Viyanant'.

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

- Disclosed the 56-1 Form and Annual Report as in the guideline of the Securities and Exchange Commission's Committee, also the Sustainability Report as in accordance from the Global Reporting Initiative (GRI) Standard, and use the Sustainable Development Goals (SDGs) as the compass to driven the operation with the Company's stakeholders to align with the global sustainably development model.

Corporate Social Responsibility

- Anti – Corruption: The Committee had taken part in driving the Company to declare its intention to join the Private Sector Collective Action Coalition Against Corruption or CAC, also encouraging its Executive and Employees of all levels to receive training and comprehended the Anti-Corruption Policy. The Company has put

such policy into one of its Annual Training Plan in order to imbue it as the Company's culture, altogether with defined the complaint channel (Whistle Blowing Channel) for the general person to report the whistleblowing of corruption.

- Activities for Society and Social Development: The Committee has defined the scope of works for driven CSR activities of the Company, aligned with the Strategy Map, focusing in responsibility for Environment and Ecosystem, and the value-added between the organization and society altogether. Moreover, developed better livelihood of the employee and society through 7 major projects as follows;
 1. Activities in **"Global"** level that promote the sustainably use of energy by reducing the use of energy and the emission of greenhouse gas which are the factors for the Climate Change and the destruction of the earth's atmosphere; e.g, Zero Waste Policy or Zero Waste through 3Rs processes (Reduce, Reuse, and Recycle) such as energy reduction, create awareness of resources sustainable and worthwhile usage, as well as environmental nourishment through environmental project.
 2. Activities in **"National/Community"** level where the major projects are Klongpang Cooperative Fund, Hai Archeep – Hai Cheevit Project, Supply Chain Development, and Safety Riding Campaign: IRC Care, that the Company extended them as Corporate Social Responsibility (CSR) as well as Creating Shared Value (CSV).
 3. Activity **"Activity with the Communities"** which strengthen the Company's relationship with the nearby communities both in Rangsit and Wangnoi; for example, Safety Riding Campaign during Festival Project and Activity with the Communities Project.
 4. Internal activities of **"IRC"** such as Food Waste Reduction and Plastic Bag Usage Reduction, which are under the Zero Waste project,

creating awareness of reducing general waste inside the Company, as well as activities that focus on creating consciousness both in innovation and continuous sustainability, altogether with health care, living, safety, and knowledge and competency development of the employees.

All of stated activities are disclosed in the Sustainability Report.

Pride Awards in 2019

- Received ASEAN Business Awards (ABA) 2019 under the category of 17 Priorities Integration Sectors: Rubber-Based (Large-Tier)" from ASEAN BUSINESS AWARDS 2019 organized by ASEAN Business Advisory Council: ASEAN-BAC Thailand which showed that the Company is outstanding and successful at the ASEAN level and also participate in driving the growth and prosperity of the ASEAN economy.
- Received 'ESG 100 Certificate 2019', which is 1 of 100 companies for outstanding performance in terms of environmental, social, and governance among 771 listed companies awarded by Thaipat Institute for 4 consecutive years
- Selected in the list of Thailand Sustainability Investment 2019 (THSI) from the Stock Exchange of Thailand for 3 years consecutively. The Company is one of 98 Listed Company that operate their business with Environment, Social and Governance awareness.
- Received assessment score of Corporate Governance Report (CGR) for 2019 from the Thai Institute of Directors in the "Excellent" level of all level.
- Received awards from the Company's customers; e.g, NISSAN, ISUZU, and others for various dignity such as Product's Cost and Quality, Safety in Organization, Risk Management, etc.

Good Corporate Governance

Corporate Governance Policy

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

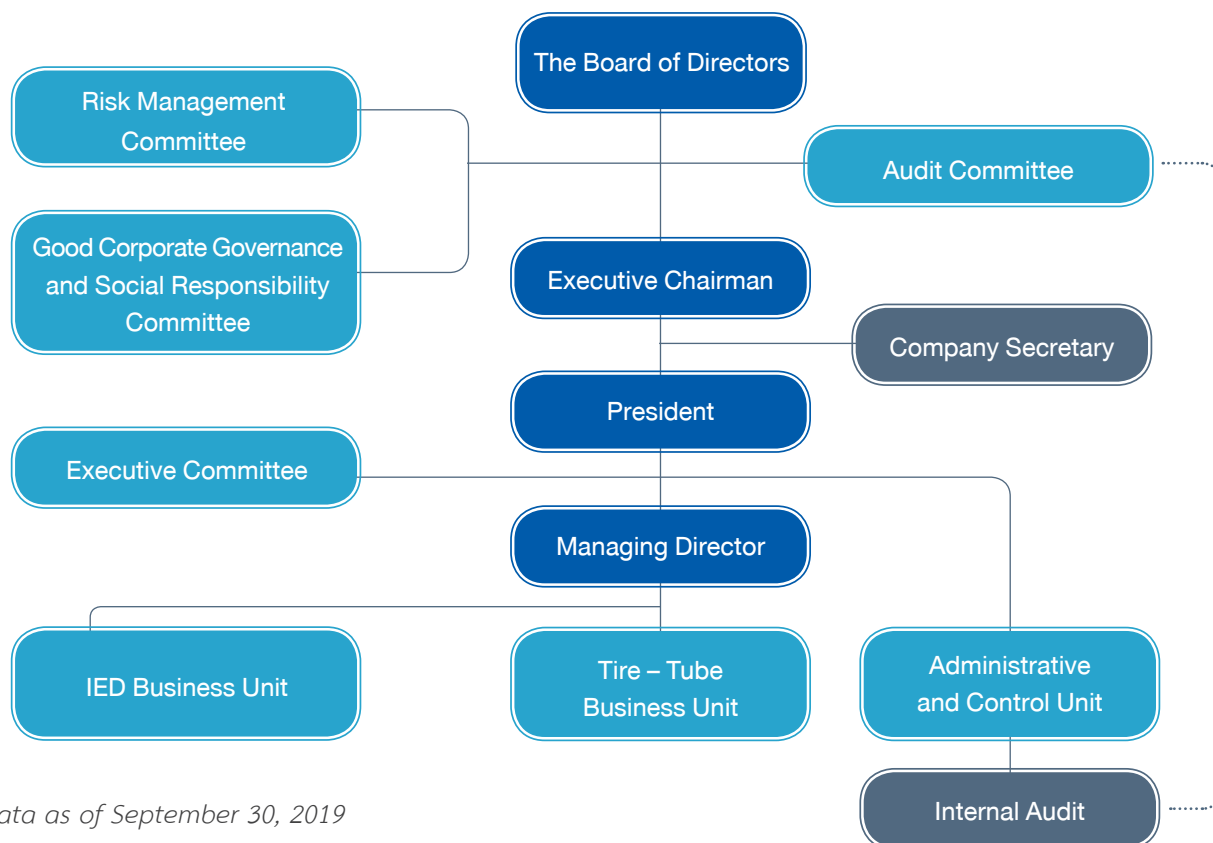
The unapplied as follows;

1. The establishment of a Nomination and Remuneration Committee: However, the Board has applied practice guideline of the Nomination and Remuneration Committee recommended by the Stock Exchange of Thailand (SET) as the Company's practices where every director have fully required qualifications and performed the best following the committees' charters. Additionally, the remuneration of the directors was considered using the other companies' in the similar industry and market capitalization remuneration's information.
2. The meeting attendance shall not be less than 75% of all of the Board of Directors' Meeting per years since some of the director has their residence located abroad, their attendance was less than 75% as mentioned. Anyhow, such directors had performed through concerned reporting channels effectively and supported the Company in many ways. This is considered that those directors' performance was excellent.
3. Non-executive directors are responsible for determining the total compensation of, and performance evaluation criteria for the chief executive officer: However, the current compensation was aligned with the contract that the Company made with related parties, which was considered as Relate Party Transaction. These transactions were audited by the Audit Committee and approved by the Board of Directors

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

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

Organization structure of the Company includes the Board of Directors and 4 Sub-committees which are Audit Committee, Executive Committee, Risk Management Committee and Good Corporate Governance and Social Responsibility Committee. They are to scrutinize and recommend guidelines on corporate governance and on management of the Company. All directors have freedom to express their opinions on the Company's operations to ensure that business is efficiently, accurately and transparently administered by the management. The Company's organization is shown below:



Board of Directors

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

As of September 30, 2019, the Boards of Directors consisted of 12 members, including 10 non-executive directors, representing more than 4/5 of all members, and 2 executive directors. The Board has 4 independent directors, representing 1/3 of all members, and two of them are female. Independent directors are independent from management and major shareholders.

Authorized Directors

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

Roles, Duties and Responsibilities of the Board of Director

1. To undertake the duties in accordance with laws, objectives and Articles of Association of the Company, Good Corporate Governance Principles, and resolutions of the Board of Directors' meeting and the shareholders' meeting with due care and integrity and to look after the interest of the Company; furthermore, clearly define the scope of duties and responsibilities for the management;
2. To set the goal, strategy, policy and direction of the Company's business operation together with allocate important resources and supervise the management to ensure efficiency, effectiveness and compliance with the prescribed policies and to achieve sustainable value creation by competitiveness and performance, ethical and responsible business, respect rights and responsibilities of shareholders, stakeholders, social and environment;
3. Provide review of strategy, vision and missions, and corporate values (IRC DNA) which consider changing of environment by encouraging innovation and technology usage that suitable with the Business Ecosystem and consider the needs of customers and stakeholders. It also considers the competitiveness of the business on an annual basis;

4. To arrange a reliable accounting system, financial reports and auditing by settle internal control procedures and suitable internal audit system with consistent follow-up;
5. To approve the quarterly financial statement and propose the shareholders' meeting to consider to approve the annual financial statement, as well as to approve the annual investment budget and to monitor the operating results of the Company, including the major progress in various aspects;
6. To provide advices/suggestions and make a decision with due care on the agenda proposed in the Board of Directors' meeting;
7. To appoint/remove the sub-committee on specific matters as deemed suitable;
8. An independent director is able to provide their independent discretion on the issues and to oppose any act of other directors or the management, if there is any conflict significant to the Company and the shareholders;
9. To arrange a good corporate governance, anti-corruption policy, business conduct and code of conduct for directors and employees as a guideline and to annually review these policies;
10. To approve the importance transactions of the Company such as acquisition or disposal of assets, expansion of the investment projects, determination of the authority to be assigned and any action required by laws and to look after the conflict of interest among stakeholders of the Company;
11. To approve and/or consent on the connected transactions between the Company and its subsidiaries in accordance with related notifications, requirements and guidelines of the Stock Exchange of Thailand;
12. To suspend buying/ selling/ transferring of the Company's securities one month prior to public disclosure of the financial statement and during or before the period that the Company reveals is undertaking the confidential transaction e.g. increasing in capital, merger and acquisition, or negotiation of new significant projects;
13. To report any securities holding by himself/herself and his/ her spouses and children in the Board of

Directors meeting quarterly and to inform the Company Secretary within 3 business days from the first day that securities holding changes, if there is any buying/selling/ transferring of securities of the Company;

14. To report of directors interests annually as well as informed the Company secretary within 15 working days if there are any changes;
15. To arrange a self-assessment of the director annually;
16. To manage and supervise the Company's intellectual property.

Responsibilities of the Chairman of the Board of Directors

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

Audit Committee

Audit Committee consists of 3 independent directors which possess qualifications aligned with the Securities and Exchange Commission's definition. The three Audit Committee members have adequate knowledge and experience to perform the duty in verifying the reliability of the financial statements. One member has education background in accounting.

As of 30 September 2019, Audit Committee composed of 3 members, namely;

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

Notice: *Audit Committee member who has education background in accounting.
Ms. Kittunya Naruepracha acts as a Secretary of Audit Committee.

Roles, Duties and Responsibilities of Audit Committee

1. To verify and assure that the Company's financial report is accurate and sufficiently disclosed;
2. To verify and assure that the Company and its subsidiaries has the internal control system and the internal audit system that is suitable and efficient, incorporate with auditors and internal auditors to consider the independence of the internal audit unit. Throughout giving approval the appointment, transfer and dismissal of the chief of an internal audit unit or any other agency responsible for internal audits. Also approved the annual internal audit plan;
3. To verify and assure that the Company has acted in compliance with the law on Securities and Exchange, requirements of the Stock Exchange of Thailand, and other laws in relation to the Company's business;
4. To consider, select, propose to appoint, and unemployed an independent person(s) to perform the duty as the Company's auditor. To propose remuneration for that person(s) and to participate in a meeting with the auditors without the management involvement at least once a year;
5. To consider connected transactions and any transaction that may have a conflict of interests by referring to the requirements of laws and the Stock Exchange of Thailand, to assure that such transactions are reasonable and resulted in maximum benefits to the Company;
6. To review that the Company has a whistleblowing procedure to report fraud as well as inappropriate financial report or other issues. This is to assure that all the complaints will be investigated independently and will acquire the appropriate monitoring;
7. To prepare a report of the Committee as disclosed in the Company's Annual Report which must be signed by the Chairman of the Audit Committee and must consist of the information as follows (at least);
 - 7.1) An opinion(s) about an accuracy, completion and reliability of the Company's financial report.
 - 7.2) An opinion(s) about the adequacy of the Company's internal control systems including the corruption/ fraud prevention.
 - 7.3) An opinion(s) about an action in compliance with law of Securities and Stock Exchange, provisions of the Stock Exchange of Thailand or any related laws regarding the Company's business.
 - 7.4) An opinion(s) about an appropriateness of the auditors.
 - 7.5) An opinion(s) about any financial transaction that may have a conflict of interests.
 - 7.6) A total number of the Committee's meetings and each member's meeting participation.
 - 7.7) An overall opinion(s) or an observation(s) obtained by the Committee from the operation as required in this charter.
 - 7.8) Other essential information or transactions as deemed to be acknowledged by shareholders and investors under the scope and responsibilities assigned to them by the Board of Directors.
8. Any other operation as assigned by the Board of Directors with an approval by the Committee;
9. The Committee is able to consult with independent consultant(s) as appropriated with the Company budget.
10. To do the self-assessment of the Committee as a whole and the member as an individual annually.
11. Any provision or practice regulation or refrainment of practices that are not mentioned in this charter shall be held in accordance with the Company's memorandum of associations, and other laws, as well as the provisions of the Stock Exchange of Thailand and the Securities and Exchange Commission;
12. To review the Audit Committee Charter annually to comply with changing conditions and circumstances and propose to the Board of Directors for the approval.

Good Corporate Governance and Social Responsibility Committee

As of 30 September 2019, the Good Corporate Governance and Social Responsibility Committee consists of 5 members as follows:

No.	Name – Surname	Position
1.	Assoc.Prof. Jaruporn Viyanant	Chairman of the Committee
2.	Mr. Sommai Wandee	Member
3.	Mr. Sunan Lachareon	Member
4.	Ms. Rungtiwa Thongprapaeng	Member
5.	Mr. Therdsak Emsem	Member

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

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

Risk Management Committee

As of 30 September 2019, the Risk Management Committee consists of 8 members namely;

No.	Name – Surname	Position
1.	Mr. Surong Bulakul	Chairman of the Committee
2.	Mr. Katsunori Ito	Vice Chairman of the Committee
3.	Mr. Chaowalit Meethongkum	Member
4.	Mr. Narongchai Rattanaekkawin	Member
5.	Mr. Suchart Kootiratrakarn	Member
6.	Mr. Buncha Yutthaworakool	Member
7.	Ms. Praewphan Songhong	Member
8.	Mr. Surachai Chaichalermpong	Member

Roles, Duties and Responsibilities of Risk Management Committee

1. Propose and scrutinize the Company's risk appetite and risk management policies that are consistent with the Company's mission, strategy, good governance, as well as risk appetite to the Board of Directors for approval; moreover, scrutinize the review of the risk management policies annually to ensure that it conform to and is suitable for the current business circumstances;
2. Oversight, control, and monitor the Company to have risk identification through consideration of internal and external factors that may cause the Company be unable to achieve its objectives, then propose to the Board of Directors to acknowledge;
3. Oversight, control, and monitor the assessment of impact and likelihood of identified risks in order to be prioritized, as well as have appropriate risk response covering all types of risks and provide recommendations for the Company regarding risk prevention and risk reduction to be at the appetite level;
4. To monitor the Subsidiaries to have the risk management that is suitable and efficient.
5. Formulate strategies aligning with the policies, evaluate and monitor the Company's risks to be at the appropriate level for the business operation;
6. Report the Company's significant risks, risk status, risk response procedures, risk management progress, and risk management results to the Board of Directors regularly;
7. Give opinions and recommendations to the Company if it requires external risk management consultant in order to provide independent recommendations regarding the risk management framework, scope, and operation;
8. Communicate to exchange information and coordinate with the Company's internal control unit;
9. Encourage and support the communication about risk and innovation in every aspect to all employees;
10. Report the Committee's progress and performance to the Board of Directors to acknowledge and/or consider on quarterly basis;
11. Review and amend the charter of the Risk Management Committee to keep it conforms to the current circumstances and environment, and propose to the Board of Directors to approve;
12. Consider the appropriated acquirement of suggestion from independent professionals with the Company's financial support;
13. Be responsible for other missions related to risk management assigned by the Board.

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

Executive Committee

As of 30 September 2019, the Executive Committee consists of 11 members are as follows:

No.	Name – Surname	Position
1.	Mr. Katsunori Ito	Chairman of Executive Committee
2.	Mrs. Pimjai Leeissaranukul	Vice-Chairman of Executive Committee
3.	Mr. Takeshi Arakawa	Member
4.	Ms. Witchuda Kupongsak	Member
5.	Mr. Chaowalit Meethongkum	Member
6.	Mr. Suchart Kootiratrakarn	Member
7.	Mr. Narongchai Rattanaekkawin	Member
8.	Mr. Mitsuhiro Ito	Member
9.	Mr. Shigeyuki Hosokawa	Member
10.	Mr. Hiroyuki Hibi	Member
11.	*Mr. Kazuaki Yamada	Member

Note: *Mr. Kazuaki Yamada acts as the member of Executive Committee replacing Mr. Hirozo Mizuno since August 15, 2019.

Roles, Duties and Responsibilities of Executive Committee

1. To conduct and/or manage the daily business operation in accordance with laws and standards, including policies, action plan, targets, requirements and regulations of the Company prescribed by the Board of Directors;
2. To strictly, honestly and carefully conduct and manage the operation in accordance with the resolutions of the Board of Directors altogether with the approved budget by consideration on the interest of the Company and the shareholders;
3. To report the operating performance of the Company to the Board of Directors' meeting quarterly and to review the operating results periodically for a quick resolution to achieve the business targets;
4. To assess and screen the major investment projects and the annual budget prior to the submission to Board's consideration;
5. To undertake the work in accordance with the good corporate governance principles prescribed as a guideline by the Board of Directors;
6. To approve that appointment of persons of directors, executives or controlling persons to the subsidiaries, to have transparency and effective good governance and internal control, aligned with the company's benefit and the Investment and Management in Subsidiaries policy;
7. To suspend buying/ selling/ transferring of the Company's securities one month prior to public disclosure of the financial statement and during the period that the Company is undertaking the confidential transaction e.g. increasing in capital, merger and acquisition, or negotiation of new significant projects, etc.;
8. To report any securities holding by himself/ herself and his/ her spouses and children in the Board of Directors meeting quarterly and to inform the Company Secretary within 3 business days from the first day that securities holding changes, if there is any buying/ selling/ transferring of securities of the Company;
9. To prepare a report on the conflict of interest of the management annually, as well as to report the results of the anti-corruption investigation to the Audit Committee (follow the guidelines for joining the Thailand's Private Sector Collective Action Coalition Against Corruption: CAC project);
10. To manage the information system and intellectual property including the Company's important commercial information;
11. To refrain from any reveal of Company's business transaction and/or intellectual property to third party without consent and/or oppose to Code of Conduct for Director and Employee and which affect the Company's business.

Executives

As of 30 September 2019, the Company's executives per definition of the Capital Market Supervisory Board are following:

No.	Name – Surname	Corporate Position
1.	Mrs. Pimjai Leeissaranukul	Executive Chairman
2.	Mr. Katsunori Ito	President
3.	Mr. Takeshi Arakawa	Managing Director
4.	Ms. Witchuda Kupongsak	Executive Director of Administrative and Control Unit
5.	Mr. Shigeyuki Hosokawa	Executive Director of Administrative and Control Unit
6.	Mr. Mitsuhiro Ito	Executive Director of IED Business Unit
7.	Mr. Suchart Kootiratrakarn	Deputy Executive Director of Tire and Tube Business Unit
8.	Mr. Chaowalit Meethongkum	Deputy Executive Director of IED Business Unit
9.	Mr. Narongchai Rattanaekkawin	Deputy Executive Director of IED Business Unit
10.	Ms. Praewphan Songhong	Accounting and Finance Division Manager

Company Secretary and Chief Financial Officer

The Board of Directors appointed Ms. Kittunya Naruepracha as the Company Secretary on November 9, 2018. Ms. Kittunya Naruepracha graduated from the field of economic with well experience of the Assistant to the Company Secretary. Ms Kittunya Naruepracha has improved the proficiency in the part of the Company Secretary continuously, altogether with participated in training courses that related to the position in 2017. The Company Secretary is responsible in giving consultation and reviewing the preparation and retention of documentation of the Company and the Board in accordance with the Section 89/15 – 89/17 of the SEC Act. Furthermore, the Company appointed Ms. Praewphan Songhong as the CFO of the Company, who is responsible for controlling the accounting transaction to be complied with the accounting standard and other concerned regulations.

Remuneration and Meeting Participation of the Board and Sub-committees

In 2019, the Company held 1 meeting of Shareholders, 8 meetings of the Board of Directors, 6 meetings of the Audit Committee, 4 meetings of the Good Corporate Governance and Social Responsibility Committee and 4 meetings of the Risk Management Committee. The Company also held 2 meetings of the non-executive directors to discuss topics in relation to sustainable development and topics of interest. In 2019, the selected topics are economic slowdown situation, trending war between USA and China, baht appreciation that effect on export condition, changing of engine system to electrical system, and innovation. (The details are shown in the Table)

Monetary Remuneration for the Board and Sub-committees

At the AGM 2019, held on 29 January 2019, the shareholders approved director remuneration according to position which consists of yearly retention fee plus meeting allowance at Baht 10,000/ person/ meeting and no other kind of remuneration with the following details;

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

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

Determination of director remuneration is based upon the principles of suitability and transparency, upon comparison with the similar industry, level of incomes and size of business. The proposed remuneration maintains benefits of directors in an appropriate level while the Company can retain and attract qualified directors.

Other kinds of remuneration for Directors

- None -

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

Name of Director	Position	Number of Meeting Attendance in FY 2019						Remuneration* (Baht)
		AGM	BOD	AC	EXCOM	CGSR	RMC	
Mrs. Pimjai Leeissaranukul	Executive Chairman	1/1	6/6	-	6/6	-	-	367,000.00
Mr. Katsunori Ito	President/ Vice Chairman of RMC	1/1	4/4	-	4/4	-	3/3	319,636.65
Mrs. Anchalee Chavanich ¹	Chairman of AC/ Independent Director	0/1	7/8	6/6	-	-	-	981,000.00
Mr. Kittichai Raktakanit	Member of AC/ Independent Director	1/1	6/8	6/6	-	-	-	605,500.00
Assoc.Prof. Viyanant Jaruporn	Member of AC/ Independent Director/ Chairman of CGSR Committee	1/1	8/8	6/6	-	4/4	-	828,000.00
Mr. Surong Bulakul	Independent Director/ Chairman of RMC	1/1	6/8	-	-	-	4/4	760,000.00
Mr. Soichi Inoue	Director	0/1	0/8	-	-	-	-	255,000.00
Mr. Masayuki Inoue	Director	0/1	0/8	-	-	-	-	255,000.00
Mr. Thanong Leeissaranukul	Director	1/1	8/8	-	-	-	-	386,000.00
Mr. Apichart Leeissaranukul	Director	1/1	7/8	-	-	-	-	376,500.00
Mrs. Porntip Sethiwan	Director	1/1	8/8	-	-	-	-	386,000.00
Mr. Kazuo Sato	Director	1/1	4/8	-	-	-	-	341,020.55
¹ Mr. Hiroshi Harada	Ex-President/ Ex-Vice Chairman of RMC	-	2/2	-	2/2	-	0/1	60,383.90
Total (Baht)								5,921,041.10

Remark: *Calculate from net payment in FY2019 as a position of Director only

¹Mr. Hiroshi Harada resigned from the BOD on November 23, 2019 and replaced by Mr. Katsunori Ito on November 23, 2019.

Remuneration for Executives

During the fiscal year 2019, the Company paid remuneration to the executives under definition of the Securities and Exchange Commission for Baht 67.13 million, comprised of salary, bonus, provident fund, social security fund and other welfares.

Employee

As of 30 September 2019, numbers of employees of the Company and its subsidiaries which were classified by business units, are following;

Business Unit	Number of Employees (person)
Administrative and Control	135
Motorcycle Tire – Tube	703
Industrial Elastomer Parts	594
IRC (Asia) Research Co., Ltd.	131
Kinno Hoshi Engineering Co., Ltd.	24
Total	1,587

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

During the fiscal year 2019, the Company and its subsidiaries paid employees totaling Baht 966.06 million in term of salary, bonus, provident fund, social security fund and other welfares.

Employee Remuneration Policy

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

Corporate Governance Policy

Section 1 Right of Shareholders

The Company emphasizes the rights of shareholders as the owners of the Company; therefore, this policy was announced to be the practice guideline. All groups of shareholders, either retail investors or institutional investors are encouraged to exercise their fundamental rights, e.g. receipt of adequate and in a timely manner information either via the SET's or the Company's website or other channels, attendance at shareholders' meetings to acknowledge the Company's annual business performance and voting rights at the shareholders' meetings to approve important issues as determined by law such as directors' remuneration e.g. the appointment of

the auditor and determination of the auditor's fee, dividend payment or suspension of dividend payment and making enquires or comments on the issues that the Board of Directors presents or requests for approval at the shareholders' meeting, etc.

Shareholders' Meetings

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

Sending Invitation Letters and Shareholders Facilitation

The Company assigns Thailand Securities Depository Company Limited which acts as a securities registrar to deliver the invitation letter at least 21 days prior to the meeting date, including publish on the Company's website at least 30 days in advance. Therefore, the invitation letter will need to state the place, date, time, and agenda of the meeting with enough supporting information for each agenda to shareholders in order to allow shareholders enough time to study the information. The information includes objectives and reasons for each proposed agenda with comments of the Board of Directors on each agenda. There shall be no hidden agenda or other agendas not stated in the invitation letter to the shareholders' meeting for the consideration and approval of the shareholders, except for urgent matters that are known after the invitation letter is sent. The Company will send an English version of the invitation letter and supporting documents to foreign shareholders. The Company also publishes the invitation letter together with supporting documents on the website prior to the meeting date. The invitation letter shall be announced via a Thai newspaper for 3 consecutive days before the meeting date.

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

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

During and After Shareholders' Meeting

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

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

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

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

Section 2 Equitable Treatment of Shareholders

The Use of Inside Information

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

1. Directors executives and related person as stated in Section 89-1, the Securities and Exchange Act B.E. 2535, must report changes in securities holding of the Company to the SEC according to Section 59 of the Securities and Exchange Act B.E. 2535 within 3 business days from the first day that

securities holding changes. They must also provide a copy of such report to the Company Secretary in order to gather, submit a summary and propose to the Board of Directors' meeting quarterly.

2. Directors, executives and employees cannot use inside information in securities trading of the Company and cannot disclose inside information to outsiders or people who are not related before thoroughly reveal to the public via the SET. The Company has the prevention of the improper use of inside information policy as follows:
 - Periodically Financial Statement Disclosure: Insiders are not permitted to sell/ buy/ transfer the Company's securities one month before releasing the financial statement and 24 hours after released.
 - Confidentiality and impact information concerning securities price such as capital Increasing-decreasing, business merging, joint-investment: Abstain from selling/ buying/ transferring the Company's securities during, before, and after the information disclosure to the public at least 24 hours so that shareholders shall have proper time to analyze such disclosed information.

Protection of Minor Shareholders' Rights

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

Conflict of Interest

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

Report on Interests of Directors and Executives

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

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

Meeting attendance of interests' directors

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

Section 3 Role of Stakeholders

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

In addition, the Company has provided a communication channel for stakeholders and related groups to express opinion and complaint on issues that cause damage to the Company and are related to external environment. The Company will improve, fix and find the solution for the complaint in order

to incite stakeholders and all related parties to get along sustainably. The Company's Environment Management System Steering Committee will propose opinions and complaints of stakeholders to the Risk Management Committee's meeting before further proposed the Board of Directors.

Corporate Social Responsibility: CSR

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

Complaint Report

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

Section 4 Disclosure and Transparency

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

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

The Company has the policy to disclose significant both financial and non-financial information to the public, namely financial status and business performance and major shareholders. The Company also reveals information in the annual report such as the number of the Board of Directors' meeting, profiles of the Board of Directors and executives, and the criteria for determining the remuneration of the directors as well as the Company's operation in social and environment

together with related activities. Therefore, investors and stakeholders can acknowledge and consider information via the SET's publicity channels and the Company's website.

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

Section 5 Responsibilities of the Board

The Company's Board of Directors, Audit Committee, Executive Committee, Good Corporate Governance and Social Responsibility Committee, and Risk Management Committee are to scrutinize and recommend guidelines on corporate governance and on management of the Company. All directors have freedom to express their opinions on the Company's operations to ensure that business is efficiently, accurately and transparently administered by the management. The Company uses CG Handbook as a transparent working framework for the Board and sub-committees. The CG Handbook follows 5 CG Principles of SET as presented in this report.

Meeting

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

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

less than 14 days and supporting documents not less than 7 days before the meeting day.

The Chairman of the Board has to allocate enough time for directors to discuss important issues, encourage directors to use discretion carefully and pay attention to all subjects proposed in the meeting as well as the good corporate governance. The Executive Committee is invited to attend the Board of Directors' meeting in order to provide supporting information for the directors' consideration.

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

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

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

Board and Management Development

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

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

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

Director Selection and Succession Plan

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

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

Nomination criteria and process

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

Remuneration for Auditor

Appointment of Auditor

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

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

Audit fee

The Company's and its' subsidiaries' financial statements of the fiscal year 2019 were reviewed and expressed an opinion by Ms. Noppach Apichartsatien, Certified Public Accountant No.5266 of PricewaterhouseCoopers ABAS Limited (PwC). The Company and its subsidiaries paid audit fee for the fiscal year 2019 as follows:

Company	Audit Fee (Baht)
Inoue Rubber (Thailand) Public Company Limited	1,322,150
IRC (Asia) Research Co., Ltd.	247,880
Kinno Hoshi Engineering Co., Ltd.	247,880
Audit Fee for BOI business (3 businesses at 64,800 baht/ business)	194,400
Out of pocket expenses	162,914.50
Non-audit fees	-None-
Total	2,175,225

Message from the Risk Management Committee

Dear All Shareholders,

Inoue Rubber (Thailand) Public Company Limited has effectively realized and prioritized risk management across the organization to build the trust with stakeholders. The Company has conducted risk management employing with the changes of economic, industrial and surrounding situations through the supervision of the Company's Risk Management Committee, which consists of 8 knowledgeable luminaries who are skilled in risk management: Mr. Surong Bulakul as a Chairman, Mr. Katsunori Ito as a Vice Chairman, Mr. Chaowalit Meethongkum, Mr. Narongchai Rattanaekkwawin, Mr. Suchart Kootiratrakarn, Mr. Bancha Yutthaworakool, Mr. Surachai Chaichaluempong and Ms. Praewphan Songhong as a director. The Risk Management Committee has been performed duties under the mission and roles as assign by the Board of Directors to become a part of Good Corporate Governance and to stably support the business operation. In 2019, 4 Risk Management Committee's meeting were held. The significant issues are summarized as follows;

1. Scrutinized and review the Company's risk management policy to ensure that it is consistent and appropriate with the current business circumstance
2. Supervise and consider the risk management of the Company, which include the risk identification, analysis and assessment based on both internal and external factors which may affected the Company's achievement, as well as establish the risk management measures and follow up the risk management result in order to manage the risk at the appetite level and to achieve the Company's goals
3. Provide guidance on Company's risk management to the risk management working team for effective operation onwards



A handwritten signature in black ink, appearing to read 'S. Bulakul'.

(Surong Bulakul)

Chairman of the Risk Management Committee

4. Review the roles and duties of the Risk Management Committee for systematic and effective risk reporting
5. Review the Risk Management Committee Charter in accordance with the CG Code 2017 and regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission and related agencies as well as suitable for the current business conditions
6. Promote and support risk and innovation education and activities to whole employees thoroughly
7. Push forward the innovation and provide suggestion toward new technology changes and product development. In 2019, the Company invents new innovations around 28 projects, which brought about the productivity up around 63.85 million baht
8. Report the progress and performance of the Risk Committee to the Board of Directors on a quarterly basis

Lastly, the Risk Management Committee and the working team have cautiously intentionally, completely and fully performed the duties to ensure all shareholders and stakeholders that the Company has closely supervised and managed each type of risk in order to drive the organization towards goals and objectives sustainably.

Risk factors and Risk management



Risk Management Policy

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

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

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

— This policy was announced in replacement of the old policy since July 24th, 2017.

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

To push the Company to make a better achievement of its objective and target, the Risk Management Committee has defined the roles and responsibilities of the Risk Management Committee, by emphasizing about the role that the risk owner must know and understand the risk of his/ her responsible job, together with promoting the contest and competition about innovation and management for internal organization, for every level of employee to recognize and participate in risk management, leading to a Systematic Report and maximize efficiency.

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

1) Strategy Risk

In addition to the disruptive change the world and technology, the adaptation to Thailand 4.0 is one of the challenging topics that the Company prioritized in

planning and creating the risk management system to manage all impacts by implementing the production line with robotics, information technologies, and digital system. The Company has considered to use these systems to enhance the production efficiency which is considered as one of the support forces in expanding the chance of investing in overseas; thus, considered one of the short-manpower risk prevention.

In 2019, the exports of Thai automobiles and motorcycles affected by the appreciation of Thai baht and the trade war between the United States and China. The Company has periodically revised and set the strategy plan as a responding to any disruptive changes, and defined the strategy aligned with the Company's vision which is "Be Leading Company in Innovation Development and the Smart Factory of Quality Elastomer Products, Motorcycles Tires and Tubes in AEC", firmly stand in creating products "Quality Reliability", by operating through the "Quality First, Delivery on Time, Customer Satisfaction" quality policy which is a reliable quality control system and trustworthy to customer, including the production's processes development that give out products to customer on time and grant satisfactions to customer. Besides, the Company has introduced a set of strategies to promote its research and product development to meet both general and specific requirements of all customers, creating innovation and become the "Smart Factory", corresponding to the disruptive technology and proudly step in to the Industry 4.0. Never the less, the Company is aware of the environmental sustainability and performing follow the "Zero Waste" policy that using "3R" which are Reduce, Reuse, and Recycle in the business.

Motorcycle Tires and Tubes Business Unit:

Based on the forecast of domestic motorcycle sales in 2019, the number is likely to decrease compared to the previous year due to the market is saturated. The economy is slowed by a protracted trade war. Moreover, the trend of prices of major agricultural products such as rice, cassava, rubber, palm and sugarcane have not recovered due to the oversupply. These factors directly affect consumer revenue at the foundation level, which are the farmers and workers in the industrial sector therefore main buyer groups.

There are also more stringent credit approval factors. To mitigate such impact from occurring, the Company persisted on separating the markets into three major segments including:

(1) Original Equipment Market (OEM) – For 2019, the company emphasizing on maintaining the market share and increasing the production of high performance tires such as Tubeless tires for new motorcycle models in various patterns, including new tire models for motorcycle under 150CC.

(2) Replacement Market – Focusing on the launch of marketing and promotional campaigns in collaboration with sales representatives to satisfy market demands such as SC3 model for tubeless tire.

(3) Export Market – Affected by the economic slowdown from the trade war that has not been concluded, together with the exchange rate which the baht has continuously appreciated. However, the Company has adjusted the business strategy by focusing on developing new products to support the specific international market demand by adding more variety of product.

Industrial Elastomer Part Business Unit:

The Industrial Elastomer Part Business Unit is inevitable affected by the advancement of technology; i.e, the Electrical Vehicle (EV). According to the estimation of the Thailand Automotive Institute (TAI), the electrical vehicle market in Thailand will be expected to have a remarkable growth in the next 15-20 years. Similarly, the automotive expert in Europe had expected that the vehicle with Internal Combustion Engine (ICE) will be extinct within 2030. So, the Company are hastened the enhancement of value-added products and the potential development in creating new innovation; e.g, the Rubber Chip for Sport Track that developed from defected natural and synthetic rubbers, rubber seal for mirror (Gasket Building) and floor (Expansion Joint) for building or skyscraper, or rubber part for Construction industry. This grant a diversity of the Company products, as a solution for the Company's variety of customers and increased a chance for a market expansion, altogether with designing the Company's products with better function and performance. Moreover, the Company has sent its

officer to train in Japan about rubber-part products design for car, supporting and responding to the needs of the Company's customer target groups directly and hasty; thus, this is a part of the Company's Automotive market share maintaining plan.

2) Operational Risk

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

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

risks that may take place during the employees' daily operations. The Company aim to become a "zero-accident" workplace through the instillation and implementation of safety principles among employees. All employees in the Company are encouraged to pursue the "5 Do 5 Don't" concept, being committed to doing good things and refraining from being involved in improper practices. A safety training program is featured in the Safety Day, a corporate activity launched to ensure sufficient knowledge on occupational health and safety for employees. In 2019, the Occupational Health and Safety Committee has performed in accordance with the Company's target excellently. Moreover, the responsible departments in the Company monitor flood problems closely, while submit significant reports on flood-related incidents to the top executives for acknowledgement on a weekly basis. Aside from an overwhelming risk of flood, the Company also holds its fire evacuation drill regularly.

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

Motorcycle Tires & Tubes Business Unit:

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

In addition, the Company has implemented the IRC Smart Production (ISP) program for planning

and controlling production, to increase production efficiency and product delivery in order meet the customer's satisfaction.

Industrial Elastomer Part Business Unit:

The Company has developed the machine and implement the Automatic Robot (Automation System) into the Industrial Elastomer Business Unit; for instance, the detection camera instead of using human's sight, automatic system for part assembling with rubber product, Transportation, altogether with Quality Control System and Quality Inspection, which enhancing the quality control efficiency, reduce wastes from production, prevent machine malfunction and cost management. As a guarantee for the automation performance thorough to the quality control on process and product of the Company, various awards was granted such as "Automation Award" from Inoac Corporation, passed through the final round of Thailand Quality Prize 2018 in New Born QQC Prize category. These awards are part of the guarantees that the Company has excellent operation risk management.

3) Financial Risk

The overall Thailand economy in 2019 slows down from the previous year. The first half year slowdown is mainly from the export sector, which is affected by the significant slowdown of foreign demand. This is a result of the slowing down economy of the trading partners and the world trade due to the trade war between the United States and China. The issue of Brexit which has not been conclusive, and the condition of the baht appreciating against the US dollar.

From the above financial fluctuation, this resulted in the major financial risk of the Company, firstly, are the volatile exchange rate, since the Company had transactions in both Japanese Yen (JPY), US Dollar (USD), and Euro (EUR) that all of them are considered unstable. The Company monitors the movement of exchange rates and raw material prices closely. As well as defined a Forward Contract policy and making options to close down this transactional risk that involved foreign currency, report also made regularly for the Management to acknowledge and reported to the Risk Management Committee every quarter.

About Financial Ratio, it was close to the average of the same industry, both Return on Asset (ROA), Return on Equity (ROE), and Debt to Equity Ratio (D/E) showing the excellent performance of the Company.

Also, the Company managed their cash by paying out dividend in a rating higher than tax rating that the Company received from short-term investment cash, altogether with planning to invest in other channels such as invest in mutual fund of Thailand top financial institutes, invest in research for new products and development for innovations in response to Climate Change, and Electric Vehicle, together with invest in development to become the Smart Factory; e.g, implement Robots and Automatic Systems to enhance production process. Apart from being a sufficient way for financial management and benefits the Company in the long term, such investments could be used as tax deduction.

For Customer's Credit Risk, The Company set to regularly report the age of account receivables to the Management, in order to make a follow-up action whenever potentially risky transactions were found then features such items in every quarter of the Financial Statement report. Thus, most of the Company account receivables are not reaching the maturity, which is not affect the liquidity and financial status of the Company.

4) Compliance Risk

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

In 2019, there is a review of Risk Management policy, Risk Management Committee's charter, as well as Roles, Duties and Responsibilities of the Board of Directors, to be aligned with the Corporate Governance Code 2017 (CG Code), the Market Misconduct Act Prevention, and the Thailand 4.0 policy. One of the

guarantee that the Company has performed follow the law, rule, regulation in the aspect of environmental, social, and governance is being selected by Thaipat Institute to be one of the Company with outstanding performance in the area of Environmental, Social, and Governance (ESG: ESG100), or rather called as ESG100 Securities group as of 2019 for 4 years consecutively.

For Anti-Corruption, the Company has declared their intention to be part of the Private Sector Collective Action Coalition Against Corruption (CAC), encouraging the Risk Management Committee to assess the potential impacts caused by corruption stringently, apart from the follow-up and control of the Management, to ensure that the Company has an appropriate internal control system. The Company also defined the Anti-Corruption policy and communicated to employees through the Handbook of Good Corporate Governance training course by the Top Management and create an official channel to file a complaint about corruption called as "Whistle Blowing Channel" as show in the details below;

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

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

Message from the Audit Committee

Dear Shareholders,

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

During the 2019 fiscal year, the Audit Committee fully performed its duty according to the roles, duties and responsibilities as stated in the Charter of the Audit Committee, which was approved by the Board of Directors. A total of 6 meetings were held with the Company's management, internal auditors and external auditors, with opinions and offers being expressed freely and independently. Participation in these meetings by each Audit Committee member is as follows;



A handwritten signature in black ink, appearing to read 'A.C.', located below the portrait of Mrs. Anchalee Chavanich.

(Mrs. Anchalee Chavanich)
Chairman of Audit Committee

Name	Position	No. of participation / No. of the total meeting
Mrs. Anchalee Chavanich	Chairman of the Audit Committee	6/6
Assoc. Prof. Jaruporn Viyanant	Member of the Audit Committee	6/6
Mr. Kittichai Raktakanit	Member of the Audit Committee	6/6

Summary of the Audit Committee's performance and opinions to the Board of Director meetings in 2019 is as follows:

Review of Financial Statement

The Audit Committee reviewed the accuracy and reliability of all quarterly and annual financial statements, reviewed and audited by the external auditor. The external auditor found no essential issue or drawback in the financial statements and reviewed the report from the internal auditor on the essential operating process. The Committee also invited the external auditor to the meetings to discuss on topics covering the area, process and plan for annual audit, including to review the accuracy and completeness of the changes made to the statements,

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

Assessment and Review of Internal Control System

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

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

Review of the Connected Party Transactions

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

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

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

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

Review of the Compliance with Rules, Regulations and Policies

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

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

Selection of the External Auditor

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

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



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

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

The Audit Committee reviewed the roles, duties and responsibilities as stated in the Charter of the Audit Committee annually by comparing with the guideline of the Audit Committee, recommended by the Security and Exchange Commission of Thailand and the charters of audit committee of other listed companies and proposing the amendment to the Board of Directors for approval. The Company had disclosed information related to the change of responsibility of the Audit Committee.

Overall Opinion of the Audit Committee

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

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

Internal Control

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

1) Control Environment

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

The Company had determined the Handbook of Good Corporate Governance, including Directors and employees Code of Conduct, investor relations Code of Conduct, violation and penalties reporting, Complaint and Whistle Blowing Policy in 2005, and it has been developed to align with changing in laws, rules and regulations, as well as circumstances. The latest revision was done on May 13th, 2019 as approved by the Board to ensure that the roles and duties of the Board of Directors and sub-committees in the charter comply with the Corporate Governance code for listed companies 2017 or CG Code 2017, which was implemented by the Securities and Exchange Commission in 2017.

In order to inculcate the integrity and Code of Conduct, the Company has provided the internal

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

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

2) Risk Assessment

In 2019 the Risk Management Committee constructed the risk assessment matrix, which shows impact and likelihood of each kind of risks, and keep monitoring strategic risk, operational risk, financial risk, and compliance risk as the quarterly basis. Moreover, the Committee has communicated to risk owners and line managers to raise risk awareness in the organization.

Moreover, the Committee have proposed risk monitoring in term of Risk Dashboard to create effective and up-to-date risk management among changing circumstances. The Committee also evaluated the corruption risk in order to create proper anti-corruption measure. For all the fiscal year 2019, all risk issues were managed in the positive way.

3) Control Activities

The Company determined the policies and procedures in written document which cover the business operation appropriately. They encompass the financial

transaction, procurement and general administration processes; and specify the approval scopes, authorities and hierarchy clearly in accordance with the Company organization and managerial authority. The approval authority responsibility is isolated from the responsibility in accounting transactions and IT records as well as the responsibility in properties keeping in order to check and balance each other.

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

4) Information and Communication System

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

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

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

5) Monitoring Activities

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

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

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

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

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

Connected Transactions

During fiscal year 2019, the Company and its subsidiaries entered into connected transactions with businesses and parties with potential conflict of interest. Most of the mentioned transactions were related to sales and purchases of business supporting, short-term property rent, services rendered/received and long-term machinery lease. The terms and basis of such transactions were negotiated between the parties in the ordinary course of business and according to normal trade conditions. The external auditor presented connected transactions in the Note no. 24 of financial statements

Necessity and Appropriateness of Transactions

Most of connected transactions were entered into between the Company and the related parties involving the Company's business operations. Such transactions give more flexibility of routine operations of the Company, which will lead to sustainable development. Consideration of such transactions is based upon the long-term interest of the Company's and all shareholders, without misappropriation of benefit from a publicly held company to the related people.

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

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

In addition, in 2017 the Board of Directors approved the Connected Transactions Policy (or called Related Party Transaction Policy) upon reviewing principles for general trading conditions, which are under the decision authority of the management, if the criterion meet the principle approved by the Board of Directors. The Policy are to create clear framework for personnel involved, setting prices and conditions that are reasonable and within arm's length or market price, and based upon the Company's interest as if the Company enters into a transaction with outsider, which considered as an act of transparency and complied with concerned law and regulation.

The connected transactions of fiscal year 2019 as shown in the table next page have already presented to the Audit Committee for review and to the Board of Director for acknowledgement.

Potential Connected Transactions in the Future

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

Table of Connected Transaction

For Fiscal Year 2019 (1 October 2018 – 30 September 2019)

Connected Parties/ Type of Relationship	Type of Transaction	Amount (Mill. Baht)			Type of Connected Transaction/ Approval
		FY2017	FY2018	FY2019	
1 Thai Inoac Component Co., Ltd. “TIC” Has indirect shareholders namely; Sopa-Kanok International Co., Ltd. and directors in common	Assembly expense	3.02	3.93	6.3	Normal business The 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 which is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
	Rental income	1.2	1.2	1.24	Short-term property rental Contract Period 1 year (Rental rate is not less than the fair price from 2 independent appraisers’ estimation.) The Board of Directors (without interests diectors), by concurrence of the Audit Committee, after having considered that the transaction is reasonable and truly aims for the highest benefit of the Company
	Service and Utility income	0.19	0.19	0.18	Service price from external payment collection The transaction is reasonable and truly aims for the highest benefit of the Company. The value of the transaction is subject to approval by the Management according to relevant regulations.
2 Thai Stanley Public Co., Ltd. “STANLY” Has major shareholders namely; Leeissaranukul Group and directors in common	Sales of finish goods	13.72	13.28	11.81	Normal business The 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 which is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.

Connected Parties/ Type of Relationship	Type of Transaction	Amount (Mill. Baht)			Type of Connected Transaction/ Approval
		FY2017	FY2018	FY2019	
3 Sirivit-Stanley Co., Ltd. Has indirect shareholders namely; Sopa-Kanok International Co., Ltd. and directors in common	Sales of finish goods	15.12	11.38	6.45	Normal business The 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 which is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
4 Inoue Rubber Co., Ltd. “IRCJ” IRCJ is a major shareholder of IRC and has directors in common	Technical assistance fee expenses	14.19	12.55	11.96	Supporting normal business transaction Charged are on cost basis, calculated from number of working hours or day spent and other expenses. The remuneration and conditions of the transaction are comparable to general trading terms. Management has the authority to proceed under the principles which were approved by the Board of Directors.
	Sales of motorcycle tire and tube products	92.66	76.12	78.65	Normal business The 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. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
	Finish goods expenses	2.74	6.23	2.61	Normal business The transaction by adopting the same practice as other third parties which is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
5 Inoac Corporation Co., Ltd. “Inoac Corp” Has a major shareholder namely; Inoue Rubber (Japan) Co. Ltd., and directors in common	Technical assistance fee expenses	19.65	20.38	19.82	Supporting normal business transaction Charged are on cost basis, calculated from number of working hours or day spent and other expenses. The remuneration and conditions of the transaction are comparable to general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.

Connected Parties/ Type of Relationship	Type of Transaction	Amount (Mill. Baht)			Type of Connected Transaction/ Approval
		FY2017	FY2018	FY2019	
<p>6 Inoue Rubber (Vietnam) Co., Ltd. “IRV”</p> <p>IRCT is a joint-venture by holding 8% of total shares of IRV and has the major shareholder- IRCJ – and directors in common</p>	Sales of finish goods	77.93	16.78	14.54	<p>Normal business</p> <p>The 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. This is the terms of general trading condition.</p> <p>Management has the authority to proceed under the principles which were approved by the Board of Directors.</p>
<p>7 Inoac Thailand Co., Ltd. “ITH”</p> <p>Has an indirect shareholder namely; Inoue Rubber (Japan) Co. Ltd., and directors in common</p>	Professional service fee expenses	37.02	32.95	36.36	<p>Supporting normal business transaction</p> <p>Professional service fee 1 year contract ITH provides the professional service fee in marketing and product quality control which the remuneration rule was set in accordance with the IRCT’s group. The transaction is reasonable and truly aims for the highest benefit of the Company.</p> <p>Management has the authority to proceed under the principles which were approved by the Board of Directors.</p>
	Sales of finish goods	2.69	1.24	1.03	<p>Normal business</p> <p>The 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. This is the terms of general trading condition.</p> <p>Management has the authority to proceed under the principles which were approved by the Board of Directors.</p>
	Rental and service incomes	0.4	0.4	0.45	<p>Short-term property rental contract period 1 year</p> <p>The contract price (Rental rate is not less than the 2 independent appraisers estimation.)Charges calculated from cost-plus margin determination by product type which is the same practice as the price charged to other third parties. This is the terms of general trading condition.</p> <p>Management has the authority to proceed under the principles which were approved by the Board of Directors.</p>

	Connected Parties/ Type of Relationship	Type of Transaction	Amount (Mill. Baht)			Type of Connected Transaction/ Approval
			FY2017	FY2018	FY2019	
8	Inoac Vietnam Co., Ltd. “IVC” Has an indirect shareholder namely; Inoue Rubber (Japan) Co. Ltd., and directors in common	Sales of finish goods	0.52	0.75	1.04	Normal business The 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. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
9	The Sittipol (1919) Co., Ltd. “STP” Has major shareholder namely; Sopa-Kanok International Co., Ltd. and directors in common	Sales of finish goods	655.32	559.19	550.14	Normal business The 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. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
		Advertising expenses	4	4.62	7	Normal business The 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. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
10	Smart Sport Promotion Co., Ltd. Has an indirect shareholder namely; Sopa-Kanok International Co., Ltd. and directors in common	Advertising expenses	0.25	0.26	0.23	Normal business The transaction in advertising activities to increase agility in operation. The rate fee is in the price range of general entrepreneur to process with general people which is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.

Connected Parties/ Type of Relationship	Type of Transaction	Amount (Mill. Baht)			Type of Connected Transaction/ Approval
		FY2017	FY2018	FY2019	
11 Total Oil (Thailand) Co., Ltd. "TOTAL" Has major shareholder namely; Sopa-Kanok International Co., Ltd. and directors in common	Material and spare part expenses	3.85	2.7	0.68	Normal business The transaction by adopting the same practice as other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
12 Pacific Industries (Thailand) Co., Ltd. "PACIFIC" Has a major shareholder– Sopa-Kanok International Co., Ltd. –and directors in common	Raw material expenses	73.10	70.32	70.05	Normal business The transaction by adopting the same practice as other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
13 Wang Chula Co., Ltd. "Wang Chula" Has a major shareholder– Sopa-Kanok International Co., Ltd. –and directors in common	Work in Process incomes	36.03	59.77	95.17	Normal business The 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. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
	Purchase of goods	65.07	96.32	141.75	Normal business The transaction by adopting the same practice as other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
14 Inoac International Co., Ltd. "IIC" Has a major shareholder - IRCJ –and directors in common	Sales of finish goods	175.05	159.13	152.73	Normal business The 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. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.

Connected Parties/ Type of Relationship		Type of Transaction	Amount (Mill. Baht)			Type of Connected Transaction/ Approval
			FY2017	FY2018	FY2019	
		Material expenses	146.84	170.09	159.58	Normal business The transaction by adopting the same practice as other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
15	Techno Foam Co., Ltd. Has an indirect shareholder– IRCJ –in common	Sales of finish goods	0.53	0.21	0.14	Normal business The 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. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
16	Inoac Automotive (Thailand) Co., Ltd. Has an indirect shareholder– IRCJ – in common	Sales of finish goods	4.66	5.17	4.81	Normal business The 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. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
		Raw material expenses	3.95	3.58	3.25	Normal business The transaction by adopting the same practice as other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
17	BIMC Co., Ltd. Has an indirect shareholder– IRCJ – in common	Sales of finish goods	108.84	123.36	145.79	Normal business The 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. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.

Connected Parties/ Type of Relationship	Type of Transaction	Amount (Mill. Baht)			Type of Connected Transaction/ Approval
		FY2017	FY2018	FY2019	
18 Inoac Tokai (Thailand) Co., Ltd. ("ITTC") Has indirect shareholders–Sopa-Kanok International Co., Ltd. and IRCJ –in common	Purchase of finish goods	284.35	392.36	382.11	Normal business The 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, This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
	Work in Process incomes	615.84	767.68	807.16	Normal business The 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. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
	Service and professional service incomes	8.56	10.67	11.68	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. The Board of Directors (without interests directors, by concurrence of the Audit Committee, after having considered that the transaction is reasonable and truly aims for the highest benefit of the Company
19 IRC TIRE ASIA PACIFIC PTE. LTD. Has a major shareholder–IRCJ –and directors in common	Sales of finish goods	35.74	508.83	485.60	Normal business The 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. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.
20 INOAC HONG KONG LTD. Has a major shareholder - IRCJ –and directors in common	Purchase of metal mold	6.18	7.38	16.14	Normal business The transaction by adopting the same practice as other third parties. This is the terms of general trading condition. Management has the authority to proceed under the principles which were approved by the Board of Directors.

Management Discussion and Analysis

Overview of the Company and its Subsidiaries Operation

(Unit: million Baht)	Q1/2019	Q2/2019	Q3/2019	Q4/2019	FY2018	FY 2019	%YoY
Total Revenues	1,439.49	1,390.26	1,317.88	1,333.65	5,614.13	5,481.27	-2.37%
Cost of Sales and Services	1,251.00	1,224.50	1,206.22	1,183.94	4,788.68	4,865.66	+1.61%
Selling and Administration	103.61	104.66	114.92	95.48	392.98	418.67	+6.54%
EBIT	84.88	61.10	(3.27)	54.22	432.47	196.93	-54.46%
Net Profit	70.56	50.78	(0.34)	45.53	358.62	166.54	-53.56%
Basic Earnings per Share	0.35	0.25	(0.002)	0.23	1.79	0.83	-53.56%

Performance Report

Issue of trade war between the United States and China affected the overall global economy as well as the slowdown of Thailand economy. This affected the production of Thai automotive, as well as the sales and production costs of the Company and the Subsidiaries during the fiscal year 2019 (1 October 2018 to 30 September 2019) as follows;

1. The total revenue decreased by 132.86 million baht or 2.37% YoY due to the decrease in motorcycle production which was lower than the expectation and lower than the production amount in FY2018.
2. The cost of sales and services increased by 76.98 million baht or 1.61% YoY, mainly due to the conversion cost increased by 69.16 million baht from the new Labor Protection Act; the compensation rate for employees who have more than 20 years of work from the original 300 days has been adjusted to 400 days; approximately 57.53 million baht, and the Company's Voluntary Retirement project approximately 12.57 million baht. However, the raw material costs decreased around 67.88 million baht, which was in line with the sales.
3. The selling and administrative expenses increased by 25.69 million baht or 6.54% YoY, which was the impact from the new Labor Protection Act and the Company's Voluntary Retirement project as well.
4. This year, the company did not receive dividend from the affiliates.

Overall, in FY2019, the Company and the Subsidiaries had net profit around 166.54 million baht, decreased around 192.08 million baht or 53.56% when compared to last year, and recorded earning per share at 0.83 baht.

Financial Status

As at September 30, 2019, the Company had total assets at 4,848.78 million baht, fell by 209.27 million baht comparing to September 30, 2018, mainly due to the decrease in cash and cash equivalents.

The Company's total liabilities amounted to 1,267.70 million baht, decreased by 194.06 million baht comparing to September 30, 2018 due to the decrease in trade and other payables following the reduction of sales. However, the Company remained the position without long-term debts.

Accordingly, the total shareholders' equity amounted to 3,581.08 million baht, decreased by 15.22 million baht comparing to September 30, 2018. These represented the Company's book value per share at 17.91 and debt to equity ratio (D/E ratio) at 0.35 times.

Cash Flow

As at September 30, 2019, the Company had cash received from the operating activities around 377.68 million baht, decreased by 370.44 million baht compared to September 30, 2019 which was consistent with the reduction of sales. However, the cash paid for investing activities amounted to 422.14 million baht, increased 260.28 million baht mainly from the purchase of property, plant and equipment, including computer programs. The net cash used in the financial activities amounted to 179.30 million baht from the dividend payment to shareholders on February 28, 2019

From the statement above, as at September 30, 2019, the Company had cash and cash equivalents around 599.21 million baht, decreased by 223.76 million baht compared to September 30, 2018.

The Possible Impacts on Financial Position or Performance in the Future

Economic and political situations of the world and Thailand are major factors that might affect the Company's performance in the future. The Company believed that the total sales will increase following the growth of automotive industries, which rise by the demand of consumer. Additionally, there are other factors that might affect the Company as stated below;

- Electrical Vehicle or EV: From the forecast of Thailand Automotive Institute, the EV market in Thailand will have significant growth in the next 15-20 year, which does not affect the Company in short-term basis. Moreover, there will be a use of hybrid cars before a change to EV cars, which the hybrid cars does not have an impact on the Company's products.
- Climate Change: Global warming that raise the temperature and environmental pollution conflicts are an opportunity that the Company take it as a chance to develop new products. The Company launches various products to response such climate change; e.g., new construction material that reduce heat incoming into the building, floor paving (Vi-Pafe) that help reduce waste and is friendly to the environment, and a rubber part in air conditioner.

Nevertheless, the Company still aware of the importance of risk management in production cost and the competitiveness enhancement to confront the growth of the economy and the changes of industrial 4.0 continuously.

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

The Board of Directors is responsible for the financial statements of the Company and its subsidiaries and the financial information as presented in the annual report of the Company. The financial statements of the Company and its subsidiaries as of September 30, 2019 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, 2019.

On behalf of the Board of Directors

Inoue Rubber (Thailand) Public Company Limited



(Mrs. Pimjai Leeissaranukul)
Executive Chairman



(Mr. Katsunori Ito)
President

INOUE RUBBER (THAILAND) PUBLIC COMPANY LIMITED

**CONSOLIDATED AND SEPARATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2019



Independent Auditor's Report

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

My opinion

In my opinion, the consolidated financial statements of Inoue Rubber (Thailand) Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 30 September 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

I have audited the accompanying consolidated and separate financial statements of the Group and the Company, which comprise the consolidated and separate statements of financial position as at 30 September 2019, and the related consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

Basis for opinion

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

Key audit matters

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

Key audit matter	How my audit addressed the key audit matter
<p><i>Allowance for obsolete and slow-moving inventories</i></p> <p>Refer to note 2.8 (accounting policies) and note 10 (inventories), allowance is made for obsolete and slow-moving inventories.</p> <p>As at 30 September 2019, the gross amounts of inventories in the consolidated and separate statements of financial position were Baht 571.83 million and Baht 568.44 million, respectively. The allowance for inventories obsolescence was Baht 3.73 million, equally.</p> <p>The valuation of inventories was an area of focus because inventories were a significant part of the total assets and the allowances for obsolete and slow-moving inventories were subject to management's judgement and experience and market situation.</p> <p>The Group recorded allowance for obsolete and slow-moving inventories, where necessary. The assessment for the allowances for obsolete and slow-moving inventories required a degree of estimation from judgement. Management has applied their assessment on their experience and historical data. Each category of inventory with no movement longer than the ordinary course of business was subject to 100% allowance. The level of the allowances was assessed by taking into account the historical and recent sales experience, the aging of inventories and other factors that affected obsolete and slow-moving inventories.</p>	<p>I performed the following procedures:</p> <ul style="list-style-type: none"> • Updated my understanding of the Group's assumptions used to develop the allowances for obsolete and slow-moving inventories and determined that the accounting policies were consistent with prior years. • Assessed the reasonableness of management's assumptions used in developing the allowances for obsolete and slow-moving inventories by considering historical data and prior years' experience including key inventory ratios. I also challenged management's assumption of specific periods as to whether they were appropriately used in determining the valuation of inventories. • Tested the reliability of the inventory aging report that was used by the management to assess the valuation of the allowance by tracing the last movement date of the inventory aging report to the supporting documents in order to confirm that inventories were assigned to the correct aging category by the system. • Tested the mathematical accuracy of the allowances of the inventories obsolescence derived from management's assumptions. No material variances arose from performing this work. <p>Using the above procedures, I determined that management's assumption was properly applied. In addition, the estimation of the allowances for obsolete and slow-moving inventories were applied appropriately.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

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

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

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern.

If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

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

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

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

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

PricewaterhouseCoopers ABAS Ltd.



Nopanuch Apichatsatien

Certified Public Accountant (Thailand) No. 5266

Bangkok

22 November 2019

Statements of Financial Position

Inoue Rubber (Thailand) Public Company Limited

As at 30 September 2019

		Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Notes	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	7	599,206,155	822,969,023	552,721,818	794,380,077
Short-term investments		-	-	-	-
Trade and other receivables, net	8	1,011,808,633	999,109,139	1,014,922,550	999,429,496
Available-for-sale investments	9	436,003,488	-	436,003,488	-
Inventories, net	10	568,101,124	641,360,281	564,707,099	635,568,428
Other current assets		11,374,071	15,676,117	7,935,318	12,142,841
Total current assets		2,626,493,471	2,479,114,560	2,576,290,273	2,441,520,842
Non-current assets					
Available-for-sale investments	9	266,118,341	701,044,282	266,118,341	701,044,282
Investments in subsidiaries	11	-	-	20,049,230	20,049,230
Other long-term investment	12	30,781,799	30,781,799	30,781,799	30,781,799
Investment property, net	13	9,188,314	9,206,611	9,901,845	9,947,116
Property, plant and equipment, net	14	1,803,662,086	1,750,230,052	1,741,256,026	1,681,168,149
Computer software, net	15	42,497,841	32,795,640	37,758,336	27,144,473
Deferred tax assets	16	50,738,842	40,237,702	45,696,023	36,795,953
Other non-current assets		19,300,033	14,644,597	19,240,032	14,644,597
Total non-current assets		2,222,287,256	2,578,940,683	2,170,801,632	2,521,575,599
Total assets		4,848,780,727	5,058,055,243	4,747,091,905	4,963,096,441

Director _____

Director _____

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

Statements of Financial Position (Cont'd)

Inoue Rubber (Thailand) Public Company Limited

As at 30 September 2019

		Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
Notes		Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Trade and other payables	17	991,106,073	1,219,954,043	998,106,410	1,226,323,281
Income tax payable		13,253,059	31,373,499	13,253,059	31,373,499
Other current liabilities		2,178,603	2,303,850	-	-
Total current liabilities		1,006,537,735	1,253,631,392	1,011,359,469	1,257,696,780
Non-current liabilities					
Employee benefit obligations	18	260,550,489	207,176,072	228,820,114	185,127,774
Deferred tax liabilities	16	612,489	949,036	-	-
Total non-current liabilities		261,162,978	208,125,108	228,820,114	185,127,774
Total liabilities		1,267,700,713	1,461,756,500	1,240,179,583	1,442,824,554

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

Statements of Financial Position (Cont'd)

Inoue Rubber (Thailand) Public Company Limited

As at 30 September 2019

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital	19				
Authorised share capital					
Ordinary shares, 200 million shares					
at par value of Baht 1 each		200,000,000	200,000,000	200,000,000	200,000,000
Issued and fully paid-up share capital					
Ordinary shares, 200 million shares					
paid-up of Baht 1 each		200,000,000	200,000,000	200,000,000	200,000,000
Share premium	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		3,075,882,823	3,088,640,862	2,996,746,495	3,008,254,197
Other components of equity		(12,808,053)	(10,347,111)	(7,834,173)	(5,982,310)
Equity attributable to owners of the parent		3,581,074,770	3,596,293,751	3,506,912,322	3,520,271,887
Non-controlling interests		5,244	4,992	-	-
Total equity		3,581,080,014	3,596,298,743	3,506,912,322	3,520,271,887
Total liabilities and equity		4,848,780,727	5,058,055,243	4,747,091,905	4,963,096,441

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

Statements of Comprehensive Income

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Revenues					
Sales and services income	26	5,429,642,723	5,562,408,385	5,427,098,152	5,559,352,367
Dividend income	11, 24	-	-	9,999,774	6,999,713
Other income		51,627,437	51,723,476	54,020,125	54,342,030
Total revenues		5,481,270,160	5,614,131,861	5,491,118,051	5,620,694,110
Expenses					
Costs of sales and services		4,865,661,553	4,788,678,608	4,884,229,076	4,809,919,244
Selling expenses		112,007,668	112,035,293	112,007,668	112,035,293
Administrative expenses		288,526,425	263,706,291	279,260,032	254,566,580
Other expenses		18,140,753	17,238,325	18,023,579	17,118,178
Total expenses		5,284,336,399	5,181,658,517	5,293,520,355	5,193,639,295
Profit before finance costs and					
income tax expense		196,933,761	432,473,344	197,597,696	427,054,815
Finance costs		-	(22,454)	-	(22,397)
Profit before income tax expense		196,933,761	432,450,890	197,597,696	427,032,418
Income tax expense	22	(30,391,296)	(73,834,667)	(29,805,398)	(75,573,735)
Net profit for the year		166,542,465	358,616,223	167,792,298	351,458,683

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

Statements of Comprehensive Income (Cont'd)

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Other comprehensive income (expense)					
Items that will not be reclassified					
subsequently to profit or loss:					
Remeasurements of employee					
benefit obligations	18	(5,068,419)	(11,500,760)	(4,307,037)	(9,143,188)
Income tax on remeasurements of					
employee benefit obligations	22	1,013,684	2,643,187	861,407	1,828,638
Total items that will not be reclassified					
subsequently to profit or loss		(4,054,735)	(8,857,573)	(3,445,630)	(7,314,550)
Item that will be reclassified					
subsequently to profit or loss:					
Change in value of available-for-sale					
investments	9	1,992,209	(844,697)	1,992,209	(844,697)
Income tax on change in value of					
available-for-sale investments	22	(398,442)	32,779	(398,442)	32,779
Total item that will be reclassified					
subsequently to profit or loss		1,593,767	(811,918)	1,593,767	(811,918)
Other comprehensive expense					
for the year, net of tax		(2,460,968)	(9,669,491)	(1,851,863)	(8,126,468)
Total comprehensive income					
for the year		164,081,497	348,946,732	165,940,435	343,332,215
Profit attributable to:					
Owners of the parent		166,541,961	358,615,685	167,792,298	351,458,683
Non-controlling interests		504	538	-	-
		166,542,465	358,616,223	167,792,298	351,458,683
Total comprehensive income					
attributable to:					
Owners of the parent		164,081,019	348,946,251	165,940,435	343,332,215
Non-controlling interests		478	481	-	-
		164,081,497	348,946,732	165,940,435	343,332,215
Earnings per share					
Basic earnings per share	23	0.83	1.79	0.84	1.79

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

*Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019*

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

Statements of Changes in Equity (Cont'd)

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

Separate financial statements										
	Note	Retained earnings			Other components of equity					
		Issued and fully paid-up share capital	Share premium	Appropriated - Legal reserve	Unappropriated retained earnings	Other comprehensive income (expense)				
						Baht	Baht	Change in value of available-for-sale investments	Remeasurements of employee benefit obligations	Total other components of equity
Opening balance as at 1 October 2017		200,000,000	298,000,000	20,000,000	2,826,315,345	680,802	1,463,356	2,144,158	3,346,459,503	
Total comprehensive income (expense) for the year		-	-	-	351,458,683	(811,918)	(7,314,550)	(8,126,468)	343,332,215	
Dividends paid	27	-	-	-	(169,519,831)	-	-	-	(169,519,831)	
Closing balance as at 30 September 2018		200,000,000	298,000,000	20,000,000	3,008,254,197	(131,116)	(5,851,194)	(5,982,310)	3,520,271,887	
Opening balance as at 1 October 2018		200,000,000	298,000,000	20,000,000	3,008,254,197	(131,116)	(5,851,194)	(5,982,310)	3,520,271,887	
Total comprehensive income (expense) for the year		-	-	-	167,792,298	1,593,767	(3,445,630)	(1,851,863)	165,940,435	
Dividends paid	27	-	-	-	(179,300,000)	-	-	-	(179,300,000)	
Closing balance as at 30 September 2019		200,000,000	298,000,000	20,000,000	2,996,746,495	1,462,651	(9,296,824)	(7,834,173)	3,506,912,322	

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

Statements of Cash Flows

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit before income tax expense		196,933,761	432,450,890	197,597,696	427,032,418
Adjustments for:					
Depreciation charges	13, 14, 21	312,541,137	295,388,705	299,619,752	282,508,918
Amortisation charges	15, 21	5,987,385	5,565,248	4,849,723	4,380,637
Gain on disposals of available-for-sale investments		(4,760)	(43,726)	(4,760)	(43,726)
Loss on allowance for inventories					
obsolescence	10	1,520,765	4,691,436	1,520,765	4,691,436
Loss on write-offs and disposals of					
plant and equipment		1,194,130	4,681,360	1,601,810	4,681,360
Loss on write-offs computer software		3,492	-	3,492	-
Unrealised loss on exchange rate		819,764	589,720	819,764	589,720
Dividend income	11, 24	-	-	(9,999,774)	(6,999,713)
Interest income		(16,961,668)	(15,276,888)	(16,776,107)	(15,178,617)
Interest expenses		-	22,454	-	22,396
Employee benefits	18	78,872,849	24,356,789	69,724,879	22,381,355
Changes in operating assets and liabilities					
Trade and other receivables		(11,751,758)	24,774,270	(14,574,390)	25,049,954
Inventories		71,738,394	(141,077,824)	69,340,564	(138,213,363)
Other current assets		4,302,046	1,872,378	4,207,522	3,639,236
Other non-current assets		(4,655,436)	4,373,403	(4,595,435)	4,373,403
Trade and other payables		(181,930,989)	188,571,239	(181,240,075)	184,747,469
Other current liabilities		(125,247)	(228,491)	-	(492,379)
Employee benefits paid	18	(30,566,851)	(8,487,177)	(30,339,576)	(8,487,177)
Cash generated from operating activities		427,917,014	822,223,786	391,755,850	794,683,327
Interest received		4,402,094	5,035,085	4,245,604	4,928,692
Interest paid		-	(22,454)	-	(22,396)
Income tax paid		(54,643,819)	(79,112,793)	(54,643,819)	(79,112,793)
Net cash generated from operating activities		377,675,289	748,123,624	341,357,635	720,476,830

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

Statements of Cash Flows (Cont'd)

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Cash flows from investing activities					
Short-term investments		-	244,073,432	-	240,002,005
Purchases of available-for-sale investments	9	(1,319,080,124)	(1,044,070,861)	(1,319,080,124)	(1,044,070,861)
Proceeds from disposals of available-for-sale investments		1,332,646,116	1,055,813,126	1,332,646,116	1,055,813,126
Purchases of plant and equipment		(437,205,555)	(420,297,859)	(427,828,568)	(402,083,385)
Purchases of computer software	15	(15,701,298)	(3,346,199)	(15,475,298)	(1,938,000)
Proceeds from disposals of property, plant and equipment		17,194,710	5,965,499	16,013,986	5,965,499
Proceeds from disposals of computer software		8,220	-	8,220	-
Dividend received	11, 24	-	-	9,999,774	6,999,713
Net cash used in investing activities		(422,137,931)	(161,862,862)	(403,715,894)	(139,311,903)
Cash flows from financing activities					
Dividends paid	27	(179,300,226)	(169,520,118)	(179,300,000)	(169,519,831)
Net cash used in financing activities		(179,300,226)	(169,520,118)	(179,300,000)	(169,519,831)
Net increase (decrease) in cash and cash equivalents		(223,762,868)	416,740,644	(241,658,259)	411,645,096
Cash and cash equivalents at the beginning of the year		822,969,023	406,228,379	794,380,077	382,734,981
Cash and cash equivalents at the end of the year		599,206,155	822,969,023	552,721,818	794,380,077

Non-cash transactions

Significant non-cash transactions for the years ended 30 September 2019 and 2018 comprised:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Account payables from property, plant and equipment acquisition	49,385,628	102,247,468	66,285,762	116,836,175

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

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

1 General information

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

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

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

For reporting purpose, the Company and its subsidiaries are referred to as “the Group”.

The principal business operations of the Group are summarised below:

The Company is principally engaged in the manufacture and distribution of motorcycle tires, tubes, and industrial elastomer rubber parts.

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

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

These consolidated and separate financial statements were authorised for issue by the Board of Directors on 22 November 2019.

2 Accounting policies

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

2.1 Basis for preparation

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

The preparation of financial statements in conformity with 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 4.

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

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2019

2 Accounting policies (Cont'd)

2.2 New/revised financial reporting standards, and related interpretations

2.2.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Group.

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profits.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale according to TFRS 5 (revised 2017), except for the summarised financial information.

The Group has adopted the above revised standards that do not have a material impact to the Group.

2.2.2 New financial reporting standard is effective for annual periods beginning on or after 1 January 2019, which is relevant to the Group. The Group has not yet adopted this standard.

TFRS 15	Revenue from contracts with customers
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TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standard:

TAS 18 (revised 2017)	Revenue
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The new standard is based on the principle that

- revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards
- an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

2 Accounting policies (Cont'd)

2.2 New/revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New financial reporting standard is effective for annual periods beginning on or after 1 January 2019, which is relevant to the Group. The Group has not yet adopted this standard. (Cont'd)

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures. The Group will first apply this standard for annual reporting periods beginning on or after 1 January 2019. Management is currently assessing the impact from initial application of this standard in detail and has identified the following areas that are likely to be affected:

- extended warranties, which will need to be accounted for as separate performance obligations, which will delay the recognition of a portion of the revenue
- consignment sales where recognition of revenue will depend on the passing of control rather than the passing of risks and rewards
- accounting for cost incurred in fulfilling a contract - certain costs which are currently expensed may need to be recognised as an asset under TFRS 15
- rights of return - TFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligations

2.3 Group Accounting - Investments in subsidiaries

(1) Subsidiaries

Subsidiaries are all 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.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, 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 Company's subsidiaries is set out in Note 11.

(2) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2019

2 Accounting policies (Cont'd)

2.4 Foreign currency translation

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

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

When a gain or loss on a non-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 or loss, any exchange component of that gain or loss is recognised in profit or loss.

2.5 Financial instruments

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

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

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 28.

2.6 Cash and cash equivalents

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

2.7 Trade accounts receivable

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

2.8 Inventories

Inventories are stated at the lower of cost and 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 design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

2 Accounting policies (Cont'd)

2.9 Investments

Investments other than investments in subsidiaries, associates and joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
2. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
3. Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
4. Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand and the Thai Bond Dealing Centre. The unrealised gains and losses of trading investments are recognised in profit or loss. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

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

General investments are carried at cost less allowance for 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 profit or loss.

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 Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.10 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 (if any). 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.

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.

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

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2019

2 Accounting policies (Cont'd)

2.10 Investment property (Cont'd)

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

2.11 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 on other assets 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 improvements	5 - 20 years
Machinery	2 - 20 years
Tools and factory equipment	5 years
Furniture, fixtures and office equipment	3 - 5 years
Motor vehicles	5 years

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

The assets' carrying amounts are written-down immediately to its recoverable amount if the assets' carrying amounts are greater than their estimated recoverable amounts.

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.

2.12 Computer software

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

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

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. The recoverable amount 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.

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

2 Accounting policies (Cont'd)

2.14 Leases

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 - where the Group is the lessor

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

2.15 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 and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, 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.

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2019

2 Accounting policies (Cont'd)

2.16 Employee benefits

Retirement benefits

The Group operate various retirement benefits schemes. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a retirement 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 periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually depends 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 retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. 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 retirement liability.

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

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

Other post-employment obligation

The Group provide post-retirement other post-employment benefits which are fixed benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in other components of equity in statements of changes in equity. These obligations are valued annually by independent qualified actuaries.

2.17 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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

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

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

2 Accounting policies (Cont'd)

2.18 Share capital

Ordinary shares with discretionary dividends are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Revenue recognition

Revenue comprises 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. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from rendering services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

Rental income is recognised on a straight-line basis over the respective lease terms.

Other income is recognised on an accrual basis. 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 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.21 Segment reporting

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

Segment information is presented by business segment of the Group's operations in Note 6.

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
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3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk, liquidity risk, and risk from investments and deposits. The Group's overall risk management programme focuses on the fluctuation of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.

Risk management is carried out by management under policies approved by the board of directors. The Group management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of excess liquidity.

3.1.1 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollars, Japanese Yen, and Euro, foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Entity in the Group use external forward currency contracts, to hedge their exposure to foreign currency risk in connection with measurement currency.

External foreign exchange contracts are designated at group level as hedges of foreign exchange risk on specific assets, liabilities and future transactions.

3.1.2 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, short-term investments and available-for-sale investment. The majority of these financial assets 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.

3.1.3 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.

3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.5 Risk from investments and deposits

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

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

Investments in private fund

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

3.2 Accounting for derivative financial instruments and hedging activities

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

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. The gains and losses on the derivative instruments and the underlying financial asset or liability are recognised in the financial statements upon settlement of the transactions. 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 28 (Financial instruments).

3.3 Fair value estimation

The fair values of the financial assets and liabilities are disclosed in relevant notes.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price/closing price by reference to the Stock Exchange of Thailand/ the Thai Bond Dealing Centre. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (over-the-counter) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no transfers between levels 1 and 2 during the year.

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2019

4 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.

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

4.1 Inventories

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

4.2 Investment property, plant and equipment and intangible assets

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

4.3 Employee benefit obligations

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

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

Other key assumptions for the obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

4.4 Available-for-sale investments

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

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

5 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.

6 Segment information

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

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

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

Financial information of the Group for the years ended 30 September 2019 and 2018 classified by market were presented as follows:

	Consolidated financial statements		
	Local Baht	Export Baht	Total Baht
For the year ended 30 September 2019			
Sales and service income	4,001,594,256	1,428,048,467	5,429,642,723
Costs of sales and services	(3,662,114,705)	(1,203,546,848)	(4,865,661,553)
Gross margin	<u>339,479,551</u>	<u>224,501,619</u>	563,981,170
Other income			51,627,437
Selling expenses			(112,007,668)
Administrative expenses			(288,526,425)
Other expenses			(18,140,753)
Financial costs			-
Profit before income tax expense			<u>196,933,761</u>
Income tax expense			<u>(30,391,296)</u>
Net profit for the year			<u>166,542,465</u>

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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6 Segment information (Cont'd)

Financial information of the Group for the years ended 30 September 2019 and 2018 classified by market were presented as follows: (Cont'd)

	Consolidated financial statements		
	Local Baht	Export Baht	Total Baht
For the year ended 30 September 2018			
Sales and service income	4,083,627,277	1,478,781,108	5,562,408,385
Costs of sales and services	(3,585,362,531)	(1,203,316,077)	(4,788,678,608)
Gross margin	498,264,746	275,465,031	773,729,777
Other income			51,723,476
Selling expenses			(112,035,293)
Administrative expenses			(263,706,291)
Other expenses			(17,238,325)
Financial costs			(22,454)
Profit before income tax expense			432,450,890
Income tax expense			(73,834,667)
Net profit for the year			358,616,223

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Cash on hand	85,821	65,000	48,224	50,000
Deposits with banks				
- Saving deposits	86,924,793	218,203,584	80,473,892	211,708,155
- Current deposits	7,872,833	12,615,667	979,954	1,619,897
- Fixed deposits	504,322,708	592,084,772	471,219,748	581,002,025
Cash and cash equivalents	599,206,155	822,969,023	552,721,818	794,380,077

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

	Consolidated financial statements		Separate financial statements	
	2019 % per annum	2018 % per annum	2019 % per annum	2018 % per annum
Saving deposits	0.10 - 0.40	0.10 - 0.40	0.10 - 0.40	0.10 - 0.40
Fixed deposits	1.00 - 1.55	1.08 - 1.22	1.00 - 1.55	1.08 - 1.22

Fixed deposits are 10 days and 3 months fixed deposits with banks (2018: 11 days and 3 months fixed deposits).

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
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8 Trade and other receivables, net

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Trade receivables - related companies (Note 24)	501,372,346	444,160,068	506,259,806	446,442,117
Trade receivables - other companies	504,520,466	550,387,106	502,149,116	547,311,743
<u>Less</u> Allowance for doubtful accounts	<u>(2,167,775)</u>	<u>(2,167,775)</u>	<u>(2,167,775)</u>	<u>(2,167,775)</u>
Trade receivables, net	1,003,725,037	992,379,399	1,006,241,147	991,586,085
Prepayments	5,870,366	4,926,629	4,961,471	4,211,021
Accrued income	598,169	423,558	249,240	365,306
Amounts due from related parties (Note 24)	1,421,941	1,334,103	3,277,571	3,221,634
Other receivables	193,120	45,450	193,121	45,450
Trade and other receivables, net	<u>1,011,808,633</u>	<u>999,109,139</u>	<u>1,014,922,550</u>	<u>999,429,496</u>

Outstanding trade receivables as at 30 September 2018 and 2017 can be analysed by aging as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
<u>Related companies</u>				
Current	486,336,420	443,047,069	491,223,880	445,329,118
Overdue up to 3 months	14,939,806	1,112,999	14,939,806	1,112,999
Overdue 3 - 6 months	-	-	-	-
Overdue 6 - 12 months	96,120	-	96,120	-
Overdue more than 12 months	-	-	-	-
	<u>501,372,346</u>	<u>444,160,068</u>	<u>506,259,806</u>	<u>446,442,117</u>
<u>Other companies</u>				
Current	493,508,362	537,849,959	491,137,012	534,794,520
Overdue up to 3 months	3,500,038	10,044,636	3,500,038	10,024,712
Overdue 3 - 6 months	5,344,291	324,736	5,344,291	324,736
Overdue 6 - 12 months	-	-	-	-
Overdue more than 12 months	2,167,775	2,167,775	2,167,775	2,167,775
	<u>504,520,466</u>	<u>550,387,106</u>	<u>502,149,116</u>	<u>547,311,743</u>
<u>Less</u> Allowance for doubtful accounts	<u>(2,167,775)</u>	<u>(2,167,775)</u>	<u>(2,167,775)</u>	<u>(2,167,775)</u>
	<u>502,352,691</u>	<u>548,219,331</u>	<u>499,981,341</u>	<u>545,143,968</u>
Total trade receivables, net	<u>1,003,725,037</u>	<u>992,379,399</u>	<u>1,006,241,147</u>	<u>991,586,085</u>

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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9 Available-for-sale investments

As at 30 September 2019, the Group and the Company had available-for-sale investments in private fund which is managed by an asset management company, aims to investing in bonds and debentures of both government and private sectors and domestic fixed-income funds. Appropriate investments periods are 2 - 3 years. Investment policies of the private fund was disclosed in Note 3.1.5.

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Fair value of available-for-sale investments				
- Current	436,003,488	-	436,003,488	-
- Non-current	266,118,341	701,044,282	266,118,341	701,044,282
Available-for-sale investments	702,121,829	701,044,282	702,121,829	701,044,282

The movements of available-for-sale investments for the years ended 30 September 2019 and 2018 are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Opening balance	701,044,282	702,739,996	701,044,282	702,739,996
Purchase of securities	1,319,080,124	1,044,070,861	1,319,080,124	1,044,070,861
Disposal of securities	(1,332,641,356)	(1,055,769,400)	(1,332,641,356)	(1,055,769,400)
Interest income	12,646,570	10,847,522	12,646,570	10,847,522
Change in fair values	1,992,209	(844,697)	1,992,209	(844,697)
At 30 September	702,121,829	701,044,282	702,121,829	701,044,282

Fair value of available-for-sale investments as at 30 September 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Debt securities	702,121,829	701,044,282	702,121,829	701,044,282
	702,121,829	701,044,282	702,121,829	701,044,282

The fair value of available-for-sale investments is based on close market price published by the Thai Bond Market Association as at period-end. The fair value is within level 2 of the fair value hierarchy (Note 3.3).

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

10 Inventories, net

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Raw materials	200,391,257	246,394,250	200,289,423	246,211,106
Work in process	130,456,225	140,089,968	129,587,003	136,748,784
Finished goods	139,904,209	135,989,306	139,904,209	135,989,306
Supplies and spare parts	50,714,940	50,920,319	48,291,971	48,652,794
Inventories in transit	50,366,649	76,485,119	50,366,649	76,485,119
	571,833,280	649,878,962	568,439,255	644,087,109
<u>Less</u> Allowance for inventories obsolescence - raw materials	(1,792,294)	(1,583,569)	(1,792,294)	(1,583,569)
Allowance for inventories obsolescence - finished goods	(1,939,862)	(6,935,112)	(1,939,862)	(6,935,112)
Inventories, net	568,101,124	641,360,281	564,707,099	635,568,428

During 2019, the Group and the Company reversed a previous allowance for inventories obsolescence of Baht 6,307,290. The Group and the Company has destroyed and written-down those inventories at original cost.

The Group and the Company recognized loss on allowance for diminution in value of inventories and obsolete inventories of Baht 1,520,765 (2018: Baht 4,691,436) to the consolidated and separate statements of comprehensive income.

11 Investments in subsidiaries

As at 30 September 2019 and 2018, the Company had investments in subsidiaries as follows:

Company	Type of business	Country of incorporation	Separate financial statements As at 30 September 2019 and 2018		
			Registered capital Baht	% Ownership interest	Investments Baht
IRC (Asia) Research Limited	Research and development of products	Thailand	10,500,000	99.99	10,049,930
Kin No Hoshi Engineering Company Limited	Manufacture, repair and modification of metal molds	Thailand	10,000,000	99.99	9,999,300
Investments in subsidiaries					20,049,230

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

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

At the Annual General Meeting of shareholders for 2018 of IRC (Asia) Research Limited held on 29 January 2018, the shareholders unanimously passed a resolution approving dividend payment from its operating results for 2017 at Baht 1 per share from BOI-promoted operations amounting to a total dividend of Baht 3 million. The dividends were distributed on 28 February 2018.

At the Annual General Meeting of shareholders for 2018 of Kin No Hoshi Engineering Company Limited held on 29 January 2018, the shareholders unanimously passed a resolution approving dividend payment from its operating results for 2017 at Baht 40 per share from non-BOI promoted operations amounting to a total dividend of Baht 4 million. The dividends were distributed on 28 February 2018.

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
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12 Other long-term investment

As at 30 September 2019 and 2018, the Group had other long-term investment as follows:

Company	Type of business	Country of incorporation	Consolidated and Separate financial statements		
			As at 30 September 2019 and 2018		
			Registered capital	Ownership interest %	Investment Baht
Inoue Rubber Vietnam Company Limited	Manufacture of tires and tubes of motorcycles and industrial elastomer rubber parts	Vietnam	US Dollars 12.5 million	8	30,781,799
Other long-term investment					30,781,799

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

13 Investment property, net

	Consolidated financial statements		
	Land Baht	Building and building improvements Baht	Total Baht
As at 1 October 2017			
Cost	9,020,819	10,789,123	19,809,942
Less Accumulated depreciation	-	(10,585,034)	(10,585,034)
Net book amount	9,020,819	204,089	9,224,908
For the year ended 30 September 2018			
Opening net book amount	9,020,819	204,089	9,224,908
Transferred to property, plant and equipment (Note 14)			
- Cost	-	(4,295,600)	(4,295,600)
- Accumulated depreciation	-	4,295,600	4,295,600
Depreciation charges	-	(18,297)	(18,297)
Closing net book amount	9,020,819	185,792	9,206,611
As at 30 September 2018			
Cost	9,020,819	6,493,523	15,514,342
Less Accumulated depreciation	-	(6,307,731)	(6,307,311)
Net book amount	9,020,819	185,792	9,206,611

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

13 Investment property, net (Cont'd)

	Consolidated financial statements		
	Land Baht	Building and building improvements Baht	Total Baht
As at 1 October 2018			
Cost	9,020,819	6,493,523	15,514,342
<u>Less</u> Accumulated depreciation	-	(6,307,731)	(6,307,731)
Net book amount	9,020,819	185,792	9,206,611
For the year ended 30 September 2019			
Opening net book amount	9,020,819	185,792	9,206,611
Depreciation charges	-	(18,297)	(18,297)
Closing net book amount	9,020,819	167,495	9,188,314
As at 30 September 2019			
Cost	9,020,819	6,493,523	15,514,342
<u>Less</u> Accumulated depreciation	-	(6,326,028)	(6,326,028)
Net book amount	9,020,819	167,495	9,188,314
Separate financial statements			
	Land Baht	Building and building improvements Baht	Total Baht
As at 1 October 2017			
Cost	9,564,949	20,670,133	30,235,082
<u>Less</u> Accumulated depreciation	-	(20,240,624)	(20,240,624)
Net book amount	9,564,949	429,509	9,994,458
For the year ended 30 September 2018			
Opening net book amount	9,564,949	429,509	9,994,458
Transferred to property, plant and equipment (Note 14)			
- Cost	-	(4,362,630)	(4,362,630)
- Accumulated depreciation	-	4,362,116	4,362,116
Depreciation charges	-	(46,828)	(46,828)
Closing net book amount	9,564,949	382,167	9,947,116
As at 30 September 2018			
Cost	9,564,949	16,307,503	25,872,452
<u>Less</u> Accumulated depreciation	-	(15,925,336)	(15,925,336)
Net book amount	9,564,949	382,167	9,947,116

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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13 Investment property, net (Cont'd)

	Separate financial statements		
	Land Baht	Building and building improvements Baht	Total Baht
As at 1 October 2018			
Cost	9,564,949	16,307,503	25,872,452
<u>Less</u> Accumulated depreciation	-	(15,925,336)	(15,925,336)
Net book amount	<u>9,564,949</u>	<u>382,167</u>	<u>9,947,116</u>
For the year ended 30 September 2019			
Opening net book amount	9,564,949	382,167	9,947,116
Transferred to property, plant and equipment, net (Note 14)	-	(1,739)	(1,739)
Transferred from property, plant and equipment, net (Note 14)	-	3,831	3,831
Depreciation charges	-	(47,363)	(47,363)
Closing net book amount	<u>9,564,949</u>	<u>336,896</u>	<u>9,901,845</u>
As at 30 September 2019			
Cost	9,564,949	16,245,243	25,810,192
<u>Less</u> Accumulated depreciation	-	(15,908,347)	(15,908,347)
Net book amount	<u>9,564,949</u>	<u>336,896</u>	<u>9,901,845</u>

As at 30 September 2019 and 2018, the fair values of investment property were as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Land	17,593,750	15,825,000	21,139,250	19,677,500
Building and building improvements	17,823,160	16,448,000	25,999,096	24,588,720
	<u>35,416,910</u>	<u>32,273,000</u>	<u>47,138,346</u>	<u>44,266,220</u>

The fair values of investment property are within level 3 of the fair value hierarchy which used significant unobservable inputs (Note 3.3).

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

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

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Rental income				
- Related parties (Note 24)	1,460,000	1,416,000	4,544,220	4,342,244
- Other party	575,000	517,000	575,000	517,000
Direct operating expense arising from investment property that generated rental income for the year	18,297	18,297	47,363	46,828
Direct operating expense arising from investment property that did not generated rental income for the year	-	-	-	-
	<u>2,053,297</u>	<u>1,951,297</u>	<u>5,166,583</u>	<u>4,906,072</u>

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

	Consolidated financial statements							
	Land and land improvements Baht	Building and building improvements Baht	Machinery Baht	Tools and factory equipment Baht	Furniture, fixtures, and office equipment Baht	Motor vehicles Baht	Assest under construction and installation Baht	Total Baht
As at 1 October 2018								
Cost	204,291,878	875,844,409	2,641,978,377	1,754,208,742	114,707,770	59,219,220	104,793,681	5,755,044,077
Less Accumulated depreciation	(45,620,804)	(605,961,249)	(1,819,988,503)	(1,542,976,389)	(96,838,405)	(39,043,451)	-	(4,150,428,801)
Net book amount	158,671,074	269,883,160	821,989,874	211,232,353	17,869,365	20,175,769	104,793,681	1,604,615,276
For the year ended 30 September 2018								
Opening net book amount	158,671,074	269,883,160	821,989,874	211,232,353	17,869,365	20,175,769	104,793,681	1,604,615,276
Additions	1,688,141	25,376,749	134,082,915	86,786,983	16,943,136	6,813,761	179,940,359	451,632,044
Disposals, net	(10,609)	(960,951)	(8,280,575)	(965,224)	(145,040)	(41,305)	-	(10,403,704)
Write-offs, net	-	(10)	(189,176)	(45,822)	(8,148)	-	-	(243,156)
Transferred from investment property (Note 13)	-	-	-	-	-	-	-	-
- Cost	-	4,295,600	-	-	-	-	-	4,295,600
- Accumulated depreciation	-	(4,295,600)	-	-	-	-	-	(4,295,600)
Transfers in (out)	-	5,419,514	105,571,275	10,859,442	7,106,500	1,223,364	(130,180,095)	-
Depreciation charges	(7,487,784)	(37,134,110)	(149,382,932)	(84,538,191)	(10,525,578)	(6,301,813)	-	(295,370,408)
Closing net book amount	152,860,822	262,584,352	903,791,381	223,329,541	31,240,235	21,869,776	154,553,945	1,750,230,052
As at 1 October 2019								
Cost	205,913,020	904,147,223	2,714,617,499	1,822,238,739	133,875,607	66,771,579	154,553,945	6,002,117,612
Less Accumulated depreciation	(53,052,198)	(641,562,871)	(1,810,826,118)	(1,598,909,198)	(102,635,372)	(44,901,803)	-	(4,251,887,560)
Net book amount	152,860,822	262,584,352	903,791,381	223,329,541	31,240,235	21,869,776	154,553,945	1,750,230,052
For the year ended 30 September 2019								
Opening net book amount	152,860,822	262,584,352	903,791,381	223,329,541	31,240,235	21,869,776	154,553,945	1,750,230,052
Additions	4,410,633	21,528,160	97,463,217	109,378,628	14,182,990	5,307,201	132,072,886	384,343,715
Disposals, net	-	(1,533,287)	(8,236,495)	(469,794)	(82,313)	(433,080)	(5,065,633)	(15,820,602)
Write-offs, net	(8,593)	(509,186)	(654,218)	(1,305,293)	(90,949)	-	-	(2,568,239)
Transfers in (out)	-	7,234,120	119,092,860	12,353,259	24,650	-	(138,704,889)	-
Depreciation charges	(7,436,293)	(39,000,564)	(157,372,936)	(87,816,873)	(13,163,584)	(7,732,590)	-	(312,522,840)

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

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

	Consolidated financial statements						
	Land and land improvements Baht	Building and building improvements Baht	Machinery Baht	Tools and factory equipment Baht	Furniture, fixtures, and office equipment Baht	Motor vehicles Baht	Assest under construction and installation Baht
As at 30 September 2019							
Cost	210,137,447	925,536,691	2,834,660,307	1,915,640,138	142,804,709	68,397,520	142,856,309
Less: Accumulated depreciation	(60,310,878)	(675,233,096)	(1,880,576,498)	(1,660,170,670)	(110,693,680)	(49,386,213)	-
Net book amount	149,826,569	250,303,595	954,083,809	255,469,468	32,111,029	19,011,307	142,856,309

Depreciation charges of Baht 292,090,898 (2018: Baht 278,543,017) were included in the costs of sales and services, Baht 20,431,942 (2018: Baht 16,827,391) in administrative expenses for the consolidated statements of comprehensive income.

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2019

As at 1 October 2017

Cost
Less Accumulated depreciation
Net book amount

Year ended 30 September 2018

Opening net book amount
Additions
Disposals, net
Writes-off, net
Transferred from investment property
(Note 13)

- Cost
- Accumulated depreciation
Transfers in (out)
Depreciation charges

Closing net book amount

As at 1 October 2018

Cost
Less Accumulated depreciation
Net book amount

Year ended 30 September 2019

Opening net book amount
Additions
Disposals, net
Writes-off, net
Transferred from investment property
(Note 13)

Transferred to investment property
(Note 13)
Transfers in (out)
Depreciation charges

Closing net book amount

Separate financial statements

	Land and land improvements Baht	Building and building improvements Baht	Machinery Baht	Tools and factory equipment Baht	Furniture, fixtures, and office equipment Baht	Motor vehicles Baht	Assest under construction and installation Baht	Total Baht
As at 1 October 2017								
Cost	203,747,749	853,486,750	2,446,346,006	1,716,435,172	92,309,021	57,654,289	100,839,211	5,470,818,198
Less Accumulated depreciation	(45,620,805)	(585,668,715)	(1,680,397,606)	(1,509,569,103)	(75,489,729)	(37,812,480)	-	(3,934,558,438)
Net book amount	158,126,944	267,818,035	765,948,400	206,866,069	16,819,292	19,841,809	100,839,211	1,536,259,760
Year ended 30 September 2018								
Opening net book amount	158,126,944	267,818,035	765,948,400	206,866,069	16,819,292	19,841,809	100,839,211	1,536,259,760
Additions	1,688,141	24,593,003	124,746,725	86,160,920	16,026,066	6,397,888	178,404,080	438,016,823
Disposals, net	(10,609)	(960,952)	(8,280,575)	(965,224)	(145,040)	(41,303)	-	(10,403,703)
Writes-off, net	-	(11)	(189,175)	(45,822)	(8,147)	-	-	(243,155)
Transferred from investment property (Note 13)	-	-	-	-	-	-	-	-
- Cost	-	4,362,630	-	-	-	-	-	4,362,630
- Accumulated depreciation	-	(4,362,116)	-	-	-	-	-	(4,362,116)
Transfers in (out)	-	5,408,714	102,134,103	10,110,106	7,106,500	92,523	(124,851,946)	-
Depreciation charges	(7,487,784)	(36,201,023)	(140,177,772)	(82,835,749)	(9,734,038)	(6,025,724)	-	(282,462,090)
Closing net book amount	152,316,692	260,658,280	844,181,706	219,290,300	30,064,633	20,265,193	154,391,345	1,681,168,149
As at 1 October 2018								
Cost	205,368,890	881,062,046	2,506,211,768	1,783,089,770	110,577,688	63,659,936	154,391,345	5,704,361,443
Less Accumulated depreciation	(53,052,198)	(620,403,766)	(1,662,030,062)	(1,563,799,470)	(80,513,055)	(43,394,743)	-	(4,023,193,294)
Net book amount	152,316,692	260,658,280	844,181,706	219,290,300	30,064,633	20,265,193	154,391,345	1,681,168,149
Year ended 30 September 2019								
Opening net book amount	152,316,692	260,658,280	844,181,706	219,290,300	30,064,633	20,265,193	154,391,345	1,681,168,149
Additions	4,410,632	20,972,545	95,766,067	107,801,108	12,909,104	5,013,411	130,405,286	377,278,153
Disposals, net	-	(1,533,287)	(7,476,471)	(469,793)	(82,308)	(433,080)	(5,065,633)	(15,060,572)
Writes-off, net	(8,593)	(496,282)	(654,218)	(1,305,204)	(90,926)	-	-	(2,555,223)
Transferred from investment property (Note 13)	-	1,739	-	-	-	-	-	1,739
Transferred to investment property (Note 13)	-	(3,831)	-	-	-	-	-	(3,831)
Transfers in (out)	-	7,234,120	118,320,861	12,353,258	24,650	-	(137,932,889)	-
Depreciation charges	(7,436,293)	(38,136,458)	(148,145,171)	(86,144,576)	(12,419,105)	(7,290,786)	-	(299,572,389)
Closing net book amount	149,282,438	248,696,826	901,992,774	251,525,093	30,406,048	17,554,738	141,798,109	1,741,256,026

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

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

	Separate financial statements							
	Land and land improvements	Building and building improvements	Machinery	Tools and factory equipment	Furniture, fixtures, and office equipment	Motor vehicles	Assesst under construction and installation	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
As at 30 September 2019								
Cost	209,593,316	902,690,651	2,637,622,349	1,878,350,546	118,856,536	64,995,501	141,798,109	5,953,907,008
Less Accumulated depreciation	(60,310,878)	(653,993,825)	(1,735,629,575)	(1,626,825,453)	(88,450,488)	(47,440,763)	-	(4,212,650,982)
Net book amount	149,282,438	248,696,826	901,992,774	251,525,093	30,406,048	17,554,738	141,798,109	1,741,256,026

Depreciation charges of Baht 279,862,498 (2018: Baht 266,702,328) were included in the costs of sales and services, Baht 19,709,891 (2018: Baht 15,759,762) in administrative expenses for the separate statements of comprehensive income.

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

15 Computer software, net

	Consolidated financial statements Baht	Separate financial statements Baht
As at 1 October 2017		
Cost	83,164,088	54,607,065
<u>Less</u> Accumulated amortisation	<u>(48,149,399)</u>	<u>(25,019,955)</u>
Net book amount	<u>35,014,689</u>	<u>29,587,110</u>
For the year ended 30 September 2018		
Opening net book amount	35,014,689	29,587,110
Additions	3,346,199	1,938,000
Amortisation charges	<u>(5,565,248)</u>	<u>(4,380,637)</u>
Closing net book amount	<u>32,795,640</u>	<u>27,144,473</u>
As at 30 September 2018		
Cost	86,510,287	56,545,065
<u>Less</u> Accumulated amortisation	<u>(53,714,647)</u>	<u>(29,400,592)</u>
Net book amount	<u>32,795,640</u>	<u>27,144,473</u>
For the year ended 30 September 2019		
Opening net book amount	32,795,640	27,144,473
Additions	15,701,298	15,475,298
Disposals, net	(11,712)	(11,712)
Amortisation charges	<u>(5,987,385)</u>	<u>(4,849,723)</u>
Closing net book amount	<u>42,497,841</u>	<u>37,758,336</u>
As at 30 September 2019		
Cost	102,196,584	72,005,363
<u>Less</u> Accumulated amortisation	<u>(59,698,743)</u>	<u>(34,247,027)</u>
Net book amount	<u>42,497,841</u>	<u>37,758,336</u>

Amortisation charges of Baht 732,423 (2018: Baht 675,965) were included in the costs of sales and services and Baht 5,254,962 (2018: Baht 4,889,283) in administrative expenses for the consolidated statement of comprehensive income.

Amortisation charges of Baht 4,849,723 (2018: Baht 4,380,637) were included in the administrative expenses for the separate statement of comprehensive income.

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

16 Deferred income taxes

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

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
(a) The Company and subsidiary with net deferred tax asset position				
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	4,878,066	4,057,873	4,877,052	4,056,859
Deferred tax assets to be recovered after 12 months	50,457,546	42,040,646	45,321,272	38,485,248
	<u>55,335,612</u>	<u>46,098,519</u>	<u>50,198,324</u>	<u>42,542,107</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	(1,358,598)	(455,056)	(1,335,767)	(435,177)
Deferred tax liabilities to be settled after 12 months	(3,238,172)	(5,405,761)	(3,166,534)	(5,310,977)
	<u>(4,596,770)</u>	<u>(5,860,817)</u>	<u>(4,502,301)</u>	<u>(5,746,154)</u>
Deferred income taxes, net (assets)	<u>50,738,842</u>	<u>40,237,702</u>	<u>45,696,023</u>	<u>36,795,953</u>
(b) Subsidiary with net deferred tax liability position				
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	233,298	233,298	-	-
Deferred tax assets to be recovered after 12 months	975,488	619,949	-	-
	<u>1,208,786</u>	<u>853,247</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	(19,003)	6,255	-	-
Deferred tax liabilities to be settled after 12 months	(1,802,272)	(1,808,538)	-	-
	<u>(1,821,275)</u>	<u>(1,802,283)</u>	<u>-</u>	<u>-</u>
Deferred income taxes, net (liabilities)	<u>(612,489)</u>	<u>(949,036)</u>	<u>-</u>	<u>-</u>

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2019

16 Deferred income taxes (Cont'd)

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

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

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Net deferred taxes (assets):				
Opening balance	40,237,702	31,597,158	36,795,953	30,329,584
Recognised to profit or loss	9,977,290	6,234,472	8,437,105	4,604,952
Recognised to other comprehensive income	523,850	2,406,072	462,965	1,861,417
Closing balance	<u>50,738,842</u>	<u>40,237,702</u>	<u>45,696,023</u>	<u>36,795,953</u>
Net deferred taxes (liabilities)				
Opening balance	(949,036)	(1,825,347)	-	-
Recognised to profit or loss	245,155	606,416	-	-
Recognised to other comprehensive income	91,392	269,895	-	-
Closing balance	<u>(612,489)</u>	<u>(949,036)</u>	<u>-</u>	<u>-</u>

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

	Consolidated financial statements			
	As at 1 October 2018 Baht	Recognised to profit or loss Baht	Recognised to other comprehensive income Baht	As at 30 September 2019 Baht
Deferred income tax assets				
Receivables and other assets	5,637,428	(1,093,875)	-	4,543,553
Provisions and accruals	41,203,371	9,672,824	1,013,684	51,889,879
	<u>46,840,799</u>	<u>8,578,949</u>	<u>1,013,684</u>	<u>56,433,432</u>
Deferred income tax liabilities				
Available-for-sale investments	32,779	-	(398,442)	(365,663)
Equipment under finance leases	(104,233)	104,228	-	(5)
Plant and equipment	(7,480,679)	1,539,268	-	(5,941,411)
	<u>(7,552,133)</u>	<u>1,643,496</u>	<u>(398,442)</u>	<u>(6,307,079)</u>
Deferred income tax, net	<u>39,288,666</u>	<u>10,222,445</u>	<u>615,242</u>	<u>50,126,353</u>

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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16 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 were summarised below: (Cont'd)

Consolidated financial statements				
	As at 1 October 2017 Baht	Recognised to profit or loss Baht	Recognised to other comprehensive income Baht	As at 30 September 2018 Baht
Deferred income tax assets				
Intangible assets	1,068	(1,068)	-	-
Receivables and other assets	4,107,885	1,529,543	-	5,637,428
Provisions and accruals	33,939,878	4,620,306	2,643,187	41,203,371
	38,048,831	6,148,781	2,643,187	46,840,799
Deferred income tax liabilities				
Available-for-sale investments	-	-	32,779	32,779
Equipment under finance leases	(323,645)	219,412	-	(104,233)
Plant and equipment	(7,953,374)	472,695	-	(7,480,679)
	(8,277,019)	692,107	32,779	(7,552,133)
Deferred income tax, net	29,771,812	6,840,888	2,675,966	39,288,666
Separate financial statements				
	As at 30 September 2018 Baht	Recognised to profit or loss Baht	Recognised to other comprehensive income Baht	As at 30 September 2019 Baht
Deferred tax assets				
Receivable and other assets	5,637,427	(1,093,874)	-	4,543,553
Provisions and accruals	36,904,680	7,888,684	861,407	45,654,771
	42,542,107	6,794,810	861,407	50,198,324
Deferred tax liabilities				
Available-for-sale investments	32,779	-	(398,442)	(365,663)
Equipment under finance leases	(104,233)	104,228	-	(5)
Plant and equipment	(5,674,700)	1,538,067	-	(4,136,633)
	(5,746,154)	1,642,295	(398,442)	(4,502,301)
Deferred income tax, net	36,795,953	8,437,105	462,965	45,696,023

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

16 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 were summarised below: (Cont'd)

	Separate financial statements		
	As at 30 September 2017 Baht	Recognised to profit or loss Baht	Recognised to other comprehensive income Baht
			As at 30 September 2018 Baht
Deferred tax assets			
Intangible assets	1,067	(1,067)	-
Receivable and other assets	4,107,883	1,529,544	-
Provisions and accruals	32,476,045	2,599,997	1,828,638
	36,584,995	4,128,474	1,828,638
			42,542,107
Deferred tax liabilities			
Available-for-sale investments	-	-	32,779
Equipment under finance leases	(323,645)	219,412	-
Plant and equipment	(5,931,766)	257,066	-
	(6,255,411)	476,478	32,779
			(5,746,154)
Deferred income tax, net	30,329,584	4,604,952	1,861,417
			36,795,953

As at 30 September 2019, the Group only recognised those deferred tax assets that in the management's judgement were likely to be realised, due to the historical operating profits generated by the operations of the entities within the Group. This is disclosed in the note regarding the gross deferred and income taxes to enable users of the financial statements to understand the nature of the movements in this balance.

As at 30 September 2019, the Group has no tax loss carried forward.

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

17 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Trade payables - related companies (Note 24)	236,084,546	242,631,980	237,601,209	244,150,336
Trade payables - other companies	486,797,934	666,275,015	479,201,375	659,377,903
Amounts due to related parties (Note 24)	787,124	1,154,655	39,469,792	33,918,555
Accrued expenses	192,225,321	170,156,954	169,142,002	149,674,708
Down payments received from customers	1,476,634	3,057,790	1,476,634	3,057,790
Other payables	73,734,514	136,677,649	71,215,398	136,143,989
Trade and other payables	991,106,073	1,219,954,043	998,106,410	1,226,323,281

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2019

17 Trade and other payables (Cont'd)

Outstanding accrued expenses as at 30 September 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Accrued bonuses	162,596,912	140,568,608	145,282,273	125,723,230
Accrued employee income taxes	9,032,333	9,869,741	7,375,513	8,061,015
Accrued employee welfare	6,191,804	6,568,601	6,191,804	6,568,601
Other accruals	14,404,272	13,150,004	10,292,412	9,321,862
Accrued expenses	<u>192,225,321</u>	<u>170,156,954</u>	<u>169,142,002</u>	<u>149,674,708</u>

18 Employee benefit obligations

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

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

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Beginning balances	207,176,072	179,805,700	185,127,774	162,090,408
Current service cost	15,182,022	15,492,552	13,666,356	14,025,627
Interest cost	5,788,684	6,318,103	5,162,382	5,698,068
Past service cost	57,902,143	2,546,134	50,896,141	2,657,660
Remeasurements on employee benefit obligations				
Gain from change in demographic assumptions	-	(20,535,446)	-	(17,829,308)
Loss from change in financial assumptions	8,361,569	34,731,011	7,317,705	30,015,728
Experience gain	(3,293,150)	(2,694,805)	(3,010,668)	(3,043,232)
	5,068,419	11,500,760	4,307,037	9,143,188
<u>Less</u> Benefits paid during the year	<u>(30,566,851)</u>	<u>(8,487,177)</u>	<u>(30,339,576)</u>	<u>(8,487,177)</u>
At 30 September	<u>260,550,489</u>	<u>207,176,072</u>	<u>228,820,114</u>	<u>185,127,774</u>

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

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Present value of obligations	197,579,927	193,129,178	173,616,936	173,326,926
Past service cost	57,902,143	2,546,134	50,896,141	2,657,660
Remeasurements	5,068,419	11,500,760	4,307,037	9,143,188
Total	<u>260,550,489</u>	<u>207,176,072</u>	<u>228,820,114</u>	<u>185,127,774</u>

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

For the year ended 30 September 2019

18 Employee benefit obligations (Cont'd)

The amounts recognised in profit or loss were as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Current service cost	15,182,022	15,492,552	13,666,356	14,025,627
Interest cost	5,788,684	6,318,103	5,162,382	5,698,068
Past service cost	57,902,143	2,546,134	50,896,141	2,657,660
Total	78,872,849	24,356,789	69,724,879	22,381,355

The amounts recognised in other comprehensive income were as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Remeasurements				
Gain from change in demographic assumptions	-	(20,535,446)	-	(17,829,308)
Loss from change in financial assumptions	8,361,569	34,731,011	7,317,705	30,015,728
Experience gain	(3,293,150)	(2,694,805)	(3,010,668)	(3,043,232)
Total	5,068,419	11,500,760	4,307,037	9,143,188

Expense of Baht 63,288,191 (2018: Baht 19,163,141) was included in the costs of sales and services, Baht 15,584,658 (2018: Baht 5,193,648) was included in administrative expenses for the consolidated statement of comprehensive income.

Expense of Baht 54,385,453 (2018: Baht 17,222,032) was included in the costs of sales and services, Baht 15,339,426 (2018: Baht 5,159,323) was included in administrative expenses for the separate statement of comprehensive income.

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

	Consolidated financial statements		Separate financial statements	
	2019 %	2018 %	2019 %	2018 %
Discount rate	2.75	3.00	2.75	3.00
Future salary increase rates	5.00 - 7.00	5.00 - 7.00	5.00 - 7.00	5.00 - 7.00
Other fixed allowance rate	1.75	1.75	1.75	1.75
1 Baht Gold price	20,000 Baht	20,000 Baht	20,000 Baht	20,000 Baht
Gold Inflation rate	3.00	3.00	3.00	3.00
Retirement age	58 years old	58 years old	58 years old	58 years old

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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18 Employee benefit obligations (Cont'd)

The sensitivity analysis for each significant assumption disclosed in 2019 were as follows:

Consolidated financial statement			
Impact on employee benefit obligations			
Change in assumptions	Change in the obligations (%)	Change in the obligations (Baht)	
Discount rate	Increased by 0.5%	Decreased by 6%	Decreased by Baht 16,370,942
	Decreased by 0.5%	Increased by 7%	Increased by Baht 17,855,651
Future salary increase rate	Increased by 1%	Increased by 13%	Increased by Baht 34,053,439
	Decreased by 1%	Decreased by 11%	Decreased by Baht 28,993,027
Gold price	Increased by Baht 1,000	Increased by 0.4%	Increased by Baht 1,070,287
	Decreased by Baht 1,000	Decreased by 0.4%	Decreased by Baht 1,070,253
Separate financial statement			
Impact on employee benefit obligations			
Change in assumptions	Change in the obligations (%)	Change in the obligations (Baht)	
Discount rate	Increased by 0.5%	Decreased by 6%	Decreased by Baht 14,328,517
	Decreased by 0.5%	Increased by 6%	Increased by Baht 15,622,105
Future salary increase rate	Increased by 1%	Increased by 12%	Increased by Baht 29,592,622
	Decreased by 1%	Decreased by 10%	Decreased by Baht 25,191,698
Gold Price	Increased by Baht 1,000	Increased by 0.4%	Increased by Baht 999,579
	Decreased by Baht 1,000	Decreased by 0.4%	Decreased by Baht 999,547

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

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

The weighted average duration of the retirement benefit obligation was 12.17 years.

Expected maturity analysis of undiscounted retirement benefits:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Less than a year	16,980,660	14,219,922	15,348,026	13,048,362
Between 1 - 5 years	32,868,201	19,267,424	32,409,767	18,947,553
Over 5 years	357,094,041	272,354,685	311,931,085	239,601,592
	<u>406,942,902</u>	<u>305,842,031</u>	<u>359,688,878</u>	<u>271,597,507</u>

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
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19 Share capital and premium on share capital

	Consolidated and Separate financial statements			
	Number of shares shares	Ordinary shares Baht	Share premium Baht	Total Baht
As at 1 October 2017	200,000,000	200,000,000	298,000,000	498,000,000
Issue of shares	-	-	-	-
As at 30 September 2018	200,000,000	200,000,000	298,000,000	498,000,000
Issue of shares	-	-	-	-
As at 30 September 2019	200,000,000	200,000,000	298,000,000	498,000,000

As at 30 September 2019, the total number of registered ordinary shares was 200 million shares (2018: 200 million shares) with a par value of Baht 1 per share (2018: Baht 1 per share). All issued shares are fully paid.

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.

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

21 Expenses by nature

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

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Raw materials and consumables used	2,596,791,785	2,747,529,494	2,575,503,678	2,733,379,737
Changes in inventories of finished goods and work in progress	(5,718,840)	62,838,176	(3,246,878)	60,686,748
Depreciation charges (Notes 13 and 14)	312,541,137	295,388,705	299,619,752	282,508,918
Staff costs	966,064,204	861,576,642	866,958,020	775,040,417
Advertising and promotion expenses	21,861,885	23,302,010	21,861,885	23,302,010
Amortisation charges (Note 15)	5,987,385	5,565,248	4,849,723	4,380,637
Rental expenses	7,021,646	7,035,075	3,937,426	4,108,831
Purchases of finished goods	724,732,127	657,994,460	705,216,899	650,526,440
Utility expenses	156,085,903	159,339,062	147,818,037	151,171,603
Transportation expenses	77,744,397	77,373,467	76,944,141	77,373,467
Repair and maintenance expenses	119,923,450	113,835,100	114,456,503	109,334,080
Professional fees	48,927,908	49,058,945	48,485,690	48,982,423
Insurance premiums	15,629,608	16,586,067	15,156,169	16,586,067

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
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22 Income tax expenses

Income tax expenses for the years ended 30 September 2019 and 2018 were summarised below:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Current income tax	40,613,741	80,675,555	38,242,503	80,178,687
Deferred income tax (Note 16)	(10,222,445)	(6,840,888)	(8,437,105)	(4,604,952)
Income tax expenses	<u>30,391,296</u>	<u>73,834,667</u>	<u>29,805,398</u>	<u>75,573,735</u>

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

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Profit before income tax expenses	196,933,761	432,450,890	197,597,696	427,032,418
Tax calculated at statutory tax rates of 20%	39,386,752	86,490,178	39,519,539	85,406,484
Impact:				
Income not subjected to tax and expenses that are deductible at a greater amount	(5,965,649)	(7,018,833)	(7,745,355)	(6,791,322)
Expenses not deductible for tax purpose	379,514	1,872,345	275,137	405,279
Additional income subjected to tax	50,801	-	50,801	-
Utilisation of previously unrecognised tax losses	(275,732)	(724,985)	-	-
Profit from promoted activities which exempt from payment of corporate income tax	(3,247,078)	(6,217,005)	(2,357,412)	(4,867,633)
Adjustment in respect of prior year	62,688	(567,033)	62,688	1,420,927
Income tax expenses	<u>30,391,296</u>	<u>73,834,667</u>	<u>29,805,398</u>	<u>75,573,735</u>

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

22 Income tax expenses (Cont'd)

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

	Consolidated financial statements					
	2019			2018		
	Before tax Baht	Tax Baht	After tax Baht	Before tax Baht	Tax Baht	After tax Baht
Fair value change in available-for-sale investments	(1,992,209)	398,442	(1,593,767)	(844,697)	32,779	(811,918)
Remeasurements of employee benefit obligations	5,068,419	(1,013,684)	4,054,735	(11,500,760)	2,643,187	(8,857,573)
	<u>3,076,210</u>	<u>(615,242)</u>	<u>2,460,968</u>	<u>(12,345,457)</u>	<u>2,675,966</u>	<u>(9,669,491)</u>

	Separate financial statements					
	2019			2018		
	Before tax Baht	Tax Baht	After tax Baht	Before tax Baht	Tax Baht	After tax Baht
Fair value change in available-for-sale investments	(1,992,209)	398,442	(1,593,767)	(844,697)	32,779	(811,918)
Remeasurements of employee benefit obligations	4,307,037	(861,407)	3,445,630	(9,143,188)	1,828,638	(7,314,550)
	<u>2,314,828</u>	<u>(462,965)</u>	<u>1,851,863</u>	<u>(9,987,885)</u>	<u>1,861,417</u>	<u>(8,126,468)</u>

23 Basic earnings per share

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Net profit attributable to the owners of the parent company (Baht)	166,541,961	358,615,685	167,792,298	351,458,683
Weighted average number of ordinary shares outstanding (shares)	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
Basic earnings per share (Baht per share)	<u>0.83</u>	<u>1.79</u>	<u>0.84</u>	<u>1.76</u>

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

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited

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24 Related party transactions

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

The Company's major shareholders are the Leeissaranukuls group in proportion of 38.08% and Inoue Rubber Company Limited, which is incorporated and domiciled in Japan, in proportion of 34.30%. The remaining 27.62% of the shares are widely held.

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

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

	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 which is in line with market
Purchases of raw materials and metal molds	Prices which approximate to the price charged to a third party
Research and development expenses	Prices as agreed in the contract which is near to the market price
Technical assistance fee expenses	Prices as agreed in the contract based on percentage of sales
Advertising expenses	Prices which approximate to the price charged nearly to the market price
Utility expenses	Price as agreed to the price charged by a third party
Rental expenses	Price as agreed in the contract which is near to the market price
Employee service sharing expenses	Prices which approximate to the price charged to a third party

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
For the year ended 30 September 2019

24 Related party transactions (Cont'd)

The significant related party transactions for the years ended 30 September 2019 and 2018 were summarised as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Sales of goods				
Subsidiaries	-	-	19,515,228	7,057,146
Related parties	2,373,475,877	2,371,470,979	2,373,457,877	2,371,470,979
	<u>2,373,475,877</u>	<u>2,371,470,979</u>	<u>2,392,973,105</u>	<u>2,378,528,125</u>
Services income				
Related parties	12,123,267	11,104,302	12,123,267	11,104,302
Rental income (Note 13)				
Subsidiaries	-	-	3,084,220	2,926,244
Related parties	1,460,000	1,416,000	1,460,000	1,416,000
	<u>1,460,000</u>	<u>1,416,000</u>	<u>4,544,220</u>	<u>4,342,244</u>
Dividend income				
Subsidiaries (Note 11)	-	-	9,999,744	6,999,713
Purchases of raw materials				
Related parties	760,060,693	741,603,660	760,060,693	741,603,660
Purchases of metal molds				
Subsidiary	-	-	57,811,400	46,908,850
Related parties	16,133,690	3,669,115	16,133,690	3,699,115
	<u>16,133,690</u>	<u>3,669,115</u>	<u>73,945,090</u>	<u>50,607,965</u>
Research and development expenses				
Subsidiary	-	-	114,873,531	105,792,711
Related parties	1,688,634	4,489,840	-	-
	<u>1,688,634</u>	<u>4,489,840</u>	<u>114,873,531</u>	<u>105,792,711</u>
Technical assistance fee expenses				
Related parties	68,124,973	65,876,444	68,124,973	65,876,444
Advertising expenses				
Related parties	7,225,000	4,873,073	7,225,000	4,873,073
Utility expenses				
Related parties	411,152	371,173	411,152	371,173
Employee service sharing expenses				
Subsidiary	-	-	1,709,888	1,783,341

Notes to the Consolidated and Separate Financial Statements

Inoue Rubber (Thailand) Public Company Limited
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24 Related party transactions (Cont'd)

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 which approximate to the price charged to a third party.

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

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

The Company entered into a service agreement with a subsidiary to obtain the research and development services for the production. Under this agreement, the Company has obliged to pay service fee to the subsidiary at the rate stipulated in the agreement. The agreement is effective for a period of 1 year which commenced from May 2019.

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

The outstanding balances as at 30 September 2019 and 2018 between the Company and those related companies were summarised as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Trade receivables				
Subsidiaries	-	-	4,887,460	2,383,506
Related companies	501,372,346	444,160,068	501,372,346	444,058,611
Total trade receivables	501,372,346	444,160,068	506,259,806	446,442,117
Amounts due from related parties				
Subsidiaries	-	-	1,855,630	1,887,531
Related companies	1,421,941	1,334,103	1,421,941	1,334,103
Total amounts due from related parties	1,421,941	1,334,103	3,277,571	3,221,634
Trade payables				
Subsidiaries	-	-	1,532,775	1,558,562
Related companies	236,084,546	242,631,980	236,068,434	242,591,774
Total trade payables	236,084,546	242,631,980	237,601,209	244,150,336
Amounts due to related parties				
Subsidiaries	-	-	39,388,468	33,469,700
Related companies	787,124	1,154,655	81,324	448,855
Total amounts due to related parties	787,124	1,154,655	39,469,792	33,918,555

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24 Related party transactions (Cont'd)

Directors' and key management's remunerations

The Company and its subsidiaries had the compensation paid or payable to their key directors and management for the years ended 30 September 2019 and 2018 as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Salaries and short-term employee benefits	65,285,697	48,221,116	65,285,697	48,221,116
Post-employee benefits	4,936,052	723,053	4,936,052	723,053
Other long-term employee benefits	1,185,688	610,274	1,185,688	610,274
	<u>67,132,917</u>	<u>49,554,443</u>	<u>67,132,917</u>	<u>49,554,443</u>

25 Letters of guarantee

As at 30 September 2019, the Company had outstanding letters of guarantee issued by financial institutions of approximately Baht 20.62 million (2018: Baht 20.62 million) to the Provincial Electricity Authority for electricity consumption on behalf of the Company and Baht 0.31 million (2018: Baht 0.32 million) for the due fulfillment by the Company of the terms and conditions in respect of grant of Certification Mark Licence by the licensor.

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

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26 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
1. Certificate No. Dated		2277(1)/2554 27 April 2010	1302(1)/2555 13 February 2012	1211(4)/2548 16 March 2005
2. Promotional privileges for		Manufacturing of tire products	Manufacturing of molds and repairing of its own manufactured molds	Research and development of products
3. The significant privileges are		8 years	8 years	8 years
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.		Granted	Granted	Granted
3.2 Allowance for carry-forward of annual loss from operations incurred during the exemption of corporate income tax on net income to offset with net income for a period of 5 years, after exemption period in 3.1.		Granted	Granted	Granted
3.3 Exemption/Reduction of import duty on machinery as approved by the Board.		Granted	Granted	Granted
3.4 Exemption of import duty on raw materials and significant supplies used in export production from the first import date.		Granted	None	None
4. Date of first earning operating income		1 October 2012	31 October 2012	31 October 2010

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Inoue Rubber (Thailand) Public Company Limited

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26 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 financial statements						
	BOI		non-BOI		Total	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Sales						
Export	68,834,823	91,217,281	1,359,213,644	1,387,563,827	1,428,048,467	1,478,781,108
Local	54,594,963	71,682,687	3,946,999,293	4,011,944,590	4,001,594,256	4,083,627,277
	<u>123,429,786</u>	<u>162,899,968</u>	<u>5,306,212,937</u>	<u>5,399,508,417</u>	<u>5,429,642,723</u>	<u>5,562,408,385</u>
Separate financial statements						
	BOI		non - BOI		Total	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Sales						
Export	68,834,823	91,217,281	1,358,919,932	1,387,563,827	1,427,754,755	1,478,781,108
Local	54,594,963	69,291,272	3,944,748,434	4,011,279,987	3,999,343,397	4,080,571,259
	<u>123,429,786</u>	<u>160,508,553</u>	<u>5,303,668,366</u>	<u>5,398,843,814</u>	<u>5,427,098,152</u>	<u>5,559,352,367</u>

27 Dividends paid

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

At the Annual General Meeting of shareholders of the Company held on 29 January 2018, the shareholders unanimously passed a resolution approving dividend payment from its operating results for 2017 at Baht 0.8476 per share (Baht 0.2023 per share from BOI-promoted operations and Baht 0.6453 per share from non-BOI promoted operations), amounting to a total dividend of Baht 169.52 million. The dividends were distributed on 28 February 2018.

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28 Financial instruments

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

Foreign exchange forward contracts outstanding at 30 September 2019 and 2018 were summarised as follows:

Foreign currency	Consolidated and Separate financial statements			
	2019		2018	
	Sold amount Million	Bought amount Million	Sold amount Million	Bought amount Million
US Dollars	2.56	2.02	0.66	1.21
Japanese Yen	105.27	173.69	10.56	144.47
Euro	0.04	0.35	0.04	-

Net fair values

The net fair values of the open forward foreign exchange contracts as at 30 September 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Favourable forward foreign exchange contracts	-	327,858	-	327,858
Unfavourable forward foreign exchange contracts	(1,688,678)	(2,179,688)	(1,688,678)	(2,179,688)
Net	(1,688,678)	(1,851,830)	(1,688,678)	(1,851,830)

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

These fair values are within level 2 of the fair value hierarchy (Note 3.3).

At 30 September 2019 and 2018, the Group and the Company had outstanding foreign currency assets and liabilities as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Million	2018 Million	2019 Million	2018 Million
Assets				
US Dollars	3.79	2.67	3.79	2.67
Japanese Yen	105.27	69.18	105.27	69.18
Euro	0.03	0.04	0.03	0.04
Liabilities				
US Dollars	1.92	3.70	1.92	3.70
Japanese Yen	197.60	205.40	197.60	205.40

29 Events after the reporting period

On 22 November 2019, the Board of Directors' Meeting of the Company No.8/2019 unanimously passed a resolution approving the proposed dividend payment from its operating results for 2019 at Baht 0.4164 per share (Baht 0.0590 per share from BOI-promoted operations and Baht 0.3574 per share from non-BOI promoted operations), amounting to a total dividend of Baht 83.27 million. The dividend payment will later be proposed for approval in the Annual General Meeting of the Company's shareholders.



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