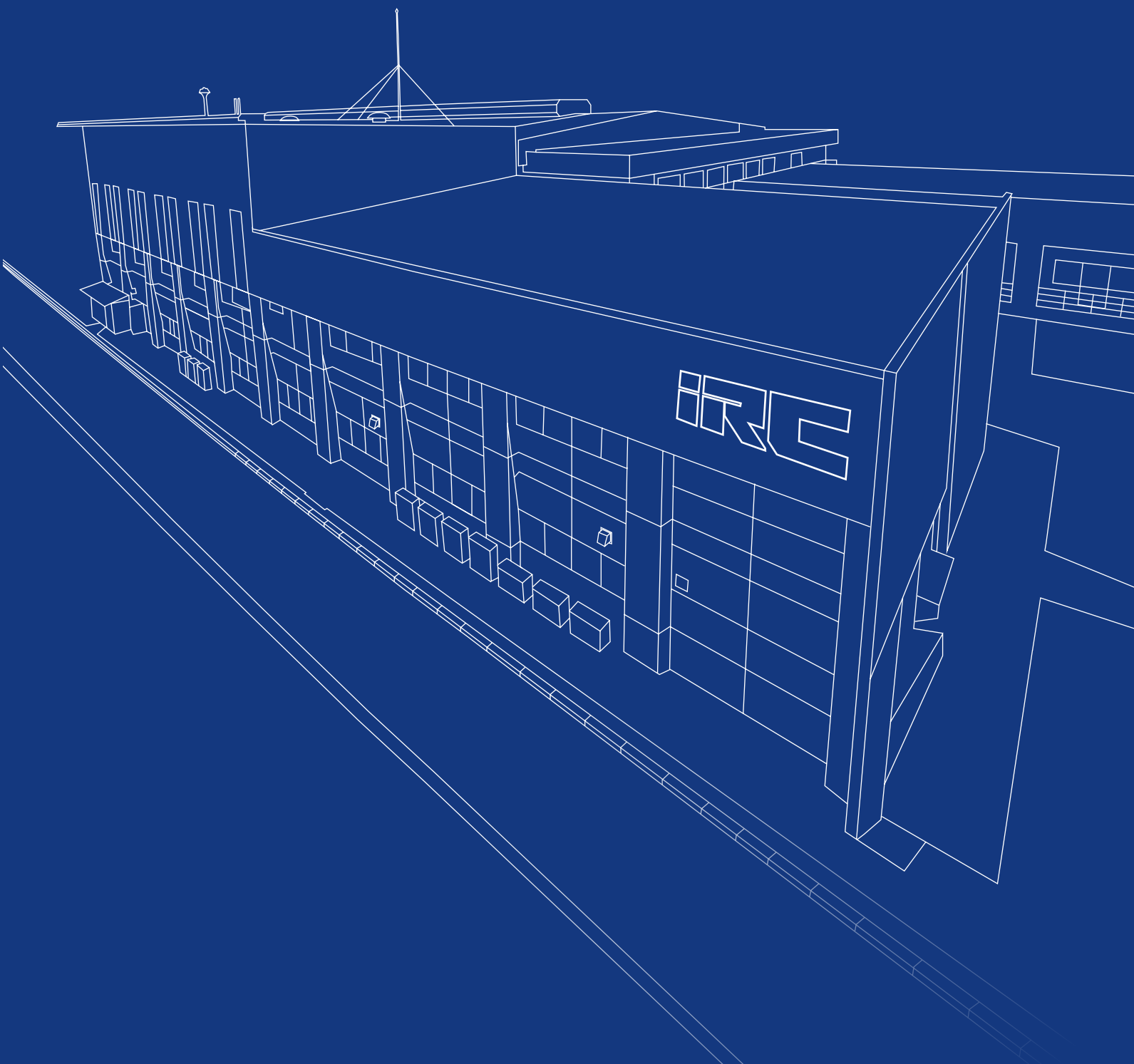


Annual Report 2012



Inoue Rubber (Thailand) Public Company Limited

IRC

INOUE RUBBER (THAILAND) PUBLIC COMPANY LIMITED

“at IRC, we treat staff as the most valuable resource.”

“The Company pays highest attention to all employees and treats them as the most valuable resource. Over the past 40 years, the Company invests in our working system and equipment to create safe working environments for staff. Furthermore, we continuously give support to the employees by improving our activities and welfare to suit the need at every challenge situations. The prove of excellence in employees’ care is shown in the “Outstanding Labour Relations and Welfare 2011” we were awarded in 2012.”



Contents:

Financial Highlight	1
Message from the Board of Directors	2
Message from the Audit Committee	3
Our Mission	4
General Information	5
Nature of Business	6
Revenue Structure	8
The Company Structure	9
Risk Factors	10
Market and Competition	13
Shareholding Structure & Dividend Payment	16
Management Structure	17
Internal control	26
Activities on Safety Environment and Social	28
Corporate Governance	31
Connected Transactions	39
Management Discussions and Analysis	40
Financial Statement	41
Board of Directors and Executive profiles	91



Financial Hilight

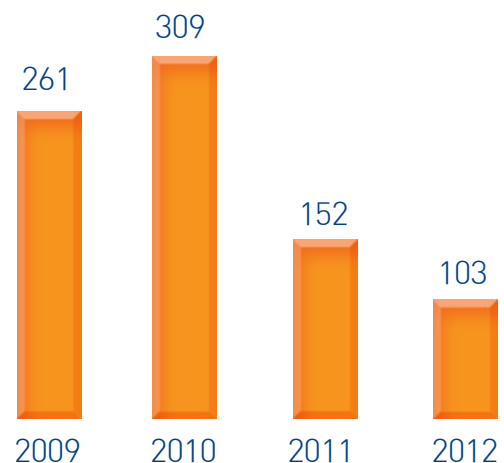


Financial Status	2012	2011	2010
Current Assets	2,472.12	2,143.19	1,791.86
Total Assets	4,289.23	3,693.59	3,140.76
Current Liabilities	2,011.70	1,629.21	1,088.75
Total Liabilities	2,261.08	1,638.86	1,137.96
Total Shareholders' Equity	2,028.15	2,054.73	2,002.79
Operating Result			
Sales and Service Income	6,499.55	6,058.60	5,354.78
Cost of Sales and Service	6,139.01	5,662.75	4,771.29
Total Revenues	6,572.08	6,106.05	5,389.60
Gross Profit	360.54	395.85	583.49
Selling and Administrative Expenses	257.93	234.41	209.25
Profit before Financial Cost and Income Tax	144.05	193.61	400.82
Financial Cost	16.84	6.05	6.13
Income Tax	24.67	35.62	86.18
Net Profit	102.53	151.94	308.51
Financial Ratio			
Current Ratio (times)	1.23	1.32	1.65
Assets Turnover (times)	1.65	1.79	1.80
Net Profit per Share (Baht)	0.51	0.76	1.54
Book Value per Share (Baht)	10.14	10.24	10.00

Sales and Service Income



Net Profit



Message from the Board of Directors

World's Economic has continued unstable especially in the Euro zone countries and in the United State of America including the economic downturn in China. At the same time the economy in most countries in ASEAN have shown up the potential growth outstandingly.

Automotive industry in Thailand was back on track with a remarkable growth after the massive flood disaster last year. The amount of investment injected into automotive and its component parts industry was highly at 68,672.40 million baht regarding to the approved investment promotion report 3/2012, Thailand Board of Investment.

For the last fiscal year, starting from 1 October 2011 to 30 September 2012, the company operated its first quarter at the same timing of the massive flooding disaster. Even though, our production sites were both located in Rangsit Thanyaburi, Pathumthani and Wangnoi, Pranakorn Sri Ayutthaya area, the impact of flooding did not directly damage the assets since we tried our best to protect and save the area. However the factor that harmfully affected to the first quarter performance was a sharp drop in sales due to the disruption in logistic supply chains and distribution channels, and the discontinuing in automotive manufacturing industry.

Regardless of losses incurred from this situation, we realized the most valuable of the unity in spirit and action of our staff and team to protect the company area and retrieve the situation successfully back to normal. This seemingly presented as the company's performance in the following second, third, and forth quarter consequently.

With the acceleration of growth in automotive industry to serve the demand for both domestic and export market, the production volume of 4-wheel-vehicle increased dramatically and reached 2 million cars in November 2012.

Investments of the company in the past year followed its business plans accordingly, covering the expansion in production line, production processing improvement, the quality of product, research and development, and human resources.

In the past year, the company was proud to be awarded as the excellent enterprise in Thailand for safety, occupational, health and environment work place from Prime Minister Ms. Yingluck Shinawatra, The outstanding labor relations and welfare from Ministry of Labor.

We, IRC, are continuing to be the leader in Research &Development, elastomer part producer and motorcycle tire-tube manufacturer in ASEAN region upon the supports from all parties including customers, employees, community and government, and the most important, the trustworthiness from shareholders and investors.

With a sincere thank you from the Board of Directors



K. Matsuda

(Mr. Koji Matsuda)
Vice-Chairman

Message from the Audit Committee

The Board of Directors of Inoue Rubber (Thailand) Public Company Limited consists of three Audit Committee members, namely Associate Professor Dr. Chesada Loha-unchit acting as Chairman and Mr. Vichit Vuthisombut and Ms. Chaovana Viwatpanachati acting as members. All audit committee members are qualified as independent directors according to the definition established by the Securities and Exchange Commission. One member of the Audit Committee, namely Ms. Chaovana Viwatpanachati, possesses adequate expertise and experience to review the creditability of financial reports.

The Audit Committee performs its duty independently in line with its Charter, reporting its performance as well as providing independent opinions to the Board of Directors at each board meeting. In 2012, the Audit Committee held six meetings, with two attended by external auditors, covering the following issues;

1. Reviewing the Company's quarterly and annual financial statements, before submitting them to the Board of Directors, to ensure that they were prepared in accordance with generally accepted accounting practices and principles as well as correct and adequate information were disclosed. The meetings were held between auditors, executive committee, and accounting division in order to acknowledge the current situation and clarify for any concerning issues.

2. Monitoring the company's internal control system to ensure that is adequate. In 2012, the internal audit was assigned to follow up the pending issues suggested by the external auditors. The concerning issues included "System Raw material storage" and "Subcontract control system" which made recommendations by the external auditor; Deloitte. And "Domestic procurement system", "Tire - Tube replacement market inventory management system" and "HR-remuneration management for workers and subcontract" which made recommendations by the external auditor; KPMG. The improvement result was determined at the satisfaction level.

3. Monitoring compliance of the Securities and Exchange Act, regulations of the Stock Exchange of Thailand, and other relevant laws. No non-compliance issues of substance were found.

4. Considering and determining the appropriate fee for the independent external auditor before proposing them to the Board of Directors for submission to shareholders' approval at the Annual General Shareholders' Meeting. In 2012, PricewaterhouseCoopers ABAS Ltd was nominated and selected as the Company's external auditor.

5. Monitoring compliance of good governance practices, as well as the disclosure of connected transactions or transactions with conflicts of interest as required by law and regulations, for the safeguarding of the benefits of the company and stakeholders. In 2012, the committee suggested that the related transactions were an ordinary and normal business transaction and its disclosure were adequate.

The Audit Committee's view is that the Company possesses a proper internal control system and has conducted its business in compliance with the law as well as regulations of Stock Exchange of Thailand. The financial statements were reviewed and audited by the external auditor, complied with generally accepted accounting principles.



A handwritten signature in black ink, which appears to read "Assoc. Prof. Dr. Chesada Loha-unchit".

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



Our Mission

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

- (1) Working safely together with the retaining environments
- (2) Keeping quality of each product under international quality standard.
- (3) Enhancing highest customers' satisfaction in all dimensions:
 - Price/Cost (P) at the best competitive level
 - Quality (Q) at the highest comparative quality rating by customers
 - Delivery (D) at the most accurate delivery rating by customers
 - Service/solutions (S) at the most effective solutions for customers at all time
- (4) Encouraging the management team to be at their full competency.
- (5) Continuing the researches and developments for raw materials, process and products.
- (6) Ensuring strong financial status and attractive return to shareholders.
- (7) Contributing to the community development

General Information

Company Name	Inoue Rubber (Thailand) Public Company Limited
Head Office	258 Soi Rangsit-Nakornnayok 49, Prachatipat Thanyaburi, Pathumthanee 12130
Wangnoi Office	157 Moo 5, Phaholyothin Rd., Lamsai, Wangnoi, Ayutthaya 13170
Telephone	(+66) 02 996 0890 (23 Auto Lines)
Fax	(+66) 02 996 1439
Investor Relations	(+66) 02 996 0890 Ext. 190, 212
Home Page	www.ircthailand.com
E-mail Address	ir@ircthailand.com
Registration No.	0107536001737 (PLC.247)
Main Business	Manufacturer of Industrial Elastomer Parts, Motorcycle Tires, Motorcycle Tubes, and Wheel Set Assembly
Registered and Paid-up Capital	200,000,000 Baht
Issued Shares	200,000,000 Shares
Par Value per Share	1 Baht



Nature of Business



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

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

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

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

Products

1. Industrial Elastomer Parts

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

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





2. Motorcycle Tire

The Company has been recognized as a pioneer in the market of motorcycle tires and tubes under “IRC” brand which gained a considerable size of domestic market share. Through continuous research and new product development, the Company is able to meet diverse customer demands in terms of design, size, qualification, and performance. The Company produces the following types of motorcycle tires: On Road Tire, Off Road Tire, Scooter Tire and Heavy Duty Tire. The motorcycle tire production facility is located at Amphur Thanyaburi, Pathumthanee province.



3. Motorcycle Tube

Similarly, the motorcycle tubes are manufactured for both domestic and international markets under the same “IRC” brand. Based on a strong commitment to R&D and innovation the Company is able to produce products in anticipation of future demand. One example of this is the Tuff-up or non-puncture tube. This tube remains functional even when pierced by sharp objects due to special chemical substances. This innovative product has been manufacturing base in Thailand. The production facility is located at Amphur Thanyaburi, Pathumthanee province.



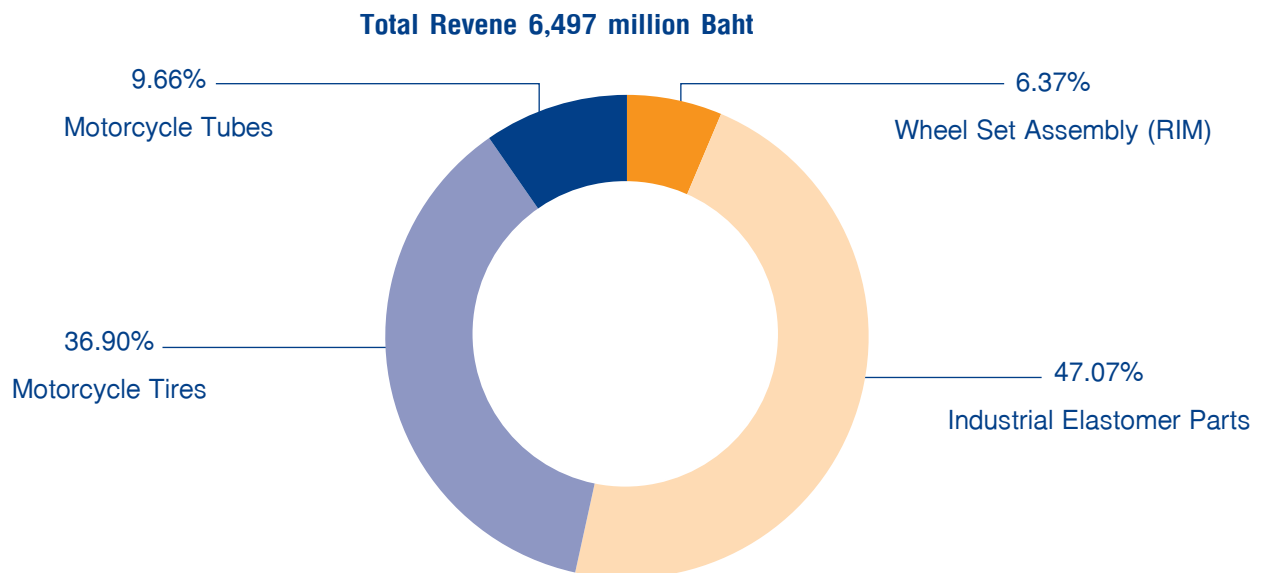
4. Wheel Set Assembly

Due to increasing demand, the Company took a new assembly line for the delivery of complete wheel sets into service in 2003. The production includes assembly of motorcycle rims with “IRC” tubes and tires for both type of wheel; Spoke Wheel and Casting Wheel. The manufacturing facility is located at Amphur Thanyaburi, Pathumthanee province. These integrated products are currently produced for two customers: Thai Yamaha Motor Co., Ltd. and Thai Suzuki Motor Co., Ltd.

Revenue Structure



Products	2012		2011		2010	
	mil. Baht	%	mil. Baht	%	mil. Baht	%
Local						
1. Industrial Elastomer Parts	2,508.82	38.62%	2,245.59	37.07%	2,109.94	39.41%
2. Motorcycle Tires	1,782.23	27.43%	1,588.32	26.22%	1,313.11	24.53%
3. Motorcycle Tubes	363.36	5.59%	330.17	5.45%	350.39	6.54%
4. Wheel Set Assembly (RIM)	413.86	6.37%	583.77	9.64%	465.93	8.70%
Total Local	5,068.28	78.02%	4,747.85	78.39%	4,239.36	79.18%
Export						
1. Industrial Elastomer Parts	548.84	8.45%	431.21	7.12%	382.96	7.15%
2. Motorcycle Tires	614.93	9.47%	603.64	9.97%	485.63	9.07%
3. Motorcycle Tubes	264.40	4.07%	274.37	4.53%	246.19	4.60%
4. Wheel Set Assembly (RIM)	-	-	-	-	-	-
Total Export	1,428.17	21.98%	1,309.23	21.61%	1,114.79	20.82%
Total						
1. Industrial Elastomer Parts	3,057.66	47.07%	2,676.80	44.19%	2,492.90	46.56%
2. Motorcycle Tires	2,397.16	36.90%	2,191.96	36.19%	1,798.74	33.60%
3. Motorcycle Tubes	627.77	9.66%	604.55	9.98%	596.58	11.14%
4. Wheel Set Assembly (RIM)	413.86	6.37%	583.77	9.64%	465.93	8.70%
Total Revenue	6,496.45	100.00%	6,057.08	100.00%	5,354.15	100.00%
Increased (Decreased) in Revenue	7.25%		13.13%		18.79%	



The Company Structure



(as of 30 Sep 2012)



The Company has two wholly owned subsidiaries, holding 99.99% of the total shares, which are IRC (Asia) Research Co., Ltd., and Kinno Hoshi Engineering Co., Ltd., and has one subsidiary, holding 10% of total share in Inoue Rubber Vietnam Co., Ltd. Details of the subsidiaries are as follows:

1. IRC (Asia) Research Co., Ltd.

The Company has recognized the significant of research and development as the market has commanded for variety of products in terms of type, nature, and quality. Therefore in 18 July 1995, IRC (Asia) Research Co., Ltd. (“IAR”) was found in search of the best solution for customers. IAR conducts the service in cooperation with Inoue Rubber Co., Ltd. (Japan) and working closely with customers.

2. Kinno Hoshi Engineering Co., Ltd.

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

3. Inoue Rubber Vietnam Co., Ltd.

Inoue Rubber Vietnam Co., Ltd. (“IRV”), or Cong Ty Tnm Cao Su Inoue Vietnam Co., Ltd. was founded in 1996 by three co-founders, the Company, invested USD 1 million (10% of total shares), the Asian Inoue Rubber PTE, Ltd. (Singapore), and Sao Vang Rubber (Vietnam) Co., Ltd.. IRV manufactures tires and tubes (for motorcycles, barrows, bicycles, and hand carts to serve emerging market in Vietnam. Currently IRV has total registered capital of USD 10 million.

Risk Factors



1. Financial Risk

Risk from exchange rate

Since the Company imported raw material and exported some finished goods in foreign currencies such as US Dollar, Japanese Yen, and Euro, fluctuations in the exchange rate may affected the Company's cost and revenue.

During the Company's fiscal year 2011, the Eurozone Crisis continuously affected World economic. The US Quantitative Easing (QE) policy and The Japan inflation monetary policy caused the fluctuation in the exchange rate which led to the unstable of Thai baht currency. Then the Company monitored the movement of exchange rate closely in order to cope the movement and agreed to enter into forward contract, mainly to eliminate the risk.

2. Market Risks

Risk from Fluctuation in raw material prices - natural rubber

Since the natural rubber is the main raw materials used in the production, with extensive amount of natural rubber used in the production processes, any changes in the price of the natural rubber will make a considerable effect to the Company's bottom line. During the Company's fiscal year 2011, the price of natural rubber in global market was in the downturn trend due to the slow down economic growth in China US and EU. However the fluctuation of natural price was less affected to the Company, compared to the previous year. This should be the result of the Three parties co-operation between Thai government and Indonesia and Malaysia, which the top three World's natural rubber producers, to push forward the natural rubber price.

The fluctuated price of rubber affects the Company's cost-control and put pressure on the Company's capability to make profit. However the Company managed the risk by negotiating with customers for price adjustment, making a long-term contract and fix price with rubber suppliers, improving the production processes to reduce waste, and controlling inventory to the appropriated level.

Risk from losing in market share

The free trade agreement among ASEAN results in relocations of some Japanese car and motorcycle manufacturers into Thailand to enhance their export market, and to introduce eco-car to the region. Despite the factors had boosted the demand for supplying parts for Thai Automotive and Motorcycle industry, the market competition is still high among existing manufacturer and also new comers that trying to take the market share. However, the Company has advantage in technology know-how

transferred from Japanese Joint-Venture. Having its own research and development section, the Company uses it as competitive advantage strategy as it allows the Company to develop parts and products under international standards with customers continuously. Beside, the Company's strength on on-time delivery and good relationship with customers are also the other key points in customers' buying decision.

3. Natural Disasters Risk

Natural disasters risk that impact to automotive and motorcycle sector

The Company has 2 customer groups in OEM segment - Car manufacturers and Motorcycle manufacturers which account in a large portion in the company's total revenue. During end of 2010 to the beginning of 2011, the automotive and motorcycle industry was in the uptrend due to the recovery from the automotive downturn in 2009. ASEAN free trade agreement which results in relocations of some Japanese car and motorcycle manufacturers into Thailand to enhance their export market and to introduce eco-car to the region also boost the automotive and motorcycle industry in Thailand. However, the Tsunami disaster in Japan in March had caused a stagnant in the industry for more than 4 months then return back to normal in August. During the period, the sales of the Company in automotive sector had been affected but not in the motorcycle sector.

In end 2012, Thailand faced the flood disaster which directly affected to the automotive industry. As seen in the disruption of the automotive part manufacturer caused the shortage of automotive delivery. Moreover due to the disruption, some customer stopped the operation, the Company had to slow down production capacity as well as circulation on that period. Even though our production sites were both located in Rangsit Thanyaburi, Pathumthani and Wangnoi, Pranakorn Sri Ayutthaya area, which known as flooding area, the impact of flooding did not damage the assets critically since we tried our best to protect and save the area. Regardless of losses incurred from this situation, we realized the most valuable of the unity in spirit and action of our staff and team to protect the company area and retrieve the situation successfully back to normal. This seemingly presented as the company's performance in the following second, third, and forth quarter consequently.

Having customers in 3 sectors, the Company has a diversification in revenue and don't rely only on one of the sectors. Although more than 60% of the Company's revenue comes from motorcycle sector, it has a plan to increase the production capacity to serve the expanding automotive industry. The production line enhancement is expected to be online in 2012 and that will help the Company's portfolio to be more balance. In addition, the Company also has a number of potential customers in automotive and motorcycle replacement market (REM) and export market. In case the orders from OEM customers slow by any unpredictable events, the Company is able to adjust the production for replacement and export market properly.

Natural disasters risk that impact the Company's assets and operations

The Company has entered into all risk insurance agreement under sum insured of about 5 billion Baht, which cover property damages and business interruption (subject to terms and conditions).

Example for General Exclusion;

1. Damage to the property insured caused by : subsidence ground heave or landslip, Wind rain hail frost snow flood sand or dust to movable property in the open or in open sided buildings or buildings with one side opened or to fences and gates

2. Cessation of work delay or loss of market or any other consequential or indirect loss of any kind or description whatsoever

3. Damage occasioned directly or indirectly by or through or in consequence of any of the following occurrences, namely :- War invasion act of foreign enemy hostilities or warlike operations (whether war be declared or not),civil war, munity civil commotion assuming the proportion of or amounting to a popular rising military rising insurrection rebellion revolution military or usurped power

4. Damage directly or indirectly caused by or arising from or in consequence of or contributed to by ; nuclear weapons material, ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.

Market and Competition



To aid the outline of market conditions and competitive factors, the Company's operational activities can be classified into three output categories: 1) Industrial Elastomer parts 2) Motorcycle Tires and Tubes, and 3) Motorcycle wheels assembly. A summary background is given on each underlying market.

1. Industrial Elastomer Parts

Industrial elastomeric parts can be classified by customer group as follows

1.1 Automotive market

During 2011 to 2012, Thai automotive sector was affected directly by the massive flooding last year. Due to the shortage of part supply, many of car manufacturers were not able to deliver the finished car to customer on time. With the back order that kept remaining, this boosted sales volume to come back again at high level. A new campaign of a tax-back of first car from government is also considered as one of the factors that have driven the demand in market. The higher sales volume, the more investment and capacity needed. This therefore passed along to the OEM part suppliers and resulted in sales volume in 2012 to increase dramatically.

1.2 Motorcycle market

In 2012, the sales grew at approximately 4 percent as normal. With an oligopoly competition (fewer manufacturers) in this market, we, as one of the dominant manufacturer, had to compete with a high quality and innovative products such as chain rubber roller, fuel hoses etc. In 2013, the Triumph Motor Company, a British manufacturing company have planned to expand its production capacity and increase the proportion of imported Thai parts. This provided a more potential business opportunity to the company.

1.3 Sub Auto & Sub Motorcycle market

This is a group of the part makers who demands the rubber part in order to assemble to the auto or motorcycle part and supply to automotive/motorcycle makers. With a substantial growth in automotive market, this has induced a new entrant, mostly Japanese joint venture, to start operating in Thailand since they help automotive/motorcycle maker to reduce their take time. They are however considered as one of a key market for the company.

1.4 Non-Automotive Market

Beside automotive/motorcycle market, this is a product group of electric appliances and air-conditioners where market concentrates on just a price competition. In the near future, those of manufactures that moved production base into Thailand, including Kubota, Kobelco, and Yanmar tend to increase its production line and provide a more variety of product. They can be then considered as our future potential customer since they can rely on our high quality product and reasonable price.

2. Motorcycle Tires and Tubes

2.1 Original Equipment Market (OEM)

For the past year, growth of motorcycle market was outstandingly higher comparing to the previous year. The massive flooding end of last year affected the market to drop substantially. Due to the disruption in production and shortage in stock, those car makers had to accelerate its product in order to deliver on time, this boost up the market and resulted in a more than 10 percent higher in the first half of last year.

2.2 Replacement Market

The tire and tube replacement market expanded in line with increasing numbers of motorcycles users in Thailand and good advantage from many factors including the stable in Politics in our country. Sales in replacement market continuous expanded although we faced the massive flood disaster in the end of 2011.

In the fiscal year 2011, The Company's sale was in good sign and quite increase compared to the overall Thailand's economic. To emphasize its product quality, the Company uses the industry standard (Mor-or-kor) to assure customer satisfaction on our products which make the increase in sale ultimately.

Moreover, the Company uses promotional brand awareness campaigns. In addition, the Company participates in educational road safety campaigns on its own and in co-operation with motorcycle dealerships (Honda, Suzuki, Kawasaki) as well as the Association of Thai Motorcycle Machinists. As part of this the Company sponsored a motorcycle racing campaign "IRC-D.I.D RIDE FOR LIFE" which was held in ten cities across Thailand. Further marketing activities included consumer product education events on tire purchase and usage; and country-wide seminars for mechanics. The Company also serves niche segments such as customers looking for more fashionable tires or tires with a higher performance. One example of this is the IRC "IZ-R IZ003" a new 12" model of high-performance motorcycle tires suitable only for smooth surface racing. On the other hand the Company also keeps delivery on - time base on customer satisfaction in order to maintain market share.

2.3 Export Market

Whilst the global economic recovery is slow, growth in the US and Europe remains vulnerable especially the sales of EU and US was explicit dropped down.

The Company has made adjustments to its global distribution plans with aim to serve the best quality product. This strategy is to retain the existing customer especially those in South East Asia country which gain less effect from the global economic vulnerable.

For the global export market competition, the Company has focused on quality in each product with international system, high capability, on-time delivery and continued research and development to reach in higher in global market share.

3. Motorcycle wheel assembly

Original Equipment Market (OEM)

Carrying on from the tires and tubes production, motorcycle wheel set assembly has the same customer group which therefore, there is no competition for the Company in this segment.

Shareholding Structure & Dividend Payment



1. Major shareholders

List of the first 13 major shareholders (Book Closure date on 12 Dec 2012)

Shareholders	Number of Shares	%
1. Inoue Rubber Company Limited (Japan)	68,600,000	34.30
2. Sopa-kanok International Co., Ltd.	50,666,000	25.33
3. Mrs. Porndee Leeissaranuku	6,500,000	3.25
4. Mr. Wirat Chawal-amporn	6,333,888	3.17
5. Citigroup Global Markets Limited-Customer Safekeep Account	6,235,000	3.12
6. Mrs. Powpirach Hemvachiravarakorn	5,400,000	2.70
7. Mrs. Pimjai Laochinda	4,616,575	2.31
8. Mr. Niti Osathanugrah	3,840,500	1.92
9. Mrs. Porntip Sethiwan	3,596,275	1.80
10. Mr. Thanong Leeissaranukul	3,408,000	1.70
11. Mr. Apichart Leeissaranukul	3,407,500	1.70
12. Ms. Vanida Khomthongsatit	3,318,800	1.66
13. Mr. Viriya Trangadisaiikul	3,134,800	1.57

2. Dividend payout (as of 30 Sep 2012)

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

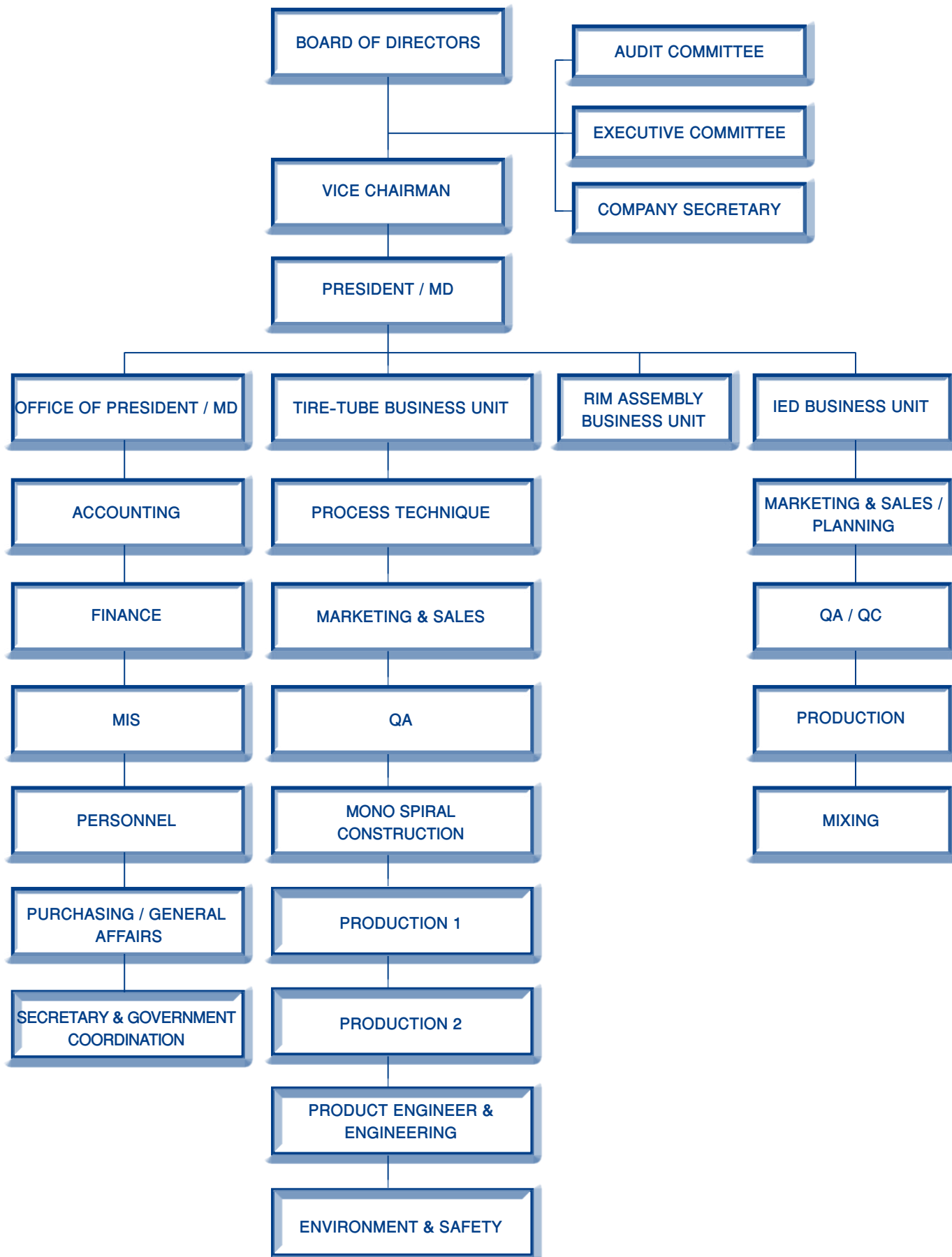
Details of Dividend Payment	2012*	2011	2010
Net profit (Million Baht)	102.53	150.40	308.51
Number of Share (Million Shares)	200	200	200
Dividend Payment (Baht per Share)	0.2051	0.2436	0.5000
Total Dividend Amount (Million Baht)	41.01	48.72	100.00
Dividend Payout Ratio (%)	40.00	32.40	32.41

* Proposed the dividend to be approved by the AGM 1/2013

Management Structure



1. Organizational Structure



2. Management

The Company's management consists of Board of Directors, Audit Committee, and Executive Committee. The highest ranking management is the President who will exercise the managerial powers through the Managing Director and the Executive Director. Below are details of the Management structure.

2.1 Board of Directors

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

Name	Non-ED	ED	ID	AC	Position
1. Mr. Koji Matsuda		/			Vice-Chairman
2. Mr. Soichi Inoue	/				Director
3. Mrs. Pimjai Laochinda		/			Director / President
4. Mr. Atsushi Imamura		/			Director / Managing Director
5. Mr. Masayuki Inoue	/				Director
6. Mr. Thanong Leeissaranukul	/				Director
7. Mr. Apichart Leeissaranukul	/				Director
8. Mrs. Porntip Sethiwan	/				Director
9. Mr. Narumi Zaitzu	/		/		Independent Director (Resigned at 10 May 2012)
10. Mr. Masakazu Sekiguchi	/		/		Independent Director (Appointed at 10 May 2012 to replace Mr. Narumi Zaitzu)
11. Assoc.Prof.Dr. Chesada Loha-unchit	/		/	/	Independent Director / Chairman of Audit Committee
12. Mr. Vichit Vuthisombut	/		/	/	Independent Director / Audit Committee
13. Ms. Chaovana Viwatpanachati	/		/	/	Independent Director / Audit Committee

Remark * The Company has not yet appointed a Chairman since Mr. Vitya Leeissaranukul, former Chairman, passed away on January 31, 2006.

Ms. Tisakorn Yongmod, Chief of Finance, Investor Relations section, is the Company Secretary. (Resigned at 1 Sep 2012 The Board of Directors therefore assigned Ms. Nartjana Penjun, Chief of Finance, Investor Relations section, to perform the duty effective from 1 September 2012)

Directors Authorized to Sign and Bind the Company

The authority to bind the Company must be signatures of Mr. Thanong Leeissaranukul, or Mrs. Pimjai Laochinda, together with Mr. Masayuki Inoue, or Mr. Atsushi Imamura, or Mr. Koji Matsuda, in total of 2 person and affix the Company's seal.

Authority of the Board of Directors

1. To undertake the duties in accordance with laws, objectives and requirements of the company and resolutions of the shareholders with due care and integrity and to look after the interest of the company.

2. To set the business policies and direct the operations of the company and supervise the management to ensure efficiency, effectiveness and compliance with the prescribed policies and to maximize the economic value of the business and to provide maximum business stability to shareholders.

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

Nomination of the Board of Directors

Although the Company does not have the Nomination Committee, a director nominee shall meet qualifications according to selection criteria and qualification outlined in its Articles of Association. Each director shall not be a person who commits any offence against rules and regulations of the Stock Exchange of Thailand. His/her knowledge, ability, skill, experience, honesty, good working record shall also take into consideration. A majority of the Company's directors has more than twenty years of experiences in the automotive industry.

2.2 Audit Committee

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

Name	Position	Remark
1. Asso.Prof.Dr. Chesada Loha-unchit	Independent Director / Chairman of Audit Committee	
2. Mr. Vichit Vuthisombut	Independent Director / Audit Committee	
3. Ms.Chaovana Viwatpanachati	Independent Director / Audit Committee	(Who possess the direct knowledge and experiences in accounting, as shown in the Directors' profiles)

Ms. Tisakorn Yongmod, Chief of Finance, Investor Relations section, is the Company Secretary.(Resigned at 1 Sep 2012
The Audit Committee therefore assigned Ms. Nartjana Penjun, Chief of Finance, Investor Relations section, to perform
the duty effective from 1 September 2012).

Authority of the Audit Committee

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

1. To verify in assuring that the Company's financial report is correct and accurate and sufficiently disclosed.

2. To verify in assuring that the Company shall have the appropriated effective internal control and internal audit systems on cooperation with the internal auditor and internal controller and to consider the independence of the internal audit agency as well as to provide the approval for the appointment, transfer, termination of the chief of the internal audit agency or any other agencies responsible for the internal audit.

3. To verify in assuring that the Company has acted in compliance with the law on Securities and Exchange, requirements of the Stock Exchange and the laws relating to the Company's business.

4. To consider, select, propose to appoint the independent person or persons to perform the duty as the Company's auditor and to propose the remuneration for such person/persons, considering the reliability, resources adequacy, workloads and personnel's experiences as well as participating in the meeting with the auditor without the involvement of the Management for at least once a year.

5. To consider the related items or the items that would have the conflict of interest to meet the requirement of law or the provision of the Stock exchange to assure that such items are reasonable and resulted in the maximum benefit to the Company.

6. To prepare the report of the Audit Committee's activities, consisting of the opinions about the preparation process and the disclosure of the Company's accurate, complete and reliable financial report, including the opinions relating to the adequacy of the Company's internal control system by disclosing it in the Company's annual report. Such report must be signed by the Chairman of the Audit Committee and must consist of at least the following information:

6.1 The opinions about the accuracy, completion and reliability of the Company's financial report.

6.2 The opinions about the adequacy of the Company's internal control system.

6.3 The opinions about the act in compliance with law on Securities and Stock Exchange, provisions of Stock Exchange or the laws relating to the Company's business.

6.4 The opinions about the appropriateness of the auditor.

6.5 The opinions about the items that may post the conflict of interest.

6.6 The number of the meeting of the Audit Committee and each member's meeting participation.

6.7 The overall opinions or the observations obtained by the Audit Committee from the operation as required in the charter.

6.8 Other items as deemed to be known by shareholders and general investors under the scope and responsibility assigned to them by the Company's Board of Directors.

7. Any other operations as assigned by the Company's Board of Directors with the approval of the Audit Committee who directly responsible for the Company's Board of Directors who shall remain to be responsible for the Company's operation against the third party.

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

2.3 Independent Director

The Company has determined the definition and scope of duties of the independent Director in accordance with the Notifications of the Capital Market Supervisory Board No. TorChor. 4/2009 dated 20 February 2009.

Name	Position	Remark
1. Assoc.Prof.Dr.Chesada Loha-unchit	Independent Director / Chairman of Audit Committee	
2. Mr. Vichit Vuthisombut	Independent Director / Audit Committee	
3. Ms. Chaovana Viwatpanachati	Independent Director / Audit Committee	
4. Mr. Masakazu Sekiguchi	Independent Director	Replaced Mr. Narumi Zaitso, who resigned on 10 May 2012

Definition of Independent Director

1. Not holding shares exceeding 1% of the total shares with voting rights of the Company, its parent Company, its subsidiary, its associated company, or any potential conflicting person, which shall be inclusive of the shares held by those related persons;

2. Not being nor having been a director participating in the management, employee, officer, consultant who receiving regular salary, or controlling person over the Company, its subsidiary company, its associated company, its parallel subsidiary company, or potential conflicting person, excepting that he/she has no such characteristic for at least two years before the date of filing of the application with the Office;

3. No being a person related by blood or by registration under laws as father, mother, spouse, sibling and child, including spouse of child of executive, major shareholder, controlling person, or such other person who will be nominated to take up the position of executive or controlling person of the Company or its subsidiary company;

4. Not having nor having had any business relationship with the Company, its parent company, its associated company, or potential conflicting person as might interfere with his/her use of independent discretion, including not being nor having been a major shareholder, or a dependent director, of a person who has a business relationship with the Company, its parent company, its subsidiary company, its associated company or potential conflicting person except that he/she has no such characteristic for at least two years before the date of filing of the application with the office;

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

5. Not being nor having been an auditor of the Company, its parent company, its subsidiary company, its associated company, or potential conflicting person, and not being a major shareholder, a dependent director, an executive, or partner of the auditing firm employing an auditor of the Company, its parent company, its subsidiary company, its associated company, or potential conflicting person except that he/she has no characteristic for at least two years before the date of filing of the application with the Office;

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

7. Not being a director appointed to represent any director of the Company, a major shareholder, or a shareholder who is a related person of the Company's major shareholder;

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

2.4 Executive Committee

The Executive Committee is appointed by the Board of Directors. The Committee consists of the following 10 members as shown below:

(As of 30 September 2012)

		Name
1.	Mr. Koji	Matsuda
2.	Mrs. Pimjai	Laochinda
3.	Mr. Atsushi	Imamura
4.	Mr. Koji	Yamauchi
5.	Mr. Hiroyuki	Hibi
6.	Mr. Kazuhisa	Usami
7.	Mr. Michio	Nishitani
8.	Mr. Shigeru	Uno
9.	Mr. Nareothai	Boothong
10.	Mr. Jatupol	Lawhachainam

Authority of the Executive Committee

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

2.5 Risk Management Committee

The Company maps out Risk Policy as the policy by appointing the Risk Management Committee consisting of Directors and Executives of each line of work having the President as the Chairman performing duty on the assessment of the risks both from the external factors and the internal factors.

	Name	Position
1.	Mrs. Pimjai Laochinda	President
2.	Mr. Atsushi Imamura	Managing Director
3.	Mr. Koji Yamauchi	Executive Director
4.	Mr. Jatupol Lawhachainam	Executive Director
5.	Mr. Nareothai Boothong	Executive Director
6.	Ms. Witchuda Kupongsak	Executive Director
7.	Mrs. Sopa Lumlerdvoravith	Senior Manager of Accounting
8.	Mrs. Praewphan Songhong	Manager of Accounting
9.	Mrs. Jaithip Chusathitsathienchoke	Manager of Finance

2.6 Corporate Social Responsibility Committee

The Company operate business with the high awareness of Safety , Environment, and Social responsibility. Accordingly, the Company has appointed the Corporate Social Responsibility Committee consisting of a management from each business unit to perform their duties under the scope, assigned powers and duties in Safety and Corporate Social Responsibility.

	Name	Position
1.	Mrs. Pimjai Laochinda	Chairman
2.	Mr. Atsushi Imamura	Vice Chairman
3.	Ms. Witchuda Kupongsak	committee
4.	Mr. Nareothai Boothong	committee
5.	Mr. Bunthorn Sriwongchan	committee
6.	Mr. Tratham Wattana	Committee and secretary
7.	Mr. Monchai Mekanuwongsa	committee
8.	Mr. Krit Pongpan	committee
9.	Ms. Rungtiwa Thongprapaisaeng	committee
10.	Mrs. Manussanun Prasongamornchai	committee

2.7 The First Four Executives

An executive under the definition prescribed by the Capital Market Supervisory Board means a manager or a person in the first four executives after a chief executive or in similar positions (after the President who is regarded as the highest position of the executive), accounting or finance department managers or above. As of 30 September 2012, the first four executives consisted of the following six members (details shown in the Directors' Profiles).

	Name		Position
1.	Mrs. Pimjai	Laochinda	President
2.	Mr. Atsushi	Imamura	Managing Director
3.	Mr. Koji	Yamauchi	Executive Director
4.	Mr. Nareothai	Boothong	Executive Director
5.	Mr. Jatupol	Lawhachainam	Executive Director
6.	Mrs. Sopa	Lumlerdvoravith	Senior Manager of Accounting

2.8 Criminal Record

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

2.9 Remuneration Paid to Directors and Executives

Remuneration Paid to the Directors

The remuneration for the directors approved by the Annual General Meeting on 27 January 2012 were as follow; non-executive director Baht 120,000/person/year, executive director Baht 80,000/person/year, chairman of the Audit Committee Baht 300,000/person/year, the Audit Committee Baht 220,000/person/year, and transportation expenses 2,000 Baht/person/meeting.

Total remuneration paid to the Directors and the Audit Committees in 2012 fiscal year (between 1 October 2011 to 30 September 2012) was Baht 1,866,000 detailed as follows:

	Name		Position	Remuneration (Baht)
1.	Mr. Koji	Matsuda	Vice-chairman	88,000
2.	Mr. Soichi	Inoue	Director	120,000
3.	Mrs. Pimjai	Laochinda	Director / President	96,000
4.	Mr. Atsushi	Imamura	Director / Managing Director	96,000
5.	Mr. Masayuki	Inoue	Director	124,000
6.	Mr. Thanong	Leeissaranukul	Director	132,000
7.	Mr. Apichart	Leeissaranukul	Director	130,000
8.	Mrs. Porntip	Sethiwan	Director	136,000
9.	Mr. Narumi	Zaitso	Independent Director (Resigned at 10 May 2012)	72,787
10.	Mr. Masakazu	Sekiguchi	Independent Director (Appointed at 10 May 2012 to replace Mr. Narumi Zaitso)	47,213
11.	Assoc.Prof.Dr.Chesada Loha-unchit		Independent Director / Chairman of the Audit Committee	328,000
12.	Mr. Vichit	Vuthisombut	Independent Director / the Audit Committee	248,000
13.	Ms. Chaovana	Vivatpanachati	Independent Director / the Audit Committee	248,000
Total				1,866,000

Remuneration Paid to the Executives

The remuneration paid to the Executives, under the definition, in fiscal year 2012 (1 October 2011 to 30 September 2012) was 27.75 million Baht including Salaries and short-term employee benefits, Post-employee benefits and Other long-term employee benefits.

2.10 Number of Employee

As of 30 September 2012, the Company had 2,061 employees, which are male 1,268 persons, and female 786 persons, and foreigner 7 person.

2.11 Remuneration for Employee

The Company has remuneration for employees' policy to pay the employees in form of salary, bonus, provident fund, and welfares such as medical treatment, grants for marriage, grants for Buddhist ordination, etc. The Company and the employees had jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530 which the Company and the employees monthly contribute to the fund at the rate of 3-6 percent of basic salary. The fund is managed by Bualuang Securities Public Company Limited. The employees will receive the fund upon terminations in accordance with the fund's rules.

2.12 Employee Development Policy

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

2.13 Inside Information Control

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



The Board of Directors and the Management are aware of the internal control system by providing the appropriate, enough, and efficient internal control system for the company operation. The company also supports and carries forward the operational activities to be under company regulation and law to prevent any defects incidence which will affect to the company.

The Board of Directors held its 6/2012 meeting on November 22, 2012 with the Audit Committee participating in the meeting and expressing the sufficiency and suitability of the Internal Audit System by citing the “Internal Audit System Sufficiency Evaluation Form” of Office of the Securities and Exchange Commission at the reference whereby the significant substances can be summarized as follows:

1. Organization and Environmental Condition:

The company has set the goal on business operations by mapping out the Business plan, Annual Budget and the economic, Industrial trend. The management provides and presents it to the Board of Director for approval.

The company designate the mission and policy to comply with the business plan. To emphasize the employee responsibly, honestly, and anti corruption, the Company designate the literally business code of conduct and code of disciplinary for employee, which included in “The Company Corporate Governance Policy, Business Morality and Employee’s Code of Conduct”.

It aims employees to act responsibly, honestly and not to be opposed to the company benefits, to ensure, the management and all employees are prohibit to acting against the company benefits. Moreover The company appoint the management, marketing staff, purchasing staff, and human resource staff to report the annual conflict of interests by every end of fiscal year which has been proceeding since 2007.

In 2009, The Board of Director approved the annual conflict of interests for the directors and the first four top managements.

2. Risk Management:

The Company maps out Risk Policy as the essential Policy by appointing the Risk Management Committee consisting of Directors and Executives of each line of work having the President as the Chairman performing duty on the assessment of the risks. There are planning and stipulation of measures on Risk Management ; assessment of risk factors which may affect the Company’s business operations and goal ; follow-ups on Risk assessment in order to inhibit any company business impact.

The company controls the risk management continuously by appointed the internal audit to audit in all operations from all departments. This means to evaluate the operation and to improve the risk management appropriately in order to reduce any risk which may affect the organization.

The internal audit directly reports to The Audit Committee. The Audit Committee is the party monitoring control over the sufficiency and suitability of the Risk Management.

3. Control over Management Duty Performances:

The Company designate command structure classified by line of work compatible with organizational structure, which call “ Table of Authority ”, approved by The Board of Director annually.

“Table of Authority” is the outline of responsibility and approval authority and used for the operation manual for all employees.

In case where there is a transaction with a business enterprise or a person connected with the Company which may lead to the conflict of interest between the Company and such business enterprise or a person connected with the Company, the occurring transaction must be formalized through the step of approval in accordance with the regulation of SET as required on the normal transactions and also taking the maximum benefits of the Company and shareholders as if such transactions is undertaken with the third person.

The company reconsiders the short term lease agreement between the subsidiaries and other related companies in every year. The company engages the 2 appraisal companies in the approved list of The Stock Exchange of Thailand in order to appraise the fair rental fee and present the appraisalment to the auditor to reveal in the annual budget.

4. Information and Data Communications System:

In submitting matters to a consideration, the Company has provided variously and sufficiently important data and also take a minute of the meeting for a necessary and enough details. On the part of the keeping of documents, the Company keeps such documents safely and reachable in order to ensure that the relevant departments get the correct and enough information which they can make any consideration.

The company also provided the accessible information system both internal via Intranet system and external via official website, www.ircthailand.com that is updated constantly.

5. Follow-up System:

The company has monitoring the follow-ups on the result of duty performances to determine if the set goal has been fulfilled as planned by holding a weekly management meeting regularly.

In every quarter, the Company has arranged the Board of Director meeting that the management have to report the quarterly operation result of the Company. The Board of Director then provides the guidance and suggestion to the management as well as solving the contingent problems and adjusting the operational plan to conform to the changing situation. Moreover the Company also conducts the Audit Committee meeting with auditor twice a year.

For the internal audit follow-up, the auditor has follow-up audited for “The improvement and Development of 5 Departments” that both KPMG and DELOITTE auditors provided such recommendations. The audit result was reported to the Auditor committee as well.

Activities on Safety Environment and Social

The Company operate business with the high awareness of Safety , Environment , and Social responsibility. Accordingly, the Company has appointed the Corporate Social Responsibility Committee consisting of a management from each business unit to perform their duties under the scope, assigned powers and duties in Safety and Corporate Social Responsibility.

In 2012 , the Company has conducted the activities on Safety, Environment, and Social as summarized below

- Zero Accident Campaign is a campaign from Ministry of Labor to encourage business operators to enhance occupational safety and health management systems for prevention and control of occupational accidents.

- Training on safety such as

- Procedure for working safety for workers, subcontractors, and other related parties

- Working procedure analysis for safety
- How to use individual safety equipment
- How to drive forklift safely
- Using crane legally
- Training for elementary and advance fire fighting
- Training for first aid and rescue procedure
- How to use mixing roll safely
- Annual fire evacuation
- Training for Safety Officer for Supervisor
- How to handle hazardous chemicals
- Training on safety riding
- Training and instructing the emergency plan
- Organized activities to encourage working safety

awareness such as 5S, KYT, and put sign post

- CCCF Activity has the core purpose to be a tool and working control to reduce accident in work place. The activity encourages employee to contribute their efforts in seeking for weak point in working process where can be risks for accidents, and find the way to eliminate the risks. This activity helps to persuade the employees to be enthusiasm about controlling and preventing accidents in workplace.





■ **“Safety Talk”** for encouraging safety consciousness is set to be as a stage or signboard or center for communicate and broadcast news and movement in safety in workplace. Every month, a representative from safety department will report a summary as well as details and analysis about situations and accidents that occur throughout the month, and also provide preventing solutions for the situations or accidents. The news and information are also consistently published through internal broadcast, and signboard.

■ **“Safety week”** activity is another annually activity to encourage employees to join safety activities and create safety awareness in working place.

■ **IRC Safety Ride for Life** is the Company’s serial ongoing project which organized annually in all regions of Thailand. The activities will instruct motorcycle users on how to ride safely and encourage them to abide the traffic regulations to prevent accident and loss of lives and property. The local polices is joining the activities as the instructors and at the event, the Company also support motorcycle tires and helmets for the polices used in their duties.

■ **“Dao 5 sor”** activities conduct for 5 Sor how-to and consciousness. This activity is to encourage our staff to think and do 5 Sor regularly in our workplace in order to reduce the risk of accident.

■ **Environmental system** The Company has operate business under and comply with the environmental law and also realize in Social responsibility. The Company established safety, occupational health and environmental committee to control and study for alternatives of waste and pollutant management to prevent its effect on society, employees and environment.

In 2012, the Company carried out the concrete environmental and social responsibility projects as follows.

- Installed ventilation system at the tire curing machine.
- Installed water Springer system on the factory roof in order to reduce the spread of heat.
- Installed spray air conditioned system in order to reduce the unpleasant smell from the mixing machine.
- Installed dust collector before release to the air.
- Installed water - reuse system to make use of reuse water for household washing, machine cooling system, air treatment system that filtration by water, and water plants. There is regular procedure to check the quality of reuse water before bringing back into the system.

- Installed smell filtration system, Mist collector, Dust and CO2 collector to protect the community near by from air-pollution and smell pollution.
- Engaged an agency to evaluate environment and pollution regularly in surrounding area to prevent effect that may have to the communities, such as sound measurement, temperature measurement, dust density measurement, drinking water quality measurement, and water in surrounding area measurement to be according to the safety regulations.
- **Donate fund, necessary, and give support to social activities**
 - Blood donation to Thai Red Cross, by the mobile blood donation unit from Thummasat University, and Pranakhorn Sri Ayudhaya Hospital to encourage employees to contribute to the social support activity.
 - Supported scholarships educational supplies for students with financial needs both non-returning scholarships and returning by working scholarships for undergraduate study.
 - Supported educational supplies and sport equipments for students at Wat Siwaram School, Wat Sri Pracha School, Lamsai municipal at Amphur Wangnoi Pranakhorn Sri Ayudhaya province, and Provided computer facilities to Wat Suan Keaw.
 - Supported fund for renovate the base of principle Buddha image at Wat Siwaram school Lamsai municipal at Amphur Wangnoi Pranakhorn Sri Ayudhaya province.
 - Supported and Co-construction the elementary school children playroom at Wat Sammakan school, Amphur Wangnoi Pranakhorn Sri Ayudhaya province.
 - Organised low-cost market activity to bring in quality goods at factory-price to local community.
 - Attend the campaign for eliminate and defeat the drugs with Pranakhorn Sri Ayudhaya provincial.
 - Coordination with Klong 5 female detention to organize the moral discourse by priest.





The Company operates under supervision of Board of Directors with intention to operate with good governance, integrity, and responsibility to shareholders and all stakeholders. The employees and directors are reminded that the Company has corporate governance policy in written, and has code of conduct which includes business ethics. Throughout the years, the Company applies good governance practices and the Principles of Corporate Governance set by Securities and Exchange Commission as guidelines as well as integrating to Company's operation to increase the efficiency of management system.

As a result, the Institute of Directors working in conjunction with the Stock Exchange of Thailand rated the 2012 Corporate Good Governance survey result for the Company as "Good" or three stars. Moreover, the Company was evaluated by the Securities Exchange Commission working in conjunction with the Thai Listed Companies Association and Thai Investors Association, with respect to way in which a listed company organized shareholders' meeting or the Annual General Meeting (AGM) for year 2012, at rating "Good".

In 2012, the Company practices good corporate governance according to the procedures of the Stock Exchange of Thailand which covered in five categories as follows:

1. Rights of Shareholders

The Company recognizes the important of rights of all shareholders by complying with the principles prescribed by law. In 2012, the Company held the Annual General Meeting on 27 January 2012. The Company put the shareholders' rights as priority and therefore, facilitated the shareholders to exercise their rights, as follows:

1.1 The Company proposed significant agenda items to the shareholders for their approval. The agenda items included the appointment of directors, the approval of director's compensation, the appointment of auditor and approval of auditor's remuneration fee, and the approval of dividend payment, etc. In each agenda, the Company provided facts along with reasons and opinions of the Board of Directors to support the shareholders' decision-making in voting. Moreover, no additional meeting agenda without prior notice was brought into this shareholders' meeting.

1.2 The Company assigned Thailand Securities Depository Co., Ltd., its securities registrar, to mail the invitation letter to the shareholders at least 14 days prior to the meeting date. The letter was also made available on the Company's website 30 days ahead of the meeting date. In case a shareholder cannot attend the meeting, the Company allowed the shareholder to authorize someone as a proxy to participate the meeting on his/her behalf by using a proxy form which also provided together with the invitation letter, or can be downloaded on the Company's website.

1.3 Prior to the meeting commencement, the Chairman of the meeting announced the number of shareholders presenting in person or by proxy as well as the number of shares represented in the meeting, and clarified to the shareholders of voting and vote count procedures. The Chairman also provided adequate time for the shareholders to express opinions and raise questions.

1.4 The Company prepared minute of the shareholders' meeting which included meaningful questions and answers during the meeting. This for allowing the absent shareholders to receive all details of the meeting. Moreover, the minute were clearly recorded resolutions of the meeting, together with votes to agree, disagree and abstain on all agenda items, and were published on the Company's website.

2. Equitable Treatment to Shareholders

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

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

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

3. Roles of Stakeholders

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

3.1 Shareholders

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



3.2 Employees

The Company gives high concern about creating safety and good health to employees at all level since employee is the most valuable asset and the most important factor contributed to Company's success. The Company sets an explicit policy about safety, occupational health and environment management in compliance with international standards and regulations. In addition, the Company promotes and develops a good labor relation system for employees to have a better quality of lives leading to a better cooperation among employees.

As a result, the Company received many awarded in 2012 such as "The Excellent Enterprise in Thailand for Safety, Occupational Health and Environmental Workplace" from Prime Minister Ms.Yingluck Shinawatra, "The Outstanding Labor Relations and Welfare 2012" from Ministry of Labor.

Throughout 2012, the Company was in action on the employees' responsibility as summarized below:

Safety

The Company formed a Safety Committee to set guidelines and monitor safety conditions in every department. In 2012, safety trainings were provided in order to control hazardous substances in the workplace such as How to use individual safety equipment, how to drive forklift safely, Using crane legally, Risk Assessment on safety, How to use mixing roll safely, Basic Fire Fighting and Evacuation Fire Drill Training, Training for Safety Officer at Supervisory Level, How to handle hazardous chemicals, Riding motorcycle safely, Basic First Aid, Working procedure analysis for safety, Monthly "Safety Talk" for encouraging safety consciousness, and CCCF Activity.

Welfare

The Company has a clear policy to provide employees with good and adequate welfares for their livelihoods. In 2012 the Company arranged "Mother Corner" as and extra welfares for new mother to be concerned of the value of breast feeding. Also the Company arrange monthly birthday party for the employees whose birthday within each month. Apart from those, the Company still provides basic welfares as usual such as leisure centre which include canteen, gym, library, and internet center at "Vitya Memorial Hall" at Wangnoi site, annual health check, transportation to work, free rice, shift wage, overtime wage, and provident fund. Other grants for employees' special occasion are also still available, same as the previous year, such as grant for marriage, child delivery, etc. There is a nursing room available in the company. Moreover, medical treatment fee can be reimbursed. The said welfares have been announced and disclosed on the Company's internal website and in the Company's regulations in section of employee welfares. The

Human Resource department is instructed to inform a new employee about the work regulations upon orientation.

During this year, the Company arranged recreation activities such as Karaoke Singing Contest, Internal Sport event, and benefaction on Buddhist special occasion. The Company has policy to upgrade the employees' welfare and benefit to be complied with the Thai Labour Standard TLS 8001:2010 (Beginning of Complete Level). The policies that have been in practice in 2011 were Prevention of sexual harassment policy, and Non-discrimination policy.

Training and development

The Company has long-term plan for employees to be able to move up in their career part. By setting training plans for new employees and existing employees in each level, the employees can be most efficient in their position at the same time as they develop their own competency. Every year, employees and their supervisors will consider together productive and effective courses that can develop both, each individual's competency and the Company's benefit as a whole. The employees will be assessment annually by using KPI.

The training courses in 2011 included introduction to ISO/TS16949, 9000, Requirements on ISO 14001, Basic knowledge on 5S, working safely, Basic knowledge to QCC, Basic knowledge to TPS / KAIZEN, How to use SAP, New Proactive Leadership Skills Workshop, Knowledge on Labour law, Introduction to applied statistic, Value Added Tax regulations, Change Management, Approval Authorities, Quality Awareness. The Company also sent the investor relations officer and the company secretary to attend seminars in order to ensure that the Company has complied with all regulations and good corporate governance practices.

3.3 Customers

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

3.4 Business partners and creditors

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

3.5 Competitors

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

3.6 Society and environment

The Company has always given top priority to society and environment by establishing safety, occupational health and environmental committee to control and study for alternatives of waste and pollutant management to prevent its effect on society, employees and environment as well as study analysis methods of energy consumption in all production parts to gain the most economic benefits. In 2012, the Company carried out the concrete environmental and social projects as follows.

Society

- Carried on the project of “IRC Safety Ride for Life” annually in every part of Thailand to educate the motorcycle drivers about traffic regulations and safety riding.
- Supported scholarships educational supplies for students with financial needs both non-returning scholarships and returning by working scholarships for undergraduate study.
- Blood donation to Thai Red Cross, by the mobile blood donation unit from Thammasat University, and Pranakhorn Sri Ayudhaya Hospital to encourage employees to contribute to the social support activity.
- Supported educational supplies and sport equipments for students at Wat Siwaram School, Wat Sri Pracha School, Lamsai municipal at Amphur Wangnoi Pranakhorn Sri Ayudhaya province, and Provided computer facilities to Wat Suan Keaw.
- Supported and Co- construction the elementary school children playroom at Wat Sammakon school, Amphur Wangnoi Pranakhorn Sri Ayudhaya province.
- Organized low-cost market activity to bring in quality goods at factory-price to local community.
- Coordination with Klong 5 female detention to organize the moral discourse by priest.

Environment

- Installed ventilation system at the tire curing machine.
- Installed water Springer system on the factory roof in order to reduce the spread of heat.
- Installed spray air conditioned system in order to reduce the unpleasant smell from the mixing machine.
- Installed dust collector before release to the air.
- Installed water - reuse system to make use of reuse water for household washing, machine cooling system, air treatment system that filtration by water, and water plants. There is regular procedure to check the quality of reuse water before bringing back into the system.
- Installed smell filtration system, Mist collector, Dust and CO2 collector to protect the community nearby from air-pollution and smell pollution.
- Engaged an agency to evaluate environment and pollution regularly in surrounding area to prevent effect that may have to the communities, such as sound measurement, temperature measurement, dust density measurement, drinking water quality measurement, and water in surrounding area measurement to be according to the safety regulations.

4. Disclosure and Transparency

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

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

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

4.3 The Company has formed the Investor Relations Section to be as a channel in maintaining direct communication contacts with shareholders, investors, both small and institutional, analysts including and other related entities, such as the Securities Exchange Commission and the Stock Exchange of Thailand. The Company Investor Relations Office can be reached at Telephone 02-996-0890 Ext. 190 or 212. The Investor Relations' main activities in 2011 can be concluded as follows:

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

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

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

5. Responsibilities of the Board

5.1 Director Structure

According to the Articles of Association of the Company, the Board of Directors consist at least five directors and at least half of the directors are required to have a domicile in the Kingdom. The director shall be appointed and removed by the meeting of shareholders. As of 30 September 2012, the Board of Directors consisted of twelve directors, including 9 non-executive directors (four of whom are independent directors) and 3 executive directors (names were shown in the organizational structure).

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

5.2 Sub-committee

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

In 2012, the Audit Committee held a total of 6 meetings (attendance of the directors is detailed under the “Board of Directors’ Meeting” section). The Audit Committee performed its duties in accordance with the Charter of Audit Committee and reported its performance to the Board of Directors in every meeting as well as in the annual report under the message of audit committee.

5.3 Duties and Responsibilities of the Board of Directors

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

5.4 The Board of Directors Meeting

The Company sets the Board of Directors’ meeting and notified each director on a meeting calendar in advance in order to enable the directors to attend the meeting. The Board of Directors shall conduct the meeting at least one meeting per quarter and hold special meeting as necessary. The President and the Managing Director jointly consider the meeting agenda, which each director is permitted to propose any matter in the meeting as needed. In 2012, the Board of Directors held a total of 6 meetings and the Audit Committee held a total of 6 meetings. The details of directors’ attendance are as follows:

Name	Board of Directors	Audit Committee	Remark
1. Mr. Koji Matsuda	4/6		
2. Mr. Soichi Inoue	0/6		
3. Mrs. Pimjai Laochinda	6/6		
4. Mr. Atsushi Imamura	6/6		
5. Mr. Masayuki Inoue	2/6		
6. Mr. Thanong Leeissaranukul	5/6		
7. Mr. Apichart Leeissaranukul	4/6		
8. Mrs. Porntip Sethiwan	6/6		
9. Mr. Narumi Saitsu	0/4		Resigned on 10 May 2012
10. Mr. Masakazu Sekiguchi	0/2		Appointed on 10 May 2012
11. Assoc.Prof.Dr. Chesada Loha-unchit	6/6	6/6	
12. Mr. Vichit Vuthisombut	6/6	6/6	
13. Ms. Chaovana Viwatpanachati	6/6	6/6	

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

5.5 Board of Directors' Self-Assessment

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

5.6 Remuneration

Remuneration of the Board of Directors is determined on a yearly basis, and the total remuneration of each year will be submitted to the meeting of shareholders for approval. Even though the Remuneration Committee has not been formed, the Company has clearly and transparently determined the remuneration as follows. Remuneration for non-executive director is 120,000 baht per year, executive director is 80,000 baht per year, chairman of audit committee is 300,000 baht per year and audit committee is 220,000 Baht per year, and for attendances in each meeting, there will be transportation allowance for 2,000 Baht per person. Such remuneration is mainly determined with consideration on the overall remuneration of the entrepreneur in the same industry and the operating results of the Company. The remuneration of the management is made in accordance with principle and policy of the Board of Directors formulated in connection with the operating results of the Company and the performance of each manager.

5.7 Development for Directors and Executives

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

Name	Position	Training Course
1. Mr. Koji Matsuda	Vice-chairman	Director Accreditation Program # 83/2010
2. Mrs. Pimjai Laochinda	President	Director Certification Program # 37/2003
3. Mr. Apichart Leeissaranukul	President	Director Certification Program # 8/2001
4. Mrs. Pornnip Sethiwan	President	Director Accreditation Program # 5/2003
5. Mr. Masayuki Inoue	President	Director Accreditation Program # 65/2007
6. Assoc.Prof.Dr. Chesada Loha-unchit	Independent Director / Chairman of Audit Committee	Director Accreditation Program # 82/2010
7. Mr. Vichit Vuthisombut	Independent Director / Audit Committee	Director Accreditation Program # 2/2003 Director Certification Program # 58/2005 Audit Committee Program # 14/2006
8. Ms. Chaovana Viwatpanachati	Independent Director / Audit Committee	Director Accreditation Program # 27/2004 Director Certification Program # 51/2004
9. Mr. Jatupol Lawhachainam	Executives	Financial Statements for Director # 18/2012
10. Mr. Nareothai Boothong	Executives	Director Accreditation Program # 11/2004

Connected Transactions



1. Connected Transaction with Parties with Possible Conflict of Interest

During the year 2012, the Company and the subsidiaries entered into connected transactions with the parties or persons who might have conflict of interest with the Company. Most of the transactions were related to sales and purchases of raw materials and products, assets short-term lease, and services rendered/received. The said transactions were engaged in accordance with the conditions mutually agreed between the Company and the related parties, which relied on the normal business conditions on the Arm's length basis. The Company already disclosed information on such connected transaction, such as description of transaction, transaction value, and pricing policy in note 18 in the financial statements.

2. Necessity and Reasonableness

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

3. Procedures for Connected Transaction

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

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

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

Management Discussions and Analysis



Overall Operation

The Company had its revenue in 2012 fiscal year recorded at 6,500 million Baht, decreased by 441 million Baht, or 7 % from that of the previous year. The revenue consisted of 3,058 million Baht from industrial elastomer parts, 2,397 million Baht from tire, 628 million Baht from tube for motorcycle tire, and 414 million Baht from wheel set assembly.

In fiscal year 2012, the Company had cost of goods sold of 6,139 million Baht, increase 476 million Baht, or 8 % increased from the same period, Gross profit equals to 361 million Baht, decreased 35 million Baht and Gross Profit Margin was at 6%, decreased 1% compare to that of the previous year.

Selling and administrative expenses was amounted to 258 million Baht increased by 24 million Baht, or 10% increased comparing to the same period last year. This was mainly resulted from increase in staff cost. Corporate income tax was amounted to 25 million Baht, decreased from the same period last year by 11 million Baht or 31% decreased, due to the decrease in net profit.

For the year ended 30 September 2012, the Company and its subsidiaries have net profit of 103 million Baht decreased by 49 million Baht, or 33% decreased comparing to that of last year.

Financial Status

As of 30 September 2012, the Company and its subsidiaries have total assets amounted to 4,289 million Baht increased by 596 million Baht, or 16% increased. The result was mainly from the increase in trade and other receivable and inventory in accordance with production growth, and investment in fixed assets. Total liability was amounted to 2,261 million Baht increased by 622 million Baht or 38% mainly due to increase in trade and other payables and short-term loans from financial institutions. Shareholder' equity was amounted to 2,028 million Baht, decreased by 27 million Baht, or 1%. Debt to Equity ratio (D/E ratio) for consolidated financial statements as of 30 September 2012 was equal to 1.11 while as of 30 September 2011 was equal to 0.80.

For cash flows statement for the year ended 30 September 2012, the Company and its subsidiaries has net cash and cash equivalents amounted of 61 million Baht, reduced by 24 million Baht. This consisted of net cash from operating activities of 214 million Baht, net cash spent on investing activities was 502 million Baht, and net cash spent on financing activities was 264 million Baht.

Liquidity ratio was equal to 1.23 times and quick ratio equals to 0.81 times, decreased from last year. Collection period of 80 days, and asset turnover ratio remains at 1.65, almost unchanged from last year.



INNOVATIVE RUBBER (THAILAND) PUBLIC COMPANY LIMITED

Financial Statements



Auditor's Report



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

I have audited the accompanying consolidated and company statements of financial position as at 30 September 2012 and 2011, the related consolidated and company statements of comparative income, changes in shareholders' equity and cash flows for the years then ended of Inoue Rubber (Thailand) Public Company Limited and its subsidiaries, and of Inoue Rubber (Thailand) Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 30 September 2012 and 2011 and the consolidated and company results of its operations, and cash flows for the years then ended of Inoue Rubber (Thailand) Public Company Limited and its subsidiaries and of Inoue Rubber (Thailand) Public Company Limited, respectively, in accordance with generally accepted accounting principles.

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

22 November 2012

Statements of Financial Position



Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

As at 30 September 2012 and 2011

	Notes	Consolidated		Company	
		2012 Baht	2011 as restated Baht	2012 Baht	2011 as restated Baht
Assets					
Current assets					
Cash and cash equivalents	5	60,924,793	84,880,245	21,939,327	17,278,735
Trade and other receivables	6, 23	1,558,694,640	1,309,373,716	1,557,542,434	1,308,935,243
Inventories, net	7	792,702,282	711,636,025	784,876,423	699,432,373
Other current assets		59,794,459	37,296,897	59,595,530	37,087,476
Total current assets		2,472,116,174	2,143,186,883	2,423,953,714	2,062,733,827
Non-current assets					
Investments in subsidiaries	11	-	-	20,049,230	20,049,230
Other long-term investment	12	30,781,799	30,781,799	30,781,799	30,781,799
Investment property, net	8	15,211,391	16,722,129	17,113,816	19,040,403
Property, plant and equipment, net	9	1,695,682,078	1,451,773,759	1,612,484,176	1,387,731,268
Intangible assets, net	10	14,531,936	9,801,422	8,028,083	2,068,051
Deferred tax assets	20	24,104,592	5,921,182	23,681,196	5,921,182
Other assets		36,801,434	35,406,499	36,801,434	35,406,299
Total non-current assets		1,817,113,230	1,550,406,790	1,748,939,734	1,500,998,232
Total assets		4,289,229,404	3,693,593,673	4,172,893,448	3,563,732,059

The notes to the consolidated and company financial statements on pages 51 to 90 form an integral part of these financial statements.

Statements of Financial Position (Cont'd)



Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

As at 30 September 2012 and 2011

	Notes	Consolidated		Company	
		2012 Baht	2011 as restated Baht	2012 Baht	2011 as restated Baht
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	14	318,000,000	156,000,000	318,000,000	156,000,000
Trade and other payables	13	1,485,483,123	1,330,046,911	1,514,930,623	1,348,477,704
Current portion of long-term loans	14	64,000,000	47,000,000	64,000,000	47,000,000
Current portion of finance lease obligations	14	4,842,847	3,866,062	4,842,847	3,866,062
Accrued income tax		20,250,015	3,644,732	17,669,905	691,600
Accrued expenses	15	115,123,399	84,654,513	107,391,739	76,911,158
Other current liabilities		4,002,371	3,997,244	2,907,166	2,835,756
Total current liabilities		2,011,701,755	1,629,209,462	2,029,742,280	1,635,782,280
Non-current liabilities					
Employee benefit obligations	16	106,798,958	-	97,459,747	-
Finance lease obligations	14	6,583,208	9,651,874	6,583,208	9,651,874
Long-term loans from financial institutions	14	136,000,000	-	136,000,000	-
Total non-current liabilities		249,382,166	9,651,874	240,042,955	9,651,874
Total liabilities		2,261,083,921	1,638,861,336	2,269,785,235	1,645,434,154

The notes to the consolidated and company financial statements on pages 51 to 90 form an integral part of these financial statements.

Statements of Financial Position (Cont'd)

Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

As at 30 September 2012 and 2011

	Notes	Consolidated		Company	
		2012 Baht	2011 as restated Baht	2012 Baht	2011 as restated Baht
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital	17				
Authorised share capital					
Ordinary shares, 200 million shares of par Baht 1 each		200,000,000	200,000,000	200,000,000	200,000,000
Issued and fully paid-up share capital					
Ordinary shares, 200 million shares of par Baht 1 each		200,000,000	200,000,000	200,000,000	200,000,000
Share premium	17	298,000,000	298,000,000	298,000,000	298,000,000
Retained earnings					
Appropriated - legal reserve	18	20,000,000	20,000,000	20,000,000	20,000,000
Unappropriated		1,510,137,297	1,536,723,658	1,385,108,213	1,400,297,905
Total parent's shareholders' equity		2,028,137,297	2,054,723,658	1,903,108,213	1,918,297,905
Non-controlling interest		8,186	8,679	-	-
Total shareholders' equity		2,028,145,483	2,054,732,337	1,903,108,213	1,918,297,905
Total liabilities and shareholders' equity		4,289,229,404	3,693,593,673	4,172,893,448	3,563,732,059

The notes to the consolidated and company financial statements on pages 51 to 90 form an integral part of these financial statements.

Statements of Financial Position (Cont'd)



Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

For the years ended 30 September 2012 and 2011

	Notes	Consolidated		Company	
		2012	2011	2012	2011
		Baht	as restated Baht	Baht	as restated Baht
Revenues					
Sales and service income	23	6,499,549,527	6,058,600,134	6,496,453,492	6,057,075,777
Dividend income	11, 12	-	1,432,500	39,997,877	1,432,500
Other income		72,533,762	46,015,676	73,514,488	46,950,782
Total revenues		6,572,083,289	6,106,048,310	6,609,965,857	6,105,459,059
Expenses					
Cost of sales and service	23	6,139,007,605	5,662,749,733	6,186,328,863	5,712,705,115
Selling expenses	23	81,625,060	78,771,273	81,625,060	78,771,273
Administrative expenses		176,302,842	155,639,345	170,522,182	150,021,786
Other expenses		31,099,496	15,276,627	30,471,522	15,216,692
Total expenses	19	6,428,035,003	5,912,436,978	6,468,947,627	5,956,714,866
Profit before financial costs and income tax		144,048,286	193,611,332	141,018,230	148,744,193
Financial costs	22	(16,841,765)	(6,052,565)	(16,798,668)	(6,028,588)
Profit before income tax		127,206,521	187,558,767	124,219,562	142,715,605
Income tax	20	(24,674,418)	(35,621,171)	(17,849,023)	(27,208,766)
Net profit for the year		102,532,103	151,937,596	106,370,539	115,506,839
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		102,532,103	151,937,596	106,370,539	115,506,839
Total comprehensive income attributable to:					
Equity holders of the parent		102,530,473	151,935,878	106,370,539	115,506,839
Non-controlling interests		1,630	1,718	-	-
		102,532,103	151,937,596	106,370,539	115,506,839
Earnings per share for the attributable to the equity holders of the parent					
Basic earnings per share (Baht)	21	0.51	0.76	0.53	0.58

The notes to the consolidated and company financial statements on pages 51 to 90 form an integral part of these financial statements.

Statements of Changes in Shareholders' Equity



Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

For the years ended 30 September 2012 and 2011

	Consolidated						
	Equity holders of the Company				Total Baht	Non-controlling interests Baht	Total Baht
	Issued and fully paid-up share capital Baht	Share premium Baht	Legal reserve Baht	Unappropriated retained earnings Baht			
Balance as at 30 September 2010							
- as previously reported	200,000,000	298,000,000	20,000,000	1,480,404,692	1,998,404,692	6,961	1,998,411,653
Retrospective adjustments (Note 2)	-	-	-	4,383,088	4,383,088	-	4,383,088
Opening balance after adjustments	200,000,000	298,000,000	20,000,000	1,484,787,780	2,002,787,780	6,961	2,002,794,741
Total comprehensive income for the year	-	-	-	151,935,878	151,935,878	1,718	151,937,596
Dividend paid (Note 28)	-	-	-	(100,000,000)	(100,000,000)	-	(100,000,000)
Balance as at 30 September 2011	200,000,000	298,000,000	20,000,000	1,536,723,658	2,054,723,658	8,679	2,054,732,337
Balance as at 30 September 2011							
- as previously reported	200,000,000	298,000,000	20,000,000	1,530,802,476	2,048,802,476	8,679	2,048,811,155
Retrospective adjustments (Note 2)	-	-	-	(74,475,896)	(74,475,896)	-	(74,475,896)
Opening balance after adjustments	200,000,000	298,000,000	20,000,000	1,456,326,580	1,974,326,580	8,679	1,974,335,259
Total comprehensive income for the year	-	-	-	102,530,473	102,530,473	1,630	102,532,103
Dividend paid (Note 28)	-	-	-	(48,719,756)	(48,719,756)	(2,123)	(48,721,879)
Balance as at 30 September 2012	200,000,000	298,000,000	20,000,000	1,510,137,297	2,028,137,297	8,186	2,028,145,483

The notes to the consolidated and company financial statements on pages 51 to 90 form an integral part of these financial statements.

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



Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

For the years ended 30 September 2012 and 2011

	Company				Total Baht
	Issued and fully paid-up share capital Baht	Share premium Baht	Legal reserve Baht	Unappropriated retained earnings Baht	
Balance as at 30 September 2010					
- as previously reported	200,000,000	298,000,000	20,000,000	1,380,407,978	1,898,407,978
Retrospective adjustments (Note 2)	-	-	-	4,383,088	4,383,088
Opening balance after adjustments	200,000,000	298,000,000	20,000,000	1,384,791,066	1,902,791,066
Total comprehensive income for the year	-	-	-	115,506,839	115,506,839
Dividend paid (Note 28)	-	-	-	(100,000,000)	(100,000,000)
Balance as at 30 September 2011	200,000,000	298,000,000	20,000,000	1,400,297,905	1,918,297,905
Balance as at 30 September 2011					
- as previously reported	200,000,000	298,000,000	20,000,000	1,394,376,724	1,912,376,724
Retrospective adjustments (Note 2)	-	-	-	(66,919,294)	(66,919,294)
Opening balance after adjustments	200,000,000	298,000,000	20,000,000	1,327,457,430	1,845,457,430
Total comprehensive income for the year	-	-	-	106,370,539	106,370,539
Dividend paid (Note 28)	-	-	-	(48,719,756)	(48,719,756)
Balance as at 30 September 2012	200,000,000	298,000,000	20,000,000	1,385,108,213	1,903,108,213

The notes to the consolidated and company financial statements on pages 51 to 90 form an integral part of these financial statements.

Statements of Cash Flows



Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

For the years ended 30 September 2012 and 2011

	Notes	Consolidated		Company	
		2012 Baht	2011 as restated Baht	2012 Baht	2011 as restated Baht
Cash flows from operating activities					
Net profit before income tax		127,206,521	187,558,767	124,219,562	142,715,605
Adjustments for:					
Depreciation	8, 9	271,201,138	254,834,063	256,488,739	239,112,678
Amortisation	10	2,426,789	2,314,980	1,046,773	660,031
Reversal of allowance for doubtful debts		-	-	-	-
Allowance for obsolete inventories (reversal)	7	(141,690)	215,428	(141,690)	215,428
Gain on disposals of property, plant and equipment		(7,971,568)	(704,419)	(8,212,282)	(516,420)
Dividend income		-	(1,432,500)	(39,997,877)	(1,432,500)
Interest income		(926,271)	(1,547,950)	(41,115)	(664,239)
Interest expenses		16,542,632	5,773,103	16,533,793	5,769,941
Changes in operating assets and liabilities					
Trade and other receivables		(249,356,678)	(268,783,809)	(248,605,203)	(267,030,917)
Inventories		(80,924,567)	(185,305,014)	(85,302,361)	(179,538,873)
Other current assets		(22,497,562)	(15,846,307)	(22,508,054)	(15,759,988)
Other assets		(9,467,122)	(7,758,943)	(9,655,523)	(7,758,944)
Trade and other payables		144,550,987	423,609,010	156,888,268	417,398,131
Other current liabilities and accrued expenses		31,346,682	(15,318,036)	34,260,789	(16,995,860)
Employee benefit obligations		10,369,474	-	9,198,463	-
Net cash receipts from operating activities		232,358,765	377,608,373	184,172,282	316,174,073
Interest received		962,025	1,600,807	39,128	746,192
Interest paid		(14,478,557)	(5,705,230)	(14,469,718)	(5,702,069)
Income tax paid		(5,084,695)	(60,186,774)	(722,406)	(55,306,996)
Net cash flows from operating activities		213,757,538	313,317,176	169,019,286	255,911,200

The notes to the consolidated and company financial statements on pages 51 to 90 form an integral part of these financial statements.

Statements of Cash Flows (Cont'd)



Inoue Rubber (Thailand) Public Company Limited and its subsidiaries

For the years ended 30 September 2012 and 2011

	Notes	Consolidated		Company	
		2012 Baht	2011 as restated Baht	2012 Baht	2011 as restated Baht
Cash flows from investing activities					
Purchases of property, plant and equipment		(513,191,701)	(414,735,276)	(479,985,752)	(403,504,687)
Purchases of intangible assets	10	(7,157,305)	(4,001,509)	(7,006,805)	(939,559)
Dividend received from subsidiary		-	-	39,997,877	-
Proceeds from disposals of property, plant and equipment		18,449,776	4,569,072	18,447,623	4,369,812
Net cash flows from investing activities		(501,899,230)	(414,167,713)	(428,547,057)	(400,074,434)
Cash flows from financing activities					
Increase in short-term loans from financial institutions		162,000,000	156,000,000	162,000,000	156,000,000
Addition (repayment) of long-term loans from financial institutions	14	153,000,000	(68,000,000)	153,000,000	(68,000,000)
Finance lease obligations	14	(2,091,881)	(2,295,049)	(2,091,881)	(2,295,049)
Dividend paid	28	(48,721,879)	(100,000,000)	(48,719,756)	(100,000,000)
Net cash flows from financing activities		264,186,240	(14,295,049)	264,188,363	(14,295,049)
Net (decrease) increase in cash and cash equivalents		(23,955,452)	(115,145,586)	4,660,592	(158,458,283)
Cash and cash equivalents, beginning balance		84,880,245	200,025,831	17,278,735	175,737,018
Cash and cash equivalents, ending balance		60,924,793	84,880,245	21,939,327	17,278,735

Non-cash transactions

Significant non-cash activities for the years ended 30 September 2012 and 2011 comprise:

- Accounts payable - Property, plant and equipment	73,324,447	62,828,630	71,371,965	62,196,721
- Dividend receivable	1,432,500	1,432,500	1,432,500	1,432,500

The notes to the consolidated and company financial statements on pages 51 to 90 form an integral part of these financial statements.

Notes to the Consolidated and Company Financial Statement



Inoue Rubber (Thailand) Public Company Limited and its subsidiaries For the years ended 30 September 2012 and 2011

1 General information

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

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

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

The principal business operations of the Group are summarised below:

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

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

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

These consolidated and company financial statements were authorised for issue by the Board of Directors on 22 November 2012.

2 Accounting policies

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

2.1 Basis for preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. The primary financial information (i.e., statement of financial position, statement of comprehensive income, changes in shareholders’ equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission.

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

Comparative figures have been reclassified to conform with the minimum requirements announced by the Department of Business Development Regulation dated on 7 November 2011 in relation to the format of Financial Statements B.E. 2554. The Group reclassified trade and other receivables and trade and other payables as at 30 September 2011 as disclosed in Note 6 and Note 13.

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

2 Accounting policies (Cont'd)

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

- a) The following new accounting standards, new financial reporting standards and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 October 2011 and adopted by the Group:

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 11 (Revised 2009)	Construction Contracts
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
TSIC 31	Revenue - Barter Transactions Involving Advertising Services

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

- a) The following new accounting standards, new financial reporting standards and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 October 2011 and adopted by the Group: (Cont'd)

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

TAS 1 (Revised 2009), the revised standard will prohibit the presentation of items of income and expenses in the statement of changes in equity. Entities can choose whether to present one statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated statement of financial position as at the beginning comparative period in addition to the current requirement to present statement of financial position at the end of the current period and comparative period. However, for the financial statements which period beginning on or after 1 January 2011 and are the first period apply this standard, an entity can choose to present statement of financial position only two statements without the statement of financial position as at the beginning comparative period. The group has adopted TAS 1 (Revised 2009) since 1 October 2011. The Group has chosen to present the statement of comprehensive income in one statement.

TAS 16 (Revised 2009), the revised standard requires the entity to include in cost of PPE, 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 obligation to do. An entity requires that an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The revised standard also requires an entity to review useful life, residual value and depreciation method at least at each financial year-end. The Group has changed residual value and useful life by using prospective adjustments. Below are the comparison of the useful lives between the old and the new ones.

	Old useful life years	New useful life years
Building and building improvement	10 - 20	5 - 20
Machinery	5 - 10	2 - 20

The effect from the changes was fully reflected in the year ended 30 September 2012 can be summaries as follows:

	Consolidated Baht	Company Baht
Depreciation increase for the year ended 30 September 2012	5,997,450	7,025,642

TAS 19, this deal with accounting for employee benefits. The standard classifies employee benefit into four categories: a) short-term employee benefits b) post-employment benefits (including defined contribution plan and defined benefit plan) c) other long-term employee benefits and d) termination benefits. The standard requires the entity to measure the defined benefit plan and other long-term employee benefits by using the Projected Unit Credit method (PUC). An entity can choose to recognise any actuarial gain or loss for defined benefit plan either in other comprehensive income or profit and loss. Actuarial gain or loss for other long-term employee benefit shall be recognised in profit and loss. The Group has chosen to brought forward retained earning adjustment as at 1 October 2011 for the first time adoption of this accounting standard which resulted in a decrease of brought forward deficits as at 1 October 2011 amounting to Baht 96.4 million for the consolidated financial statements and Baht 88.3 million for the company financial statements.

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

- a) The following new accounting standards, new financial reporting standards and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 October 2011 and adopted by the Group: (Cont'd)

TAS 23 (Revised 2009), the revised standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The group applies this accounting standard prospectively from 1 October 2011.

TAS 24 (Revised 2009), the definition of related party has been expanded include parties with joint control over the entity, joint venture in which the entity is a venturer and post-employment benefit plan for the benefit of employees of an entity which may impact only to the disclosure of related parties information in the notes to financial statements.

TAS 40 (Revised 2009), the standard has specific presentation and measurement requirements for investment property. The entity has to present an investment property separately in the statement of financial position. The entity can choose to measure it either cost model or fair value model. Under fair value model, any changes in fair value are recognized in profit or loss. The Group applies the standard from 1 October 2011. The Group has chosen the cost model for measurement and has reclassification of Baht 16.7 million for the consolidated financial statements and Baht 19.0 million for the company financial statements from property, plant and equipment categories.

The effects of the adoption of the above standards to the statements of financial position as at 30 September 2011 and 1 October 2011 are presented as follows:

	Consolidated Baht	Company Baht
<u>Effect of TAS 40 (Revised 2009)</u>		
Statement of financial position as at 30 September 2011		
Increase in investment properties, net	16,722,129	19,040,403
Decrease in property, plant and equipment, net	16,722,129	19,040,403
<u>Effect of TAS 19</u>		
Statement of financial position as at 1 October 2011		
Increase in employee benefit obligations	96,429,484	88,261,284
Decrease in retained earnings at 1 October 2011	96,429,484	88,261,284

- b) The following new accounting standards, new financial reporting standards and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 October 2013 and adopted by the Group:

TAS 12	Income taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

- b) The following new accounting standards, new financial reporting standards and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 October 2013 and adopted by the Group: (Cont'd)

TFRS 8: The standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The group will apply this standard from 1 October 2013. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

TAS 12 deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured by based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. The group applies this standard from 1 October 2011 by retrospectively adjustments for the early adoption of this accounting standard with an expected deferred tax account incurred and changes in retained earnings and income tax expense.

The effects of the adoption of the above standards to the statements of financial position as at 30 September 2011 and the statements of comprehensive income for the year ended 30 September 2011 are presented as follows:

	Consolidated Baht	Company Baht
<u>Effect of TAS 12</u>		
Statement of financial position as at 30 September 2011		
Increase in deferred tax assets	5,921,182	5,921,182
Increase in retained earnings at 1 October 2010	4,383,088	4,383,088
Increase in retained earnings at 30 September 2011	5,921,182	5,921,182
Statement of financial position as at 1 October 2011		
Increase in retained earnings at 1 October 2011 (from adjustment of retirement benefit obligation)	16,032,406	15,420,808
Statement of comprehensive income for the year ended 30 September 2011		
Decrease in income tax	1,538,094	1,538,094
Increase in net profit for the year	1,538,094	1,538,094
Increase in basic earnings per share	0.01	0.01

2 Accounting policies (Cont'd)

2.3 Foreign currency translation

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

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

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

2.4 Financial instruments

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

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

Disclosures related to financial instruments to which the Group is a party are provided in Note 29.

2.5 Cash and cash equivalents

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

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

2.6 Trade accounts receivable

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

2 Accounting policies (Cont'd)

2.7 Inventories

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

2.8 Investments in subsidiaries

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

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

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

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

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

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

2 Accounting policies (Cont'd)

2.9 Investment in other company

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

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

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

2.10 Property, plant and equipment

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

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

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

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

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

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

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

2 Accounting policies (Cont'd)

2.11 Intangible assets

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

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

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

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

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

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

2.12 Investment property

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

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

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

2 Accounting policies (Cont'd)

2.12 Investment property (Cont'd)

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

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

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

2.13 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.14 Leases - where a Group company is the lessee

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

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

2.15 Leases - where a Group company is the lessor

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

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

2 Accounting policies (Cont'd)

2.16 Current and deferred income taxes

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

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

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

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

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

2.17 Related parties

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

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

2 Accounting policies (Cont'd)

2.18 Employee benefits

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

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

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

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

2.19 Provident fund

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

2.20 Provisions

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

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

2 Accounting policies (Cont'd)

2.21 Revenue recognition

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

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

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

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

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

2.22 Segment reporting

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

Segment information is presented by business segment of the Group's operations in Note 25.

3 Critical accounting estimates, assumptions and judgements

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

a) Impairment of receivable

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

b) Plant and equipment and intangible assets

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

c) Allowance for inventories

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

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

d) Employee benefit obligations

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

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

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

4 Capital risk management

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

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

5 Cash and cash equivalents

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Cash on hand	64,280	65,000	49,280	50,000
Deposits held at call with banks	60,860,513	84,815,245	21,890,047	17,228,735
	60,924,793	84,880,245	21,939,327	17,278,735

6 Trade and other receivables

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Trade accounts receivable - related companies (Note 23)	423,229,592	280,265,477	422,879,597	280,191,507
Trade accounts receivable - other companies	1,126,526,210	1,021,601,688	1,126,526,210	1,021,601,688
<u>Less</u> Allowance for doubtful accounts	(2,167,775)	(2,167,775)	(2,167,775)	(2,167,775)
Trade accounts receivable, net	1,547,588,027	1,299,699,390	1,547,238,032	1,299,625,420
Prepaid expenses	7,922,302	5,095,846	6,973,809	4,571,454
Accrued income	1,163,316	1,476,154	1,079,939	1,438,412
Amount due from related parties (Note 23)	1,953,314	2,958,064	2,182,973	3,155,695
Other receivables	67,681	144,262	67,681	144,262
	<u>1,558,694,640</u>	<u>1,309,373,716</u>	<u>1,557,542,434</u>	<u>1,308,935,243</u>

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

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
<u>Related companies</u>				
Current	415,888,149	280,187,815	415,538,154	280,113,845
Overdue not over 3 months	4,099,745	77,662	4,099,745	77,662
Overdue 3 - 6 months	3,241,698	-	3,241,698	-
Overdue 6 - 12 months	-	-	-	-
Overdue more than 12 months	-	-	-	-
	<u>423,229,592</u>	<u>280,265,477</u>	<u>422,879,597</u>	<u>280,191,507</u>
<u>Other companies</u>				
Current	1,107,718,859	1,013,002,618	1,107,718,859	1,013,002,618
Overdue not over 3 months	14,863,907	6,431,295	14,863,907	6,431,295
Overdue 3 - 6 months	1,085,609	-	1,085,609	-
Overdue 6 - 12 months	641,645	-	641,645	-
Overdue more than 12 months	2,216,190	2,167,775	2,216,190	2,167,775
Total	1,126,526,210	1,021,601,688	1,126,526,210	1,021,601,688
<u>Less</u> Allowance for doubtful accounts	(2,167,775)	(2,167,775)	(2,167,775)	(2,167,775)
	<u>1,124,358,435</u>	<u>1,019,433,913</u>	<u>1,124,358,435</u>	<u>1,019,433,913</u>
Total trade accounts receivable, net	<u>1,547,588,027</u>	<u>1,299,699,390</u>	<u>1,547,238,032</u>	<u>1,299,625,420</u>

7 Inventories, net

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Raw materials (net with allowance)	370,703,213	348,886,333	370,672,888	348,813,359
Work in process	149,598,890	99,216,241	145,215,173	89,642,947
Finished goods (net with allowance)	145,552,609	158,652,034	145,552,609	158,652,034
Supplies and spare parts	36,492,868	30,942,072	33,081,050	28,384,688
Raw materials in transit	90,354,702	73,939,345	90,354,703	73,939,345
Total inventories, net	792,702,282	711,636,025	784,876,423	699,432,373

During 2012, the Group and the Company reversed their allowance for diminution value of inventories to net realisable value and obsolete inventories to the consolidated and company statement of income amounting to Baht 141,690 (2011: allowance for diminution value of inventories to net realisable value and obsolete inventories was charged to the statement of income amounting to Baht 215,428).

8 Investment property, net

	Consolidated (Baht)		
	Land and land improvement	Building and Building improvement	Total
At 30 September 2010			
Cost	11,486,728	33,014,058	44,500,786
<u>Less</u> Accumulated depreciation	-	(26,412,118)	(26,412,118)
Net book value	11,486,728	6,601,940	18,088,668
For the year ended 30 September 2011			
Opening net book value	11,486,728	6,601,940	18,088,668
Depreciation charge	-	(1,366,539)	(1,366,539)
Closing net book value	11,486,728	5,235,401	16,722,129
As at 30 September 2011			
Cost	11,486,728	33,014,058	44,500,786
<u>Less</u> Accumulated depreciation	-	(27,778,657)	(27,778,657)
Net book value	11,486,728	5,235,401	16,722,129
For the year ended 30 September 2012			
Opening net book value	11,486,728	5,235,401	16,722,129
Depreciation charge	-	(1,510,738)	(1,510,738)
Closing net book value	11,486,728	3,724,663	15,211,391
As at 30 September 2012			
Cost	11,486,728	33,014,058	44,500,786
<u>Less</u> Accumulated depreciation	-	(29,289,395)	(29,289,395)
Net book value	11,486,728	3,724,663	15,211,391
Fair value	37,000,348	30,290,348	67,290,696

8 Investment property, net (Cont'd)

	Company (Baht)		
	Land and land Improvement	Building and Building improvement	Total
At 30 September 2010			
Cost	12,030,858	42,895,068	54,925,926
<u>Less</u> Accumulated depreciation	-	(34,120,621)	(34,120,621)
Net book value	12,030,858	8,774,447	20,805,305
For the year ended 30 September 2011			
Opening net book value	12,030,858	8,774,447	20,805,305
Depreciation charge	-	(1,764,902)	(1,764,902)
Closing net book value	12,030,858	7,009,545	19,040,403
As at 30 September 2011			
Cost	12,030,858	42,895,068	54,925,926
<u>Less</u> Accumulated depreciation	-	(35,885,523)	(35,885,523)
Net book value	12,030,858	7,009,545	19,040,403
For the year ended 30 September 2012			
Opening net book value	12,030,858	7,009,545	19,040,403
Depreciation charge	-	(1,926,587)	(1,926,587)
Closing net book value	12,030,858	5,082,958	17,113,816
As at 30 September 2012			
Cost	12,030,858	42,895,068	54,925,926
<u>Less</u> Accumulated depreciation	-	(37,812,110)	(37,812,110)
Net book value	12,030,858	5,082,958	17,113,816
Fair value	46,658,348	40,749,428	87,407,776

Fair value of investment properties as at 30 September 2012 were appraised by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and categories of such investment properties.

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

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Rental income	8,511,540	7,436,496	10,883,112	9,808,068
Direct operating expense arise from investment property that generated rental income	-	-	-	-
	8,511,540	7,436,496	10,883,112	9,808,068

9 Property, plant and equipment, net

	Consolidated							
	Land and land improvement Baht	Building and building improvement Baht	Machinery Baht	Tools and factory equipment Baht	Furniture, fixture and office equipment Baht	Motor vehicle Baht	Construction in progress Baht	Total Baht
As at 30 September 2010								
Cost	123,855,507	594,668,590	1,701,945,679	1,215,219,008	75,247,884	26,788,917	51,939,153	3,789,664,738
Less Accumulated depreciation	(15,797,626)	(357,951,246)	(1,084,791,736)	(993,666,101)	(63,655,548)	(13,924,958)	-	(2,529,787,215)
Net book amount	108,057,881	236,717,344	617,153,943	221,552,907	11,592,336	12,863,959	51,939,153	1,259,877,523
For the year ended 30 September 2011								
Opening net book value	108,057,881	236,717,344	617,153,943	221,552,907	11,592,336	12,863,959	51,939,153	1,259,877,523
Additions	2,479,500	12,745,143	73,958,252	133,967,525	9,631,426	14,657,396	201,789,172	449,228,414
Disposals	-	-	(1,254,237)	(1,355,903)	(185,507)	(474,114)	-	(3,269,761)
Write off	-	-	(124,903)	(20,407)	(67,111)	(382,472)	-	(594,893)
Transfers	1,050,000	3,758,337	58,815,354	2,556,470	-	182,000	(66,362,161)	-
Depreciation charge	(1,517,396)	(30,147,880)	(114,912,599)	(95,059,308)	(6,547,658)	(5,282,683)	-	(253,467,524)
Closing net book amount	110,069,985	223,072,944	633,635,810	261,641,284	14,423,486	21,564,086	187,366,164	1,451,773,759
As at 30 September 2011								
Cost	127,385,007	611,063,069	1,817,261,937	1,346,025,178	81,647,744	37,382,927	187,366,164	4,208,132,026
Less Accumulated depreciation	(17,315,022)	(387,990,125)	(1,183,626,127)	(1,084,383,894)	(67,224,258)	(15,818,841)	-	(2,756,358,267)
Net book amount	110,069,985	223,072,944	633,635,810	261,641,284	14,423,486	21,564,086	187,366,164	1,451,773,759
For the year ended 30 September 2012								
Opening net book value	110,069,985	223,072,944	633,635,810	261,641,284	14,423,486	21,564,086	187,366,164	1,451,773,759
Additions	14,927,094	25,413,420	69,428,968	139,115,696	6,680,355	3,292,507	265,218,886	524,076,926
Disposals	-	(785,589)	(1,002,929)	(6,757,240)	(6,240)	-	(829,380)	(9,381,378)
Write off	-	(53,203)	(46,188)	(846,085)	(10,839)	(140,514)	-	(1,096,829)
Transfers	21,493,506	87,427,409	52,503,543	15,720,048	934,428	-	(178,078,934)	-
Depreciation charge	(2,221,212)	(30,213,688)	(127,239,941)	(96,389,760)	(6,998,640)	(6,627,159)	-	(269,690,400)
Closing net book amount	144,269,373	304,861,293	627,279,263	312,483,943	15,022,550	18,088,920	273,676,736	1,695,682,078
As at 30 September 2012								
Cost	163,805,607	720,640,115	1,959,969,947	1,439,819,589	86,260,039	40,498,634	273,676,736	4,684,670,667
Less Accumulated depreciation	(19,536,234)	(415,778,822)	(1,332,690,684)	(1,127,335,646)	(71,237,489)	(22,409,714)	-	(2,988,988,589)
Net book amount	144,269,373	304,861,293	627,279,263	312,483,943	15,022,550	18,088,920	273,676,736	1,695,682,078

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

	Company							Total Baht
	Land and land improvement Baht	Building and building improvement Baht	Machinery Baht	Tools and factory equipment Baht	Furniture, fixture and office equipment Baht	Motor vehicle Baht	Construction in progress Baht	
As at 30 September 2010								
Cost	123,311,378	580,050,684	1,573,661,063	1,188,022,134	57,304,081	26,364,064	48,055,388	3,596,768,792
<u>Less</u> Accumulated depreciation	(15,797,627)	(347,062,021)	(1,008,268,689)	(973,856,053)	(48,005,573)	(13,677,957)	-	(2,406,667,920)
Net book amount	107,513,751	232,988,663	565,392,374	214,166,081	9,298,508	12,686,107	48,055,388	1,190,100,872
Year ended 30 September 2011								
Opening net book value	107,513,751	232,988,663	565,392,374	214,166,081	9,298,508	12,686,107	48,055,388	1,190,100,872
Additions	2,479,500	11,342,528	73,688,253	131,662,164	8,387,567	14,567,696	196,703,854	438,831,562
Disposals	-	-	(1,254,235)	(1,353,486)	(176,676)	(474,114)	-	(3,258,511)
Write off	-	-	(124,903)	(20,407)	(67,097)	(382,472)	-	(594,879)
Transfers	1,050,000	3,758,337	56,467,758	2,345,684	-	182,000	(63,803,779)	-
Depreciation charge	(1,517,396)	(29,080,506)	(104,474,943)	(91,850,465)	(5,200,817)	(5,223,649)	-	(237,347,776)
Closing net book amount	109,525,855	219,009,022	589,694,304	254,949,571	12,241,485	21,355,568	180,955,463	1,387,731,268
As at 30 September 2011								
Cost	126,840,878	595,151,549	1,687,253,131	1,316,764,185	62,779,414	36,868,371	180,955,463	4,006,612,991
<u>Less</u> Accumulated depreciation	(17,315,023)	(376,142,527)	(1,097,558,827)	(1,061,814,614)	(50,537,929)	(15,512,803)	-	(2,618,881,723)
Net book amount	109,525,855	219,009,022	589,694,304	254,949,571	12,241,485	21,355,568	180,955,463	1,387,731,268
Year ended 30 September 2012								
Opening net book value	109,525,855	219,009,022	589,694,304	254,949,571	12,241,485	21,355,568	180,955,463	1,387,731,268
Additions	14,927,094	23,862,027	42,099,270	136,383,050	5,301,654	2,502,507	264,474,801	489,550,403
Disposals	-	(785,589)	(1,002,929)	(6,757,240)	(6,240)	-	(829,380)	(9,381,378)
Write off	-	(53,203)	(46,188)	(603,224)	(10,835)	(140,514)	-	(853,964)
Transfers	21,493,507	87,427,408	45,587,758	15,720,047	934,428	-	(171,163,148)	-
Depreciation charge	(2,221,212)	(28,950,544)	(117,707,762)	(93,429,126)	(5,838,753)	(6,414,756)	-	(254,562,153)
Closing net book amount	143,725,244	300,509,121	558,624,453	306,263,078	12,621,739	17,302,805	273,437,736	1,612,484,176
As at 30 September 2012								
Cost	163,261,479	703,068,201	1,795,715,657	1,408,643,452	66,358,887	39,194,078	273,437,736	4,449,679,490
<u>Less</u> Accumulated depreciation	(19,536,235)	(402,559,080)	(1,237,091,204)	(1,102,380,374)	(53,737,148)	(21,891,273)	-	(2,837,195,314)
Net book amount	143,725,244	300,509,121	558,624,453	306,263,078	12,621,739	17,302,805	273,437,736	1,612,484,176

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

Depreciation expense of Baht 256,514,105 (2011: Baht 242,153,070) is included in the cost of sales and service, Baht 13,176,295 (2011: Baht 11,314,454) in administrative expenses for the consolidated financial statements.

Depreciation expense of Baht 242,308,645 (2011: Baht 226,923,310) is included in the cost of sales and service, Baht 12,253,508 (2011: Baht 10,424,466) in administrative expenses for the company financial statements.

10 Intangible assets, net

	Consolidated		
	Computer software Baht	Golf membership Baht	Total Baht
As at 30 September 2010			
Cost	47,976,299	1,015,050	48,991,349
<u>Less</u> Accumulated amortisation	(39,861,406)	(1,015,050)	(40,876,456)
Net book value	8,114,893	-	8,114,893
Year ended 30 September 2011			
Opening net book value	8,114,893	-	8,114,893
Additions	4,001,509	-	4,001,509
Amortisation charge	(2,314,980)	-	(2,314,980)
Closing net book value	9,801,422	-	9,801,422
As at 30 September 2011			
Cost	51,977,808	-	51,977,808
<u>Less</u> Accumulated amortisation	(42,176,386)	-	(42,176,386)
Net book value	9,801,422	-	9,801,422
Year ended 30 September 2012			
Opening net book value	9,801,422	-	9,801,422
Additions	7,157,304	-	7,157,304
Amortisation charge	(2,426,790)	-	(2,426,790)
Closing net book value	14,531,936	-	14,531,936
As at 30 September 2012			
Cost	57,881,149	-	57,881,149
<u>Less</u> Accumulated amortisation	(43,349,213)	-	(43,349,213)
Net book value	14,531,936	-	14,531,936

10 Intangible assets, net (Cont'd)

	Company		
	Computer software Baht	Golf membership Baht	Total Baht
As at 30 September 2010			
Cost	25,354,516	1,015,050	26,369,566
<u>Less</u> Accumulated amortisation	(23,565,993)	(1,015,050)	(24,581,043)
Net book value	1,788,523	-	1,788,523
Year ended 30 September 2011			
Opening net book value	1,788,523	-	1,788,523
Additions	939,559	-	939,559
Amortisation charge	(660,031)	-	(660,031)
Closing net book value	2,068,051	-	2,068,051
As at 30 September 2011			
Cost	26,294,075	-	26,294,075
<u>Less</u> Accumulated amortisation	(24,226,024)	-	(24,226,024)
Net book value	2,068,051	-	2,068,051
Year ended 30 September 2012			
Opening net book value	2,068,051	-	2,068,051
Additions	7,006,805	-	7,006,805
Amortisation charge	(1,046,773)	-	(1,046,773)
Closing net book value	8,028,083	-	8,028,083
As at 30 September 2012			
Cost	34,315,931	-	34,315,931
<u>Less</u> Accumulated amortisation	(26,287,848)	-	(26,287,848)
Net book value	8,028,083	-	8,028,083

Amortisation expense of Baht 620,334 (2011: Baht 962,949) is included in the cost of sales and service and Baht 1,806,456 (2011: Baht 1,352,031) in administrative expenses for the consolidated financial statements.

Amortisation expense of Baht 1,046,773 (2011: Baht 660,031) in administrative expenses for the Company financial statements.

11 Investments in subsidiaries

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

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

11 Investments in subsidiaries (Cont'd)

Company	Type of business	Registered country	Company		
			30 September 2011		
			Registered capital Baht	Percentage of holding %	Investment Baht
IRC (Asia) Research Ltd.	Research and development of product	Thai	10,050,000	99.99	10,049,930
Kin No Hoshi Engineering Co., Ltd.	Manufacture and repair of mold	Thai	10,000,000	99.99	9,999,300
Investment in subsidiaries, net					20,049,230

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

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

12 Other long-term investment

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

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

Company	Type of business	Registered country	Consolidated and company		
			30 September 2011		
			Registered capital	Percentage of holding %	Investment Baht
Inoue Rubber Vietnam Co., Ltd.	Manufacturing of tires and tubes of motorcycles	Vietnam	US\$ 10 Million	10	30,781,799
Total					30,781,799

During the year ended 30 September 2011, Inoue Rubber Vietnam Company Limited declared the dividend payment from its operating results for the year ended 31 December 2009 at totaling Baht 1.43 million.

13 Trade and other payables

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Trade accounts payable				
- related companies (Note 23)	328,997,494	382,167,527	345,785,256	393,179,053
Trade accounts payable - other companies	1,108,716,413	871,624,313	1,094,876,776	859,014,764
Amount due to related parties (Note 23)	1,997,825	16,193,251	28,497,200	36,853,976
Down payment received from customer	4,402,693	2,864,698	4,402,693	2,864,698
Other payables	41,368,698	57,197,122	41,368,698	56,565,213
Total trade and other payables	1,485,483,123	1,330,046,911	1,514,930,623	1,348,477,704

14 Borrowings

14.1 Loans from financial institutions

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Current				
Short-term loans	318,000,000	156,000,000	318,000,000	156,000,000
Current portion of long-term loan	64,000,000	47,000,000	64,000,000	47,000,000
	382,000,000	203,000,000	382,000,000	203,000,000
Non-current				
Long-term loan	136,000,000	-	136,000,000	-
Total loans from financial institutions	518,000,000	203,000,000	518,000,000	203,000,000

The movements in loans from financial institutions for the year ended 30 September 2012 are as follows:

	Consolidated Baht	Company Baht
Opening balance	203,000,000	203,000,000
Additions	362,000,000	362,000,000
Repayments of long-term loan	(47,000,000)	(47,000,000)
Closing balance	518,000,000	518,000,000

Maturity of long-term loan:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Not later than 1 year	64,000,000	47,000,000	64,000,000	47,000,000
Later than 1 year and not later than 5 years	136,000,000	-	136,000,000	-
	200,000,000	47,000,000	200,000,000	47,000,000

14 Borrowings (Cont'd)

14.1 Loans from financial institutions (Cont'd)

Loans from financial institutions represent loans denominated in Baht comprise:

- a) In January 2009, the Company entered into a unsecured loan agreement for loan of Baht 100 million with a local branch of a foreign commercial bank which is payable on a semi-annual basis from July 2009 to January 2012 of Baht 17 million each and in January 2012 of Baht 15 million. The loan carries interest at the rate of 4.25 percent per annum. However, the principle of loan was fully paid in January 2012.
- b) In April 2009, the Company entered into a unsecured loan agreement for loan of Baht 100 million with a local branch of a foreign commercial bank which is payable on a semi-annual basis from November 2009 to May 2011 of Baht 17 million each which the interest rate is of 3.60 percent per annum and from November 2011 to May 2012 of Baht 16 million each which the interest rate will be of 3.65 percent per annum. However, the principle of loan was fully paid in May 2012.
- c) In July 2011, the Company entered into a loan agreement for short term loan of Baht 100 million with a local branch of a foreign commercial bank which was fully paid in July 2012. The loan carries interest at rate 3.62 percent per annum.
- d) In June 2012, the Company entered into a loan agreement for a call loan of Baht 118 million with a local branch of a foreign commercial bank. The loan carries interest at rate 3.05 percent per annum.
- e) In June 2012, the Company entered into a loan agreement for a call loan of Baht 88 million and Baht 112 million in September 2012 with a local branch of a foreign commercial bank. The loan carries interest at rate 3.03 percent per annum.
- f) In May 2012, the Company entered into a unsecured loan agreement for loan of Baht 200 million with a local branch of a foreign commercial bank which is payable on a semi-annual basis from November 2012 to November 2014 of Baht 32 million each and May 2015 of Baht 40 million. The loan carries interest at the rate of 3.70 percent per annum.

14.2 Finance lease

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Finance lease liabilities - minimum lease payments:				
Not later than 1 year	5,696,820	4,802,439	5,696,820	4,802,439
Later than 1 year	7,450,268	11,093,417	7,450,268	11,093,417
Future finance charges on finance leases	(1,721,033)	(2,377,920)	(1,721,033)	(2,377,920)
Present value of finance lease liabilities	11,426,055	13,517,936	11,426,055	13,517,936
Representing lease liabilities:				
- current	4,842,847	3,866,062	4,842,847	3,866,062
- non-current	6,583,208	9,651,874	6,583,208	9,651,874
	11,426,055	13,517,936	11,426,055	13,517,936

14 Borrowings (Cont'd)

14.2 Finance lease (Cont'd)

Movement in finance lease obligations for the year ended 30 September 2012 is as follows:

	Consolidated Baht	Company Baht
Opening balance	13,517,936	13,517,936
Additions	2,007,477	2,007,477
Repayments	(4,099,358)	(4,099,358)
Closing balance	<u>11,426,055</u>	<u>11,426,055</u>

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

	Consolidated		Company	
	2012 %	2011 %	2012 %	2011 %
Short-term loans from financial institutions	3.03 - 3.05	3.55 - 3.65	3.03 - 3.05	3.55 - 3.65
Long-term loans	3.70	3.65 - 4.25	3.70	3.65 - 4.25
Finance lease liabilities	4.46 - 5.50	4.46 - 5.50	4.46 - 5.50	4.46 - 5.50

15 Accrued expenses

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Accrued bonus	89,442,619	65,694,593	83,172,309	59,782,000
Accrued employee income tax	6,031,466	5,899,727	5,900,859	5,080,033
Accrued annual leave refundable	5,228,567	3,283,000	5,228,567	3,283,000
Accrued interest expense	3,547,175	1,483,100	3,547,175	1,483,100
Accrued others	10,873,572	8,294,093	9,542,829	7,283,025
	<u>115,123,399</u>	<u>84,654,513</u>	<u>107,391,739</u>	<u>76,911,158</u>

16 Employee benefit obligations

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

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Present value of funded obligations	-	-	-	-
Present value of unfunded obligations	106,798,958	-	97,459,747	-
Unrecognised actuarial gains	-	-	-	-
Liability in the statements of financial position	<u>106,798,958</u>	<u>-</u>	<u>97,459,747</u>	<u>-</u>

16 Employee benefit obligations (Cont'd)

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

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Opening balance	-	-	-	-
Brought forward adjustment for the first time adoption	96,429,484	-	88,261,284	-
Current service cost	10,467,122	-	9,622,839	-
Interest cost	3,792,567	-	3,465,839	-
Actuarial gains	-	-	-	-
Benefits paid	(3,890,215)	-	(3,890,215)	-
Ending balance	106,798,958	-	97,459,747	-

The amount recognised in statements of comprehensive income is as follows

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Current service cost	10,467,122	-	9,622,839	-
Interest cost	3,792,567	-	3,465,839	-
Total	14,259,689	-	13,088,678	-

Expense of Baht 11,179,975 (2011: Nil) is included in the cost of sales and service and Baht 3,079,714 (2011: Nil) in administrative expenses for the consolidated financial statements.

Expense of Baht 10,008,964 (2011: Nil) is included in the cost of sales and service and Baht 3,079,714 (2011: Nil) in administrative expenses for the company financial statements.

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

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

17 Share capital and premium on share

	Consolidated and company			
	Number of shares	Ordinary shares Baht	Share premium Baht	Total Baht
As at 30 September 2011	200,000,000	200,000,000	298,000,000	498,000,000
As at 30 September 2012	200,000,000	200,000,000	298,000,000	498,000,000

As at 30 September 2012, the total registered number of ordinary shares is 200 million shares (2011: 200 million shares) with a par value of Baht 1 per share (2011: Baht 1 per share) of which are issued and fully paid.

18 Legal reserve

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

19 Expense by nature

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

	Consolidated	
	2012 Baht	2011 Baht
Raw materials and consumables used	3,881,478,686	3,872,123,870
Changes in inventories of finished goods and work in progress	38,234,194	70,453,661
Depreciation on property, plant and equipment (Note 8, 9)	271,201,138	254,834,063
Staff costs	632,979,495	496,503,968
Advertising and promotion expenses	15,096,279	14,556,863
Amortisation (Note 10)	2,426,789	2,314,980
Gain (loss) on exchange	10,722,002	(100,511)
Rental expenses	1,135,891	1,582,824

	Company	
	2012 Baht	2011 Baht
Raw materials and consumables used	3,847,535,809	3,845,052,722
Changes in inventories of finished goods and work in progress	43,423,772	64,170,876
Depreciation on property, plant and equipment (Note 8, 9)	256,488,740	239,112,678
Staff costs	593,063,866	457,514,194
Advertising and promotion expenses	15,096,279	14,556,863
Amortisation (Note 10)	1,046,773	660,031
Gain (loss) on exchange	10,668,941	(44,999)
Rental expenses	1,135,891	1,582,824

The following items of unusual nature, size or incidence have been charged to the operating profit (loss) during the years ended 30 September 2012 and 2011 are as follows:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Expenses for flood protection	8,987,995	-	8,987,995	-
Damaged assets from flooding	11,666,504	-	11,666,504	-
Extra expenses during flooding	9,254,190	-	9,254,190	-

20 Current and deferred income taxes

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

	Consolidated		Company	
	2012 Baht	2011 as restated Baht	2012 Baht	2011 as restated Baht
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	5,110,504	3,915,324	5,110,504	3,915,324
Deferred tax assets to be recovered after more than 12 months	19,496,162	2,175,851	18,800,841	2,175,851
	<u>24,606,666</u>	<u>6,091,175</u>	<u>23,911,345</u>	<u>6,091,175</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	-	-	-	-
Deferred tax liabilities to be settled after more than 12 months	(502,074)	(169,993)	(230,149)	(169,993)
	<u>(502,074)</u>	<u>(169,993)</u>	<u>(230,149)</u>	<u>(169,993)</u>
Net deferred taxation	<u>24,104,592</u>	<u>5,921,182</u>	<u>23,681,196</u>	<u>5,921,182</u>

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

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Opening balance,				
Adjustment for the first time adoption	-	4,383,088	-	4,383,088
Adjustment for the first time adoption of retirement benefit obligations	16,032,406	-	15,420,808	-
Cumulative effect of adoption of accounting for deferred income taxes	5,921,182	-	5,921,182	-
Charges to statement of comprehensive income	2,151,004	1,538,094	2,339,206	1,538,094
Ending balance	<u>24,104,592</u>	<u>5,921,182</u>	<u>23,681,196</u>	<u>5,921,182</u>

20 Current and deferred income taxes (Cont'd)

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

	Consolidated			
	2011 as restated Baht	Adjustment for B/F retained earnings	Credit (debit) to statement of income	2012 Baht
Deferred tax liabilities				
Leased tangible equipment	(169,993)	-	(60,156)	(230,149)
Plant and equipment	-	-	(271,925)	(271,925)
	(169,993)	-	(332,081)	(502,074)
Deferred tax assets				
Plant and equipment	-	-	1,727,918	1,727,918
Intangible assets	347,748	-	(125,151)	222,597
Accounts receivable and other assets	5,743,427	-	(976,970)	4,766,457
Provision and accruals	-	16,032,406	1,857,288	17,889,694
	6,091,175	16,032,406	2,483,085	24,606,666
Net deferred taxation	5,921,182	16,032,406	2,151,004	24,104,592
	Company			
	2011 as restated Baht	Adjustment for B/F retained earnings	Credit (debit) to statement of income	2012 Baht
Deferred tax liabilities				
Leased tangible equipment	(169,993)	-	(60,156)	(230,149)
	(169,993)	-	(60,156)	(230,149)
Deferred tax assets				
Purchased equipment	-	-	1,727,918	1,727,918
Intangible assets	347,748	-	(125,151)	222,597
Accounts receivable and other assets	5,743,427	-	(976,970)	4,766,457
Provision and accruals	-	15,420,808	1,773,565	17,194,373
	6,091,175	15,420,808	2,399,362	23,911,345
Net deferred taxation	5,921,182	15,420,808	2,339,206	23,681,196

As at 30 September 2012 the Group only recognised those deferred taxation assets that in management's judgement it is more likely that the deferred tax assets will be realised, due to the historical operating profits generated by the Group's operations and the timings of the tax loss carry forwards. This is disclosed in the gross deferred and income taxation note to enable users of the financial statements to understand the nature of the movement in this balance.

As at 30 September 2012, the Group has no tax loss carry forwards.

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

20 Current and deferred income taxes (Cont'd)

Income taxes

	Consolidated		Company	
	2012 Baht	2011 as restated Baht	2012 Baht	2011 as restated Baht
Taxation				
Current taxes	26,825,423	37,159,265	20,188,230	28,746,860
Deferred taxation				
Origination and reversal of temporary differences	8,900,467	(1,538,094)	8,501,510	(1,538,094)
Impact of change in tax rate	(11,051,472)	-	(10,840,717)	-
Income tax expenses	24,674,418	35,621,171	17,849,023	27,208,766

The difference between income tax expenses computed at statutory tax rates (30%) and income tax expenses provided on results are as follows:

	Consolidated		Company	
	2012 Baht	2011 as restated Baht	2012 Baht	2011 as restated Baht
Profit before taxes	127,206,521	187,558,767	124,219,561	142,715,606
Income taxation at statutory tax rates 30% (2011: 30%)	38,161,956	56,267,630	37,265,868	42,814,682
Tax temporary effects that are not deductible for tax purpose	16,523,565	10,585	4,476,616	(1,800)
Income not subject to tax	(30,011,103)	(20,657,044)	(23,893,461)	(15,604,116)
Income tax expenses	24,674,418	35,621,171	17,849,023	27,208,766

On 21 December 2011, the Royal Decree was published a reduction in corporate tax from 30% to 23% for accounting period beginning on or after 1 January 2012 and 20% for two accounting periods beginning on or after 1 January 2013. The relevant deferred tax balances have been remeasured. As at 30 September 2012, deferred tax expected to reverse in the year, has been measured using the effective rate.

21 Basic earnings per share

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

	Consolidated	
	2012	2011 as restated
Net profit attributable to equity holders of the parent (Baht)	102,530,473	151,935,878
Weighted average of issued ordinary shares (Shares)	200,000,000	200,000,000
Basic earnings per share (Baht)	0.51	0.76

	Company	
	2012	2011 as restated
Net profit attributable to equity holders of the parent (Baht)	106,370,539	115,506,839
Weighted average of issued ordinary shares (Shares)	200,000,000	200,000,000
Basic earnings per share (Baht)	0.53	0.58

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

22 Financial costs

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Interest expenses	16,542,632	5,773,103	16,533,793	5,769,941
Bank charge	299,133	279,462	264,875	258,647
Financial costs	16,841,765	6,052,565	16,798,668	6,028,588

23 Related party transactions

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

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

23 Related party transactions (Cont'd)

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

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Sale of goods				
Related companies	1,768,849,842	1,320,535,033	1,768,849,842	1,320,535,033
Service and other income				
Related companies	11,884,790	13,455,366	11,884,790	13,455,366
Rental income				
Subsidiaries	-	-	2,371,572	2,371,572
Related companies	8,511,540	7,436,496	8,511,540	7,436,496
	8,511,540	7,436,496	10,883,112	9,808,068
Dividend income				
Subsidiary	-	-	39,997,877	-
Related company	-	1,432,500	-	1,432,500
	-	1,432,500	39,997,877	1,432,500
Purchases of raw materials				
Related companies	728,984,204	800,156,507	728,984,204	800,156,507
Purchases of equipment				
Subsidiaries	-	-	99,749,550	87,324,366
Related companies	-	3,835,827	-	3,835,827
	-	3,835,827	99,749,550	91,160,193
Research and development expense				
Subsidiaries	-	-	66,390,219	60,160,567
Technical assistance fee expenses				
Related companies	83,352,849	79,112,037	74,397,319	71,118,169
Advertising expenses				
Related companies	2,425,000	4,575,000	2,425,000	4,575,000

23 Related party transactions (Cont'd)

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

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

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

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

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

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

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Trade accounts receivable				
Related companies:				
The Sittipol (1919) Co., Ltd.	132,623,602	81,313,421	132,623,602	81,313,421
Inoac Tokai (Thailand) Co., Ltd.	204,648,822	140,334,837	204,648,822	140,334,837
Inoue Rubber Co., Ltd. - Japan	33,905,105	20,936,049	33,905,105	20,936,049
SK Rubber Product Co., Ltd.	9,208,144	11,604,434	9,208,144	11,604,434
Thai Stanley Public Co., Ltd.	7,167,825	5,067,268	7,167,825	5,067,268
Inoac International Co., Ltd.	3,394,649	126,688	3,394,649	126,688
Inoue Rubber Vietnam Co., Ltd.	13,707,481	11,919,396	13,707,481	11,919,396
Sirivit-Stanley Co., Ltd.	3,646,531	4,164,170	3,646,531	4,164,170
Asian Stanley International	1,445	1,444	1,445	1,444
Inoac Thailand Co., Ltd.	1,043,408	1,974,932	693,413	1,900,962
Toei - Inoac Limited	2,007,837	1,259,563	2,007,837	1,259,563
Asian Rubber Parts Co., Ltd.	11,706,282	38,283	11,706,282	38,283
Inoac Vietnam Co., Ltd.	-	1,524,992	-	1,524,992
Techno Foam Co., Ltd.	168,461	-	168,461	-
Total trade accounts receivable				
- related companies	423,229,592	280,265,477	422,879,597	280,191,507

23 Related party transactions (Cont'd)

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

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Amount due from related companies				
Subsidiaries:				
IRC (Asia) Research Ltd.	-	-	143,679	118,401
Kin No Hoshi Engineering Co., Ltd.	-	-	85,980	79,230
	-	-	229,659	197,631
Related companies:				
Inoac Tokai (Thailand) Co., Ltd.	1,787,267	2,800,154	1,787,267	2,800,154
Inoac Thailand Co., Ltd.	32,068	31,576	32,068	31,576
Toei - Inoac Limited	133,979	126,334	133,979	126,334
	1,953,314	2,958,064	1,953,314	2,958,064
Total amount due from related companies	1,953,314	2,958,064	2,182,973	3,155,695
Trade accounts payable				
Subsidiaries:				
IRC (Asia) Research Ltd.	-	-	14,116,612	10,874,019
Kin No Hoshi Engineering Co., Ltd.	-	-	2,671,151	1,979,538
	-	-	16,787,763	12,853,557
Related companies:				
Inoac International Co., Ltd.	213,815,305	263,889,883	213,815,305	263,889,883
Inoac Tokai (Thailand) Co., Ltd.	53,520,089	62,837,076	53,520,089	62,837,076
Pacific Industries (Thailand) Co., Ltd.	14,985,211	11,649,609	14,985,211	11,649,609
SK Rubber Product Co., Ltd.	18,713,672	18,530,302	18,713,672	18,530,302
Inoue Rubber Co., Ltd. - Japan	9,004,646	14,335,669	9,004,646	12,493,638
Inoac Thailand Co., Ltd.	9,988,019	9,983,100	9,988,019	9,983,100
Inoue Rubber Vietnam Co., Ltd.	-	246,388	-	246,388
Total Oil (Thailand) Co., Ltd.	481,500	695,500	481,500	695,500
Inoac Corporation Co., Ltd.	8,489,052	-	8,489,052	-
	328,997,494	382,167,527	328,997,494	380,325,496
Total trade accounts payable - related companies	328,997,494	382,167,527	345,785,257	393,179,053

23 Related party transactions (Cont'd)

The outstanding balances as at 30 September between the Company and those related companies are summarised as follows: (Cont'd)

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Amount due to related parties				
Subsidiaries:				
Kin No Hoshi Engineering Co., Ltd.	-	-	28,497,200	22,658,550
	-	-	28,497,200	22,658,550
Related companies:				
Inoac International Co., Ltd.	705,800	14,901,226	-	14,195,426
Inoac Thailand Co., Ltd.	1,292,025	1,292,025	-	-
	1,997,825	16,193,251	-	14,195,426
Total amount due to related companies	1,997,825	16,193,251	28,497,200	36,853,976

Directors and management's remuneration

The Company and its subsidiaries have the compensation paid or payable to their key directors and management for the year ended 30 September 2012 and 2011 are as follows:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Salaries and short-term employee benefits	28,386,971	27,212,565	28,386,971	27,212,565
Post-employee benefits	572,006	-	572,006	-
Other long-term employee benefits	520,739	511,380	520,739	511,380
	29,479,717	27,723,945	29,479,717	27,723,945

24 Commitments and contingent liabilities

- As at 30 September 2012, there were outstanding bank guarantees of approximately Baht 17.2 million (2011: Baht 17.1 million) issued by banks to the Provincial Electricity Authority for electricity consumption on behalf of the Company.
- As at 30 September 2012, the Company had no lease commitments in respect of equipment rental contracts with a period of 1 - 3 years (2011: Baht 0.12 million).
- As at 30 September 2012, the Company had capital commitments in respect of factory construction contract of Baht 1.01 million with a period of one year (2011: nil).

25 Segment information

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

Financial information of the Group for the years ended 30 September 2012 and 2011 classified by market are presented as follows:

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

	Consolidated (as restated) (Baht)		
	Local	Export	Total
For the year ended 30 September 2011			
Sales	4,748,128,335	1,310,471,799	6,058,600,134
Cost of sales	(4,459,060,013)	(1,203,689,720)	(5,662,749,733)
Gross margin	<u>289,068,322</u>	<u>106,782,079</u>	395,850,401
Other income			47,448,176
Selling expenses			(78,771,273)
Administrative expenses			(155,639,345)
Other expenses			(15,276,627)
Financial costs			(6,052,565)
Income tax			(35,621,171)
Income of non-controlling interest			(1,718)
Net profit			<u>151,935,878</u>

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 follow:

Details	Inoue Rubber (Thailand) Public Company Limited	Kin No Hoshi Engineering Company Limited	IRC (Asia) Research Limited
1. Certificate No. Dated	1119(2)/2009 9 December 2008	1682(2)/2007 12 July 2007	1211(4)/2005 16 March 2005
2. Promotional privileges for	Manufacturing of vehicle component, plastic or plastic coated products	Manufacturing of mould and repairing of its own manufacturing of mould	Research and Development
3. The significant privileges are			
3.1 Exemption of corporate income tax for net income from promotional operations and exemption of income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.	3 years	8 years	8 years
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	Granted	-
4. Date of first earning operating income	August 2009	May 2010	October 2011

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					
	BOI		Non-BOI		Total	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Sales						
Export	166,873,819	189,716,133	1,261,390,431	1,120,755,665	1,428,264,250	1,310,471,798
Local	571,765,166	591,444,238	4,499,520,111	4,156,684,098	5,071,285,277	4,748,128,336
	<u>738,638,985</u>	<u>781,160,371</u>	<u>5,760,910,542</u>	<u>5,277,439,763</u>	<u>6,499,549,527</u>	<u>6,058,600,134</u>

	Company					
	BOI		Non - BOI		Total	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Sales						
Export	166,873,819	189,716,133	1,261,299,950	1,119,459,194	1,428,173,769	1,309,175,327
Local	571,605,060	591,405,738	4,496,674,663	4,156,494,712	5,068,279,723	4,747,900,450
	<u>738,478,879</u>	<u>781,121,871</u>	<u>5,757,974,613</u>	<u>5,275,953,906</u>	<u>6,496,453,492</u>	<u>6,057,075,777</u>

27 Provident fund

The Group operates a registered provident fund, which is a defined contribution plan, the assets of which are held in a separate fund which is managed by the external fund manager. The provident fund is funded by payments from employees and by the Company. The Company's contributions to the provident fund were charged to the statement of income for the year ended 30 September 2012 amounting to Baht 10.2 million (2011: Baht 8.4 million).

28 Dividends paid

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

At the Annual General Meeting of shareholders held on 28 January 2011, the shareholders passed a resolution approving dividend payment from its operating results for 2010 at Baht 0.50 per share (from Non-BOI-promoted operations Baht 0.18 per share and BOI-promoted operations Baht 0.32 per share), totaling Baht 100 million. The dividends were distributed on 22 February 2011.

29 Financial instruments

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

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

Foreign exchange risk

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

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

Foreign currency	2012		2011	
	Sold amount million	Bought amount million	Sold amount million	Bought amount million
US Dollars	2.92	2.68	5.87	2.03
Japanese Yen	357.64	61.35	379.04	92.73
Euro	-	0.20	0.18	-

Net fair values

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

	Consolidated	
	2012 Baht	2011 Baht
Favourable forward foreign exchange contracts	822,726	918,994
Unfavourable forward foreign exchange contracts	(2,755,577)	(3,822,452)
Net	(1,932,851)	(2,903,458)

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

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

	Consolidated		Company	
	2012 million	2011 million	2012 million	2011 million
Assets				
US Dollars	2.77	2.92	2.77	2.92
Japanese Yen	65.20	43.41	65.20	43.41
Euro	0.22	0.18	0.22	0.18
Liabilities				
US Dollars	5.14	5.47	5.14	5.47
Japanese Yen	406.69	443.65	406.69	443.65

29 Financial instruments (Cont'd)

Interest rate risk

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

Credit risk

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

Fair values

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

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

30 Subsequent events

On 22 November 2012, the Board of Directors' Meeting of the Company No. 6/2012 pass a resolution approving the proposed dividend payment from its operating results for 2012 at Baht 0.2051 per share (from Non - BOI - promoted operations), totaling Baht 41.01 million. The dividend payment will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

Board of Directors and Executives Profiles



Name Position	Age (years)	%Shareholding		Familyties with executives	Educational Qualification/ Training Program	Experience	
		As of 12 Dec 12					
1. Mr. Koji Matsuda Vice-Chairman	62	-	-	Bachelor's degree in Engineering, Osaka Prefecture University, Japan Certificate DAP # 83/2010 from IOD	2000 - 2005	Executive Director, Personnel and Administration and Marketing of Industrial Product Division	Inoac Corporation
					2005 - 2008 2008 - Present 2010 - Present	President Director Vice-Chairman	Inoac Corporation Inoac Corporation Inoue Rubber (Thailand) PLC.
2. Mr. Soichi Inoue Director	83	-	Father of Mr. Masayuki Inoue	Bachelor's degree in Economic, Kobe University, Japan	Feb 2010 - Present 1969 - Feb 2010 1973 - Present 1975 - Present 1986 - Present 2000 - Present	Director Vice-Chairman President President President Chairman & CEO	Inoue Rubber (Thailand) PLC. Inoue Rubber (Thailand) PLC. Inoue Rubber Co., Ltd., Japan Inoac International Co., Ltd. Inoac Technical Center Co., Ltd. Inoac Coporation Co., Ltd.
3. Mrs. Pimjai Laochinda President	51	2.31	Sister of Mr. Thanong, Mr. Apichart, Mrs. Pornthip	Bachelor's Degree in Engineering, Chulalongkorn University Master's Degree in Business Administration, Drexel University, USA Director Certification Program # 37/2003 From IOD Capital Market Academy Leadership Program class 10, from Capital Market (CMA)	1983 - Present 1986 - 1993 1993 - May 2007 2007 - Present 1993 - Present 1995 - Present 2001 - Present 2003 - Present 2006 - Present 2010 - Present 2010 - Present 2012 - Present	Director Managing Director Managing Director & Vice President Director & President Director President Executive Director Executive Director Executive Director Director Director Global Advisory Board Member Executive Board as external advisory expert Director	Thai Stanley Electric PLC. Inoue Rubber (Thailand) Co., Ltd. Inoue Rubber (Thailand) PLC. Inoue Rubber (Thailand) PLC. Sopa-Kanok International Co., Ltd. Toei-Inoac Co., Ltd. IRC (Asia) Research Co., Ltd. Sungold Holding Co., Ltd. Kinno Hoshi Engineering Co., Ltd. S.K. Rubber Co., Ltd. Daido Sittipol Co., Ltd. Babson College, MA, USA Faculty of Engineering, Chulalongkorn University Risk Management Club Thai Listed Companies Association
4. Mr. Atsushi Imamura Managing Director	54	-	-	Bachelor's degree in Engineering, Ritsumeikan University, Japan	2004 - 2006 2006 - 2011 2011 - Present	Executive Director Vice president and President Managing Director	Inoue Rubber (Thailand) PLC. Bridgestone IRC Manufacturing Co., Ltd. Inoue Rubber (Thailand) PLC.
5. Mr. Thnong Leeissaranukul Director	52	1.70	Brother of Mrs. Pimjai, Mr. Apichart, Mrs. Pornthip	Bachelor's degree in Business Administration, Nansan University, Japan	1983 - Present 1986 - Present 1993 - Present 1995 - Present 1995 - Present 1996 - Present 1998 - Present 2001 - Present 2003 - Present 2007 - Present	Director Managing Director Director Executive Director Executive Director Director Director President Vice President Executive Director Director President Director President	Thai Stanley Electric PLC. The Sittipol 1919 Co., Ltd. Inoue Rubber(Thailand) PLC. Sopa - Kanok International Co., Ltd. Total Oil (Thailand) Co., Ltd. Toei-Inoac Co., Ltd. IRC (Asia) Research Co., Ltd. Sungold Holding Co., Ltd. Bike Clinic Co., Ltd. Daido Sittipol Co., Ltd. Seng Guan Hong Co., Ltd. The Studio Production Co., Ltd. Smart Sport Promotion Co., Ltd. S.K. Rubber Co., Ltd. Kanok - Sopa Foundation

Name Position	Age (years)	%Shareholding As of 12 Dec 12	Families with executives	Educational Qualification/ Training Program	Experience		
6. Mr. Apichart Leeissaranukul Director	49	1.68	Brother of Mr.Thanong, Mrs.Pimjai, Mrs.Pornthip	Bachelor's degree in Business Administration, University of the Thai Chamber of Commerce Master's degree in Business Administration, Oklahoma University, USA Certificate DCP # 8/2001 from IOD	1987 - Present 1991 - Present 1992 - Present 1993 - Present 1995 - Present 1996 - Present 1997 - Present 1999 - Present 2000 - Present 2002 - Present 2003 - Present 2004 - Present 2005 - Present 2006 - Present	Director Director Executive Vice-President Director Director Vice President Director Executive Vice-President Director Director Chairman Director Director Director Executive Director Director Director Director	Rocket Steel Industry Co., Ltd. Inoue Rubber (Thailand) PLC. Thai Stanley Electric PLC. Sopa-Kanok International Co., Ltd. Pacific Industry (Thailand) Co., Ltd. Thai Stanley Foundation Sungold Holding Co., Ltd. Asian Stanley International Co., Ltd. Sirivit Stanley Co., Ltd. Daido Sittipol Co., Ltd. Lao Stanley Co., Ltd. Vietnam Stanley Electric Co., Ltd. Investor Club Association S.K. Rubber Co., Ltd. Investor Club Association Thai Listed Companies Association Total Oil (Thailand) Co., Ltd. PT. Indonesia Stanley Electric
7. Mrs. Pornthip Sethiwan Director	45	1.80	Sister of Mr.Thanong, Mrs.Pimjai, Mr.Apichart	Bachelor's degree in Business Administration Chulalongkorn University Certificate DAP # 5/2003 from IOD	1980 - Present 1986 - Present 1990 - Present 1991 - Present 1993 - Present 1996 - Present 2003 - Present 2006 - Present	Director Director Executive Director Managing Director Director Director Vice-President Director Director	Thai Stanley Electric PLC. Seng Guan Hong Co.,Ltd. The Sittipol 1919 Co., Ltd. Pacific Industry (Thailand) Co., Ltd. Inoue Rubber(Thailand) PLC. Sopa - Kanok International Co., Ltd. Bike Clinic Co., Ltd. Daido Sittipol Co., Ltd. S.K. Rubber Co., Ltd. IRC (Asia) Research Co., Ltd.
8. Mr.Masayuki Inoue Director	47	-	Son of Mr.Soichi Inoue	Master's degree in International Management, Aoyama Gakuin Graduate School, Japan Certificate DAP # 65/2007 from IOD	1991 - Apr 2004 Apr 2004 - Present 1991 - Present 1993 - Mar.2007 Apr 2007 - Present 1995 - Present	Director & General Manager Executive Vice President Director Director Managing Executive Officer Director	Inoue Rubber Co., Ltd., Japan Inoue Rubber Co., Ltd., Japan Inoue Rubber (Thailand) PLC. Inoac Corporation Co., Ltd. Inoac Corporation Co., Ltd. Sungold Holding Co., Ltd.
9. Assoc.Prof. Dr.Chesada Loha-unchit Independent Director Chairman of Audit Committee	64	-	-	Bachelor's degree in Economics, Thammasat University. Master's degree in Economics Princeton University, USA Doctor of Philosophy (Economics), Princeton University, Director Accreditation Program 82/2010 from IOD	2005 - 2009 2007 - 2009 2003 - Present 2006 - Present 2009 - Present Feb 2010 - Present May 2011 - Present	Associate Professor Director Columnist Director Audit Committee Member Independent Director and Chairman of Audit Committee Advisor	School of Management, Walailak University Financial and Economic Information Center School of Management, Walailak University Krungthep Turakit business newspaper Asset Plus Fund Management. Co., Ltd. Asset Plus Fund Management. Co., Ltd. Inoue Rubber (Thailand) PLC. Trinity Securities Co., Ltd.

Name Position	Age (years)	%Shareholding As of 12 Dec 12	Families with executives	Educational Qualification/ Training Program	Experience		
10.Mr. Vichit Vuthisombut Independent Director Audit Committee	71	-	-	Bachelor's degree in Economics, Thammasat University Director Accreditation Program 27/2004 and Director Certification Program 51/2004 from IOD	2000 - Present 2002 - Present 2006 - Present 2009 - Present	The Committee & Subcommittee Consultant Consultant Independent Director and Audit Committee Independent Director Independent Director and Audit Committee	The Investor Club Association(IC) Jongsathit Co., Ltd. A J Plast PLC. Inoue Rubber (Thailand) PLC. Thai-German products PLC. Siam Steel Service Center PLC.
11.Ms.Chaovana Viwatpanachati Independent Director/Audit Committee	51	-	-	Bachelor's degree in Accounting, Chulalongkorn University Diploma of Management University of Newcastle NSW Australia Diploma in Auditing, 1994, Thammasat University Master of Management University of Wollongong, NSW Australia Master's Degree in Accounting, Chulalong- korn University DAP # 2/2003 DCP # 58/2005 ACP # 14/2006 from IOD	1994 - Present 1995 - Present 2001 - 2007 2008 - Present	Director Director Independent Director and Audit Committee Independent Director and Audit Committee Managing Partner Managing Director Member of the subcommittee of Articles Drafting Auditing Standards Committee Member and Professional Ethics Subcommittee Member The Committee of the Alumni Association of the Faculty of Commerce and Accountancy	Moore Stephens Asia Pacific Limited (Hong Kong) Moore Stephens DIA Sevi Limited Inoue Rubber (Thailand) PLC. Food and Drink PLC. Pitisevi & Company (A member of Moore Stephens International Limited Group of Independent Firms) Saving Assets Management Co., Ltd. (2001) Federation of Accounting Professions Chulalongkorn University Alumni Association
12.Mr. Masakazu Sekiguchi Independent Director	57	-	-	Bachelor's degree in Faculty of Law, Gakushin University Japan	1980 - 1999 1999 - 2000 2000 - 2001 2001 - 2004 2004 - 2006 2006 - 2008 2008 - 2009 2009 - 2010 2010 - 2011 2011 - 2012 2012 - Present	New Joiner Unit Leader General Manager General Manager General Manager Plant Manager Plant Manager Plant Manager Director Vice President and officer Vice President and officer	Bridgestone Tire Co., Ltd. (now Bridgestone Corporation) Bridgestone / Firestone Europe S.A. Bridgestone / Firestone Poland Limited Liability Company Overseas Plant Technology Coordination Bridgestone Americas Holding, Inc. Nasu Plant, Tochigi, Japan Tosu Plant, Saga, Japan Tokyo Plant, Tokyo, Japan Japan Tire Production Division Global Production Administration And Logistics, Mold Technology and Manufacturing Global Production Administration And Logistics, Mold Technology and Manufacturing Internal Manufacturing Management

Name Position	Age (years)	%Shareholding As of 12 Dec 12	Families with executives	Educational Qualification/ Training Program	Experience		
13. Mr. Koji Yamauchi Executive	52	-	-	Bachelor's degree in Engineering, Toyama University, Japan	1997 - Present 2009 - Present 2009 - May 2010 May 2010 - Present	Manager of Technical Section Executive Director Director Executive Director and Director Executive Director	Inoac Elastomer, Japan Inoue Rubber (Thailand) PLC. Kinno Hoshi Engineering Co., Ltd. IRC (Asia) Research Co., Ltd.
14. Mr. Nareothai Boothong Executive	55	-	-	Bachelor's degree in Rubber Chemical and Technology, Prince of Songkla University Master's degree in Business Administration NIDA Certificate DAP #11/2004 From IOD	1992 - Present 1995 - Nov 2009 2001 - Present 2005 - Present	Executive Director Director Director Director	Inoue Rubber (Thailand) PLC. Inoue Rubber (Thailand) PLC. Kinno Hoshi Engineering Co., Ltd. Toei Inoac Co., Ltd.
15. Mr. Jatupol Lawhachainam Executive	53	-	-	Bachelor's degree in Management, Bangkok University FSD certificate #18/2012 From IOD	Feb 1992 Oct 1992 1996 2010 - Present	Assistant Manager of Marketing Marketing Manager Deputy Executive Director of Marketing Executive Director	Inoue Rubber (Thailand) PLC.
16. Mrs. Sopa Lumlervoravith Executive	47	-	-	Bachelor's Degree in Mathematics-Science, King Mongkut's Institute of Technology Thonburi Master's Degree in Business Administration, Kasetsart University.	2000 - 2003 2004 - 2006 2007 - Present	Manager of M.I.S. Senior Manager of M.I.S. & Finance Senior Manager of Accounting	Inoue Rubber (Thailand) PLC. Inoue Rubber (Thailand) PLC. Inoue Rubber (Thailand) PLC. IRC (Asia) Research Co., Ltd. Kinno Hoshi Engineering Co., Ltd. Sungold Holding Co., LTD.

* Remark: including shares of spouse and minor children