

GOODYEAR®



รายงานประจำปี 2560

ANNUAL REPORT 2017

CONTENTS

Message from The Chairman	3
Message from The Managing Director	4
Report of Audit Committee	5
Policy and Overall Business Operations	6
Overview of Business Operation	11
Risk Factors	16
General Information	18
Shareholding Structure and Management	19
Dividend Policy	20
Management of the Company	21
Good Corporate Governance	26
Corporate Social Responsibility	34
Internal Control and Risk Management	38
Related Parties Transaction	39
Comparison of Three Years' Financial Statements	42
Management Discussion and Analysis	45
Attachment 1	48
Attachment 2	52
Statutory Financial Statements as of December 31,2017	53

MESSAGE FROM THE CHAIRMAN

To the Shareholders of Goodyear (Thailand) Public Company Limited,



In 2017, Goodyear achieved a milestone with consistent results and a number of remarkable achievements. Having overcome many challenges in previous years, we focused ourselves on further developing our business and putting in place measures for the long-term benefits of the company, to meet the growing and specific needs of the market.

We have proven that we are on the road to further success. During the year, we were pleased that The Goodyear Tire & Rubber Company was recognized as the world's most admired tire maker by Fortune magazine for the fifth year in a row, topping key global tire competitors in innovation and quality.

We believe that we will be able to do the same over the long-term, but understand that we will continue to face challenges in the near term. We are ready to overcome these challenges.

I am pleased to report that we have made significant progress in the investment in our radial aviation tire factory,

which will start operations in 2018. Alongside this investment in aviation tire production in Thailand, we are making further investments in technology and equipment to enhance our automotive OE capability, becoming a truly multifaceted world-class factory. These combined projects will contribute to Goodyear Thailand's long-term revenue streams and strengthen our overall competitive position in the industry.

We have built a rich corporate heritage, and will continue to focus on delivering growth and value to our shareholders and customers.

Thank you for your continued support and trust in our company. I look forward to what we will achieve in our 50th anniversary year. It reminds me of my father's generation, and not only how far we have come, but to a promising future ahead. I look forward to enjoying our year of celebration with you.

Sincerely,

A handwritten signature in black ink, appearing to be 'D. Srifuengfung'.

Dr. Dhiraphorn Srifuengfung
Chairman

MESSAGE FROM THE MANAGING DIRECTOR

To the Shareholders of Goodyear (Thailand) Public Company Limited,

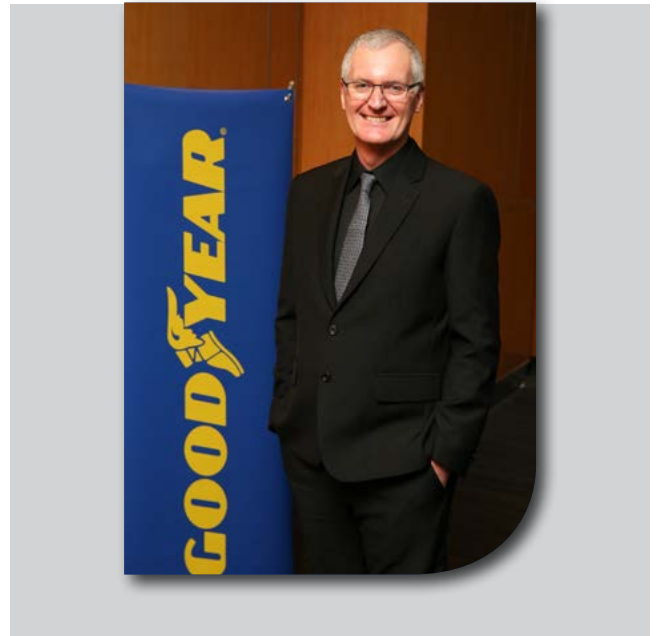
In 2017, we experienced several challenging economic conditions. Overall industry the dynamics were less favorable and more volatile with a decline in the domestic replacement industry, raw material pricing headwinds and stronger competition from other manufacturers. Nonetheless, we remained committed and confident in our market back-pricing approach and long-term growth strategy. We ended the year profitably and have established a robust growth foundation for the years ahead.

The trajectory of the business can be viewed through our success in growing our Goodyear Autocare retail service centers, which reflects the excellent service levels provided by our dealers who are truly best in class. While achieving a sizeable footprint in 2017 we are planning for continued growth in 2018.

This is evident in the many achievements in 2017, which includes the launch of the Eagle F1 Asymmetric 3 Premium Tire and the Efficient Grip Performance SUV for a quiet and confident ride. These new products were very well received, and the EfficientGrip Performance SUV was successfully launched at a major regional event with considerable media coverage and interest.

I am pleased to note that our consistent efforts with our original equipment business are achieving success as well, as Goodyear tires have been accredited with OE fitments focusing on ultimate handling performance and versatility to meet the demanding requirements of both local and international manufactures.

Finally, an impressive example of how we are moving ahead was the designation in 2017 of one of our most advanced aviation products: The Goodyear Flight Radial Tire. This ultra-weight tire was the first product to receive Boeing's system part certification for their 777X, the largest and most efficient twin-engine jet in the world.



I wish to thank you for your continued support of Goodyear Thailand, and for making 2017 a truly remarkable year with positive prospects for an even brighter future.

Sincerely,

Finbarr O'Connor
Managing Director

REPORT OF AUDIT COMMITTEE

The Audit Committee's roles and responsibilities are to perform duties and functions stated in the Best Practice Guidelines for the Audit Committee issued by the Stock Exchange of Thailand (SET), provisions of the Public Companies Limited Act of 1992 (B.E. 2535) and the Securities and Exchange Act of 1992 (B.E. 2535). To comply with the principles and the best practices set out by the SET's guidelines to the Audit Committee, the Audit Committee reviews financial statements of Goodyear (Thailand) Public Company Limited. The Audit Committee is pleased to report our audited results in 2017 to the Board and shareholders as follows:

1. All members of Audit Committee were independent directors; namely:

- | | |
|-------------------------------------|-----------------------------|
| (a) Mr. Athaporn Khaimarn | Chairman of Audit Committee |
| (b) Mr. Yeap Swee Chuan | Member of Audit Committee |
| (c) Ms. Chanapun Juangroongruangkit | Member of Audit Committee |

2. The Audit Committee has full access to inspect and has received cooperation from the management of the Company. It was able to invite Directors or Executive Officers to attend its meetings as appropriate. In 2017, the Audit Committee Meeting was held four times where Internal auditor, Financial Controller and Finance Director regularly attended the meetings together with the Company's external auditor, Pricewaterhouse Coopers ABAS Limited.

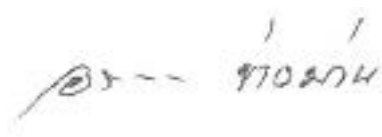
3. The Audit Committee received the cooperation from others as requested, which enabled it to perform its functions properly.

4. The Audit Committee reviewed the findings from internal and external auditors and reviewed the Company's internal control system, the internal auditor's reports and internal control assessments, all of which were duly reported to the Board.

5. All issues and questions raised by each Audit Committee member in its deliberations were resolved by the management and the Board to the Audit Committee's satisfaction.

Based on the foregoing, Goodyear (Thailand) Public Company Limited's operation in Fiscal Year 2017 was found by the Audit Committee to have complied with the Committee's guidelines and as required by the applicable laws and regulations of Thailand.

Respectfully submitted,



Mr. Athaporn Khaimarn
Chairman of the Audit Committee

Goodyear (Thailand) Public Company Limited was incorporated as a private company according to the Civil and Commercial Code on 25 July 1968 with an initial registered capital of 60 million Baht. Since its establishment, the Company's primary objective is to manufacture and market passenger tires, commercial truck tires, aviation tires and aviation retread tires. The Company is a joint investment among Thai investors and The Goodyear Tire & Rubber Company, United States of America (USA). The Company's factory is located at No 50/9, Km. 36, Paholyothin Road, Tambol KlongNueng, Amphoe KlongLuang, Pathumthani Province.

- In 1969, the Company made an agreement with The Goodyear Tire & Rubber Company, USA, with respect to the cooperation of manufacturing technology and management.
- In 1970, the Company obtained its investment promotion from the Board of Investment for a period of 15 years. The Company obtained the tax exemption for manufacturing and retreading of aviation tires thereof.
- On 30 June 1978, the shares of the Company were offered to the public and listed in the Stock Exchange of Thailand.
- On 6 January 1983, the Company changed its shares par value from 100 Baht to 20 Baht with Department of Commercial Registration (now known as the Department of Business Development), the Ministry of Commerce.
- During the Extraordinary General Shareholders Meeting No. 2/1990 on 28 March 1990, the shareholders of the Company gave the approval for the Company to increase its registered capital from 60 million Baht to 74 million Baht.
- On 20 April 1994, the Company transformed from a private company under the Civil and Commercial Code to a public company under the Public Companies Act of 1992. During that year, the Company received the TIS/ISO 9000 Certificate from the Thai Industrial Standard Institute and was the first company in the tire manufacturing industry to obtain this certificate.
- On 20 November 1995, the share par value of the Company transformed from 20 Baht to 10 Baht, as approved

by the Extraordinary General Shareholders Meeting. This Share par value change was to comply with rules of the Stock Exchange of Thailand and this was approved by the Department of Commercial Registration (now known as Department of Business Development), the Ministry of Commerce in 13 December 1995.

1.1 PURPOSE, GOALS AND VALUES

THE GOODYEAR STRATEGY ROADMAP

Our Goal: Deliver sustainable revenue and profit growth while increasing the value of our brands.

How We'll Win

- **Innovation Excellence**

Develop great products and services that anticipates and respond to the needs of consumers

- **Sales & Marketing Excellence**

Build brand value, help our customers win in their markets, and become consumers' preferred choice

- **Operational Excellence**

Continuously strive to improve our quality and efficiency to deliver the right tire, to the right place, at the right time for the right cost

How We'll Work

- **Act with integrity**

Build trust and earn the confidence of others through honesty and respect – Protect Our Good Name

- **Energize the team**

Create an environment where associates are inspired by work, wellness and serving their communities

- **Promote Collaboration**

Connect associates globally and encourage open discussion to meet objectives

- **Be agile**

Embrace change and act with speed and purpose

- **Deliver results**

Anticipate challenges, seize opportunities and make courageous decisions

Where We'll Focus

- Consumer experience

Make Goodyear easy to buy, own, and recommend

- Customer service

Be a great supplier through the collaboration with customers

- Quality

Deliver industry best products, processes, and programs

- High-value segments

Compete where we capture the full value of our brand

- Mastering complexity

Manage the necessary; eliminate the unneeded

Goodyear ONE TEAM Driving Performance - on the road, in the marketplace, and throughout the company.

Business Strategy of Goodyear Thailand

(1) Focus on our customer's requirements. Our products are developed by market-back innovation.

(2) Maintain and enhance the production process in order to deliver the best quality products to both customers and consumers.

(3) Focus on expanding distribution channel, especially our branded store "Goodyear Autocare" to cover all regions in Thailand. In Bangkok, most of Goodyear's Autocare stores are renovated from the existing Goodyear Eagle Store.

Build the capability of our associates who are key contributors to the growth of our business. This is also to build the best Goodyear team within the region in which Goodyear Thailand is operating.

1.2 SIGNIFICANT CHANGE AND DEVELOPMENT

(1) Aviation Tire Factory Expansion

The aviation fleet industry is growing rapidly, especially in Asia Pacific with the help of radial tires and the advantage they bring. Goodyear, a global leader in this field is the

ideal company to partner with to win this expansion.

Goodyear Thailand is counting down to the completion of our world-class aviation plant expansion. The first phase of the three-phase expansion is on schedule and remains targeted to be operational in 2018.

As a mark of the great commencement of the expansion, a ground-breaking religious ceremony was held on April 26, 2017 to celebrate the official start of Goodyear's factory construction at Pathumthani.



A town hall meeting followed the event, allowing Goodyear management to share with local associates the team's confidence for future sustainable growth in Thailand.

(2) New Product Launch

The SUV segment is a strong growth market in Asia Pacific. From 2012 to 2017, it's estimated to have increased with a compound annual growth rate of 26%

To meet the growing demand, Goodyear has introduced the EfficientGrip Performance SUV product range as part of its commitment to continued innovation and development of high performance tires.

In August 2017, Goodyear launched EfficientGrip Performance SUV at a regional event held in Buriram, Thailand. Designed with consumer-driven needs at the heart of its tire innovations, the EfficientGrip Performance SUV delivers a quieter driving experience with maximized comfort and exceptional wet braking performance.



The EfficientGrip Performance SUV is packed with advanced technology, including Goodyear's QuietTred Technology. Its innovative noise dampening tread design has an increased number of pitches and optimized sequence, coupled with closed shoulder design to deliver optimal quiet performance. The tires are also equipped with FlexContact Technology, designed with a shock absorbing cushion layer compound with optimized formulation that promises a more comfortable drive. This is paired with new innovative polymers for increased grip in wet road conditions, ensuring superior wet performance in the region's unpredictable weather.



(3) Expansion of Goodyear Autocare Store Network

In 2017, Goodyear Thailand opened twelve additional Autocare stores, located in areas with high concentration of motorists across the country.

This steady expansion of branded retail stores is aligned

with Goodyear's growth-oriented retail distribution strategy. Each Goodyear Autocare store acts as a 'One Stop Shop' for tire and automotive services, offering exceptional and valuable professionalism and customer experiences with a comprehensive and reliable range of services to complement our tire products. We have worked closely with dealers to ensure excellence in both sales and services.

(4) Corporate Social Responsibility (CSR)

In 2017, Goodyear Thailand and its associates continue to demonstrate their ongoing support to undertake youth development activities in communities near where they live and work throughout the country. These initiatives include sustainable career and vocational training support, donations and community volunteering.



One of the core elements of our corporate social responsibility program "Goodyear Better Future" is to focus on supporting collaborative programs that create positive outcomes for young people, including disadvantaged youth.

Goodyear's charitable support and community involvement around the globe consists of 'giving and doing' opportunities that touch basic human needs such as hunger and health, as well as education activities related to improving reading skills and readiness for higher education, employability and future careers. Additionally, community organizations are supported through professional expertise of associates who serve on boards, councils and committees.

Goodyear has a long history of supporting communities where we live and work around the world.

The company collaborated with The National Science Technology and Innovation Policy Office, to focus on expanding the knowledge and developing people skills. In 2017, Goodyear Thailand participated in Work-Integrated Learning (WiL). It is the integration of theory and practice in conceptions of learning for work that aligns the academic and workplace practices for the mutual benefit of the student and the workplace.



Goodyear Thailand, is committed to Goodyear's global mission to caring for the environment and communities both large and small, as communities engagement is an increasingly important priority for consumers. Goodyear Thailand and its associates supported youth development activities in the communities near where they live and work throughout the country. These initiatives include sustainable career and vocational training support, donations and community volunteering.

In addition to these campaigns, Goodyear Thailand also supported its dealers during the "7 dangerous days" of the New Year and Songkran holidays by providing car checkup services near their shops. This yearly activity complies with Goodyear's global commitment to promote safe mobility and to make our communities stronger.



(5) Technical Training Program

Goodyear Thailand, in partnership with the Samutprakarn Institute for Skill Development, organized its fifth Technical Training Program for 2017 for automotive technicians from September 18 - 21. This year, the technical training program was uniquely structured to conduct the "Wheel Alignment, Tire Balancing" workshop to reinforce technical skills development and technical standards among technicians' representatives from Goodyear Autocare stores nationwide.

This current training program gives an opportunity to Goodyear Autocare stores to send their technicians' representatives to participate in the program. The purpose of this training is uniquely designed to enhance the skills development and labor potential among automotive technicians from Goodyear's aligned dealers and technical service staff in order that they increase their technical skills, knowledge and capacity to meet the required standards and needs of the workforce.

We are committed to further raising awareness towards the importance of safety, including the skills development among all technicians of Goodyear Autocare stores to be able to increase their expertise to meet standards at the international level. This year, Goodyear continues to organize its technical training program for automotive technicians from Goodyear Autocare stores nationwide. Technical skills and knowledge provided by a team of experts include

safety in the workplace, car suspension including an accurate process of dismantling and reassembling, tire removal and balancing, as well as inspecting and wheel alignment.



This program is uniquely structured to enhance tire and automotive service knowledge among all associate levels at Goodyear Autocare stores nationwide. Over the years it has been successful in helping to ensure that the company's aligned technical service staff are best able to deliver the highest levels of customer service and advice to consumers, while also working to lift the overall standards in the industry.

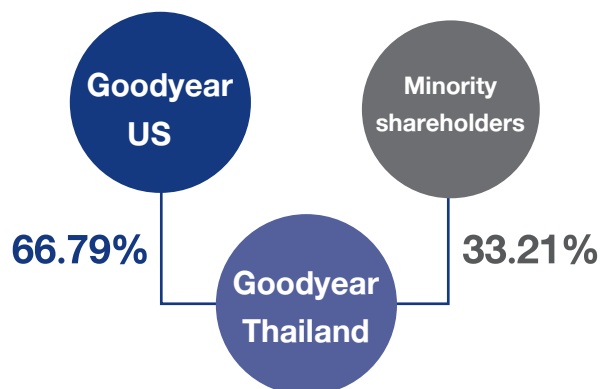


1.3 COMPANY'S STRUCTURE

Goodyear has a registered capital of Baht 74,000,000 shares with a par value of Baht 10 per share, total of 7,400,000 ordinary shares with voting rights of one share for one vote.

Goodyear is a subsidiary of The Goodyear Tire & Rubber Company, which holds a total of 4,942,418 shares in the Company, representing 66.79 percent of the shares of the Company. The minority shareholders hold a total of 33.21 percent of total shares.

Goodyear Thailand's Ownership



The Goodyear Tire & Rubber Company is one of the world's leading manufacturers of tires, engaging in operations in most regions of the world. Together with its U.S. and international subsidiaries, it develops, manufactures, markets and distributes tires for most applications. It also manufactures and markets rubber-related chemicals for various applications. Goodyear is one of the world's largest tire companies. It employs about 64,000 people and manufactures its products in 48 facilities in 22 countries around the world. Its two Innovation Centers in Akron, Ohio and Colmar-Berg, Luxembourg strive to develop state-of-the-art products and services that set the technology and performance standard for the industry.

1.4 BUSINESS RELATED WITH THE MAJOR SHAREHOLDERS

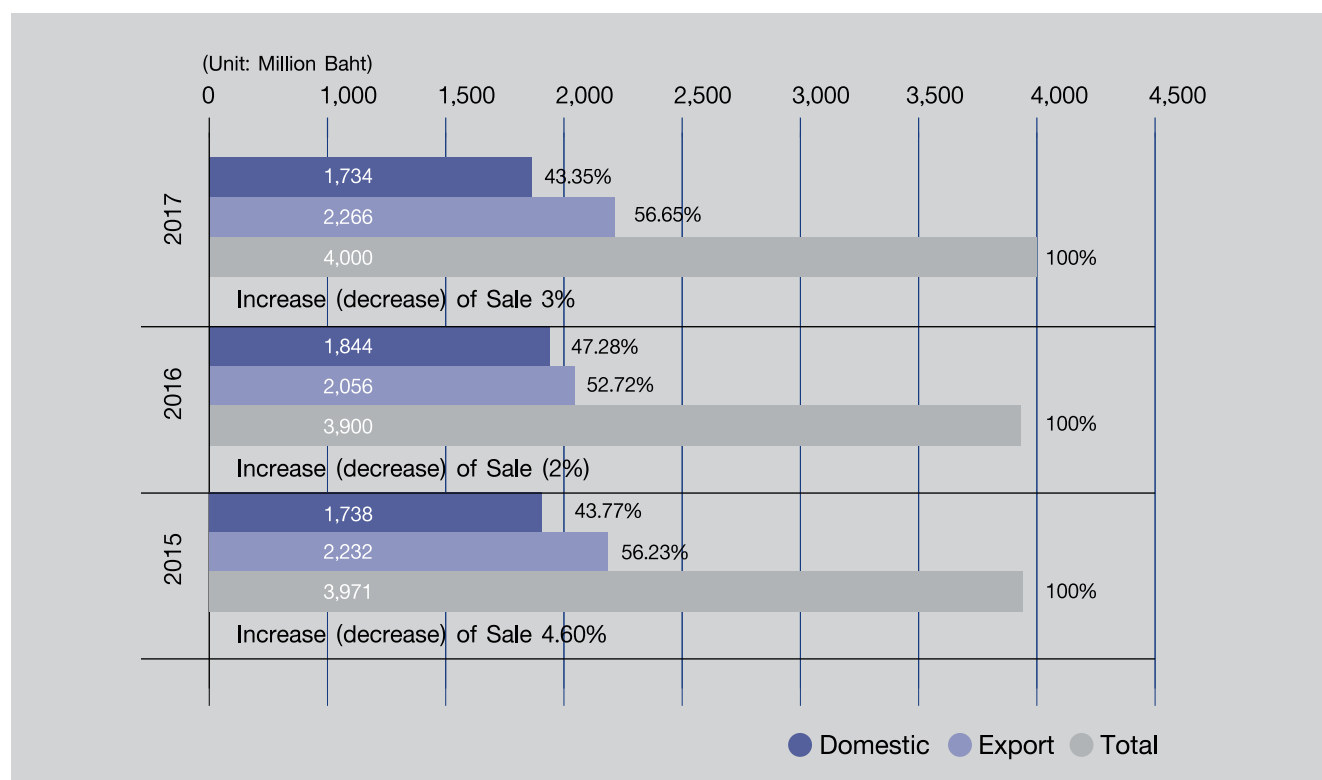
The Goodyear Tire & Rubber Company authorizes Goodyear (Thailand) to have a right to use trademark, patent and support of technology, equipment and material as described in item 11 (connected transaction), information technology and business management.

2

OVERVIEW OF BUSINESS OPERATION

Goodyear Thailand produces and distributes ground tires, aviation tires and retread aviation tires for domestic sales and export sales. The Company has manufacturing facilities in Thailand for ground tires, aviation tires and aviation retreading. The revenue classified by geographical segments, based on domestic sales and export sales, is similar to those reported in the financial statements of the Company.

The Revenue Structure of the Company can be identified as follows :



2.1 PRODUCTS OR SERVICES

Goodyear has two main products namely :

Ground Tires

Goodyear manufactures high quality and technologically advanced ground tires with a commitment to innovation and safety. Here are the product segments of ground tires :

- Passenger tires
- SUV tires
- Commercial tire
- Pick-up tires
- 4x4 tires
- Run-On-Flat tires

Aviation Tires

Goodyear's aviation tires have a well-established reputation for over a century. Goodyear's aviation tires are at the leading edge of innovation, manufacturing and product design in both radial and bias tires. Goodyear manufactures new aviation tires in Danville, USA, and Thailand. Thailand's plant was chosen to be the facility to manufacture aviation tires in Asia-Pacific.

Goodyear's aviation tires have been accepted and opted for use by world class aircraft manufacturers. The aviation tire's product segments are :

- General aviation tires
- Business jet tires
- Commercial aviation tires
- Military aviation tires

Apart from new aviation tires, Goodyear also increases product value by providing an aviation retreading service which helps reduce airline fleet operating costs. The precision retreading also extends the service life of aviation tires with high technology new tread. Goodyear has five aviation retreading facilities located in the United States, Brazil, Netherlands and Thailand, which provides value-added products to customers around the world.

awareness, growth and market share. In 2017, the company opened twelve more Goodyear Autocare stores, all located in areas with a high population of motorists. The new Goodyear Autocare design was implemented to enhance Goodyear's brand identity, modernize the store's ambience, and better utilize selling zones to maximize the consumer experience and generate more sales.

Goodyear Thailand has worked closely with its dealers to continue building a sustainable and growth-oriented business. Many joint-planning sessions were held with key customers throughout the year to understand the dynamic business conditions and align growth plans accordingly. The growth of the dealer network reflects Goodyear Thailand's commitment to long-term investments in essential consumer touchpoints, thus generating a positive retail experience for its consumers.

The achievements in 2017 include the launch of a premium tire; Goodyear Eagle F1 Asymmetric 3, as demand of premium product remains high in the developed market. In addition, in August 2017 Goodyear launched its latest tire in the luxury SUV highway segment, the EfficientGrip Performance SUV, at a regional event in Buriram, Thailand. It's designed with consumer-driven needs at the heart of its tire innovation, the EfficientGrip Performance SUV is said to deliver a quieter driving experience with 'maximized comfort and exceptional wet braking' performance.

2.2 MARKETING AND COMPETITION

Marketing and competition of Goodyear can be categorized by the kind of products which are ground tires and aviation tires.

(1) Ground Tires

Marketing of Ground Tires

The key marketing plans for Ground Tires in 2017 :

The expansion of the branded retail network in Thailand is a tribute to many years of success. Goodyear Autocare remains the key strategy to increase Goodyear's brand

A brand communication strategy continued to use various media platforms and traditional media such as sponsorship on TV programs and newspaper announcements to increase its brand awareness. Moreover, the digital platform was used extensively to reach the young generation and office workers, who are more attracted to digital media. Goodyear also developed content on the corporate website and Facebook Fanpage to engage with the consumers. Besides uplifting the brand awareness with the end-users, Goodyear also created a quarterly dealer newsletter to build a good relationship with the dealers. This newsletter aims to announce the major events and important information, such as, new products and quarterly promotions.

Company's distribution channel

The Company's distribution channels are categorized by the type of consumers as follows:

Replacement : Replacement sales are where consumers purchase tires to replace the set of tires already equipped to their vehicles. The distribution of replacement tires is through the following channels:

- Goodyear Autocare
- Wholesale dealer
- Multi-brand, Retailer
- Car dealership – After sales service
- Modern trade

Original Equipment (OE) : Original Equipment is the distribution channel where automotive manufacturers use the products as the first set of tires to assemble into new cars.

Export : The company exports tires to other Goodyear affiliates, which are located in various countries worldwide. Goodyear Thailand is an important manufacturing facility for the export of ground tires globally.

Competition Status

The overall economic indicators of Gross Domestic Product (GDP), consumer confidence index and industry sentiment index showed positive signs and outlook. However, the replacement tire demand has experienced a decline and hence intense competition in 2017. The competition in the replacement industry also faced intense price competition from new entry of lower-tier brands.

Despite the high competition, Goodyear strategically managed to succeed in terms of the expansion of Goodyear Autocare network and a positive launch of EfficientGrip Performance SUV in the premium SUV segment to capture the growth in SUV tire demand.

We also delivered satisfactory results in the OE business unit with the successful launch of tires for the Thailand Honda CR-V and Hyundai Kona exported to Korea.

(2) Aviation Tires

Goodyear's marketing plan for 2017 focused on communicating our statement of the best in class customer service, strong product and technical support. Our standard for success has been based on a commitment to continuous improvement and innovation.

Customer and Distribution Channel

The key customers for Goodyear's aviation tires are airlines that use commercial aviation tires. Asia-Pacific and domestic airlines, as well as the business jet group, are our target markets.

The distribution channel for aviation tires is through Goodyear affiliated companies in each country. For domestic distribution, the Company sells directly to airline customers and the volume depends on economic conditions and air-travel demand. These are directly linked to the increase or decrease of the flight volumes of each commercial airline.

Competition Status

The Aviation tires export demand continues to see a steady growth due to the expansion of the airline industry, as well as the emergence of new budget airlines and airports which meet the needs of the growing middle class, especially in the Asia-Pacific region.

2.3 PRODUCT SOURCING

(1) Product Sourcing Procedures

Currently, Goodyear has a manufacturing plant for ground tires, aviation tires and aviation retreading, located in Pathumthani Province.

Raw Materials Sourcing

Goodyear procures significant raw materials for the production of tires from various sources. Before raw materials are authorized for use in the production line, they must be tested, verified, and approved by the Goodyear Innovation Center - Akron or Goodyear Innovation Center - Luxemburg.

Important raw materials used for production include Natural Rubber, Synthetic Rubber, Nylon Fabric, Chemicals, Carbon Black, Steel Cord, and Bead Wire.

Goodyear has policies to procure such raw materials from quality control suppliers based on price and availability of supply. In 2017, the Company procured 88 percent of raw materials from domestic sources and imported 12 percent of raw materials as some materials could not be procured in Thailand.

Domestic/Importation	Raw Materials	Ratio
Domestic Sourcing	Nylon Fabric	5
	Polyester	9
	Carbon black	5
	Chemical, Oil Pigment	16
	Bead wire	3
	Tire wire creel	6
	Natural Rubber	6
	Synthetic Rubber	38
Total Ratio of Domestic Sourcing		88
Importation	Bead Wire	1
	Polyester	1
	Chemical, Oil Pigment	3
	Synthetic Rubber	6
	Tire Wire Creel	1
Total Ratio of Importation		12
Total		100

(2) Environment Matters

Goodyear is committed to protecting the environment and the communities in which we operate. As a global, socially-responsible corporate citizen, we shall see conduct our business in accordance with the highest applicable legal and ethical standards and strive to contribute to economic development and environmental protection. At the same time, we shall seek to improve the quality of life for our associates, families, communities and society in general. The Company took necessary measures to minimize the environmental affect in three major areas:

(a) Waste from the manufacturing process

Waste from the manufacturing process includes general waste such as plastic, rubber, teak, steel and toxic waste such as soiled fabric, expired chemical, used oil pigment and used toner.

The Company has a waste disposal site for waste separation in order to dispose it in accordance with each protocol and standard of such wastes. This waste management process is audited by an external independent auditor at least twice a year to ensure that our manufacturing processes will not create any environment matters to the nearby community.

(b) Monitoring waste water from the manufacturing process

The company invested in the construction of a wastewater treatment – Activated Sludge Treatment – which occurs from the manufacturing process. The water quality was measured after going through the wastewater treatment process. This is to ensure that the water we discharge into the public trough meets the required standards. Waste water from the manufacturing process is also tested by an external independent auditor on a monthly basis. Test parameters include Ph, BOD, COD, SS, H₂S, Oil and grease.

(c) Monitoring air condition emitted from the plant

The company arranges an external independent auditor to test and monitor air conditions emitted from the plant every six months. Test parameters include dust (TSP), Sulfur Dioxide, Nitrogen Oxide, Carbon monoxide, Opacity, Oxygen.

Environmental Disputes in the past three years

Goodyear has no environmental disputes in the past three years. This was confirmed by Department of Industrial Work, Pathumthani Province and Klongluang District Office.

2.4 UNDELIVERED PRODUCTS WITH HIGH VALUE AND THE LONG LEAD TIME DELIVERY

-None-

3

RISK FACTORS

(1) Financial Risks

The principal financial risks faced by the Company are foreign exchange rate risk, interest rate risk and credit risk. Exchange rate risk results from the Company's foreign currency denominated export sales and import purchases. Interest rate risk relates to the deposits of cash and cash equivalents in financial institutions and other investments. Credit risk arises when sales are made on deferred credit terms and in respect of deposits with financial institutions.

The Company has a policy not to use financial derivatives to locally manage the risks arising from fluctuations in currency exchange rates. However, the management may consider the use of foreign currency forward contract to hedge, should our exposure to foreign currency fluctuation increase.

The Company earns interest on cash and cash equivalents and short-term investments. The Company manages its interest rate risks by placing cash, cash equivalents and investments on various maturities and interest rates.

The Company does not expose itself to certain concentrations of credit risk relating to its cash and cash equivalents. The Company places its cash with several high quality institutions. The Company's policy is not to invest with any one institution but invest with various institutions. The Company places its excess cash in low risk, high credit quality accounts that mature in 90 days. The Company has not experienced any losses on such accounts.

(2) Raw material risks

The Company purchases raw material for its production from both overseas and the local markets. Major raw materials for production are natural rubber, synthetic rubber, carbon black, steel cord and chemicals. Each raw material can be sourced from various suppliers both locally and

from overseas. The Company purchases raw materials in a systematic way with contingency plans, in case of shortages in raw materials and price fluctuations. The Company cooperates with other Goodyear companies in ASEAN to mitigate risks from the shortage and price fluctuations of raw materials. From this planning and cooperation, it can ensure prompt responses in the event of raw material shortages, which will help to reduce any negative impact that may occur to the production process.

(3) Market risks

Ground tires have 2 key channels namely :

(a) Original equipment (OE)

The key risk of the OE channel is that the demand of tires will vary by the increasing or decreasing demand of the new automobile market, which directly affects automobile manufacturers in Thailand.

Although the OE channel is a lower profit segment, it is still important to Goodyear Thailand. This is due to the connection between OE and the Replacement demand, where some consumers tend to replace their tires with the same type and brand as originally attached with the vehicles.

There are some challenges from the uncertainty of domestic automobile sales volume in 2017 which may affect the overall demand of automobile market in the future. Goodyear has assessed these risks and is managing them by increasing sales volume in alternative segments, in addition to targeting additional OE accounts and fitments.

(b) Replacement

The demand of tires in the replacement channel depends on the quantity of existing vehicles which continues to grow.

The Company has significant revenue coming from replacement sales, which generally has a higher margin than OE. The competition status of the replacement channel has become more intense. Moreover, there is increased numbers of tire manufacturers and dealers in the Thailand industry. These are primarily lower-tier and Chinese brands. Another factor is the price of raw materials being a key factor of pricing strategy.

Goodyear will continue strategy in expanding distribution channels, increasing brand awareness, and staying agile while adapting our plans to keep up with emerging market conditions.

To maintain and build relationships with existing and new customers, and improve Company's competitive edge in the replacement channel, Goodyear will focus on reinforcing the value of its brand and products, in the areas of quality, innovation and safety. In light of this, Goodyear launched new products, enhanced communication with its consumers and dealers, and offered better sales promotions. The Company also determined that its high quality products need to be matched by equal quality services to ultimately improve overall customer satisfaction. To manage this risk, the Company will focus on expanding the Goodyear Autocare retail program where the majority of sales will be on Goodyear products.

Aviation tires

Important risks for aviation tires are linked to the economic conditions in Europe and America that may impact global flight volumes, which will directly affect the usage volume of aviation tires. However, the airline business in Asia has continued its growth, which resulted in the expansion of airline fleets in China, Indonesia and India. This volume will offset other export declines. For the domestic market, there is a requirement for more radial aviation tires. Therefore, the Company imports radial tires from other Goodyear markets to fulfill customers' needs.

3.2 Investor risks

The Goodyear Tire & Rubber Company is registered and located in USA, holding 66.79% of total ordinary shares of the Company. Therefore, the Company is under the control of The Goodyear Tire and Rubber Co., Ltd.

In the operation and management of the Company, the Company relies on The Goodyear Tire & Rubber Company for production technology, raw material technology, product sales, information technology and management oversight. This reliance could be a risk if there are any transfers of major shareholders.



GENERAL INFORMATION

4.1 General information

Company. Name	Goodyear (Thailand) Public Company Limit
Company's Registration	010753700118 (Formerly BorMorJor 365)
Head Office	50/9 Paholyothin Road Km. 36, Tambol Khlong Nueng, Amphoe Khlongluang, Pathumthani 12120, THAILAND Tel: 0 2909-8080 Fax: 0 2909-8097
Home Page	www.goodyear.co.th
Number of Employees	839 employees (as of December 31, 2017)
Business Operation	Manufacture and distribution of ground tires, aviation tires and aviation retreads
Registered Capital	74,000,000 Baht (as of December 31, 2017)
Number of Shares	7,400,000 Shares
Par Value	10 Baht each (Ten Baht)
Other company than Goodyear (Thailand) holding shares up to 10%	-None-

Reference	
Securities Registrar	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: 0-2229-2800 Fax: 0-2359-1259
Auditor	Mr. Chaisiri Ruangritchai, CPA No. 4526 PricewaterhouseCoopers ABAS Limited 179/74-80 South Sathorn Road Thungmahamek, Sathorn Bangkok 10120 Tel: 0-2344-1000 or 0-2286-9999 Fax 0-2286-5050
Legal Advisor	Tilleke & Gibbins International Ltd. Address: Supalai Grand Tower, 26th Floor, 1011 Rama 3 Road, Chongnonsi, Yannawa, Bangkok 10120 Tel: 02 653 5555 Fax: 02 653 5678

4.2 Other significant information

-None-

5

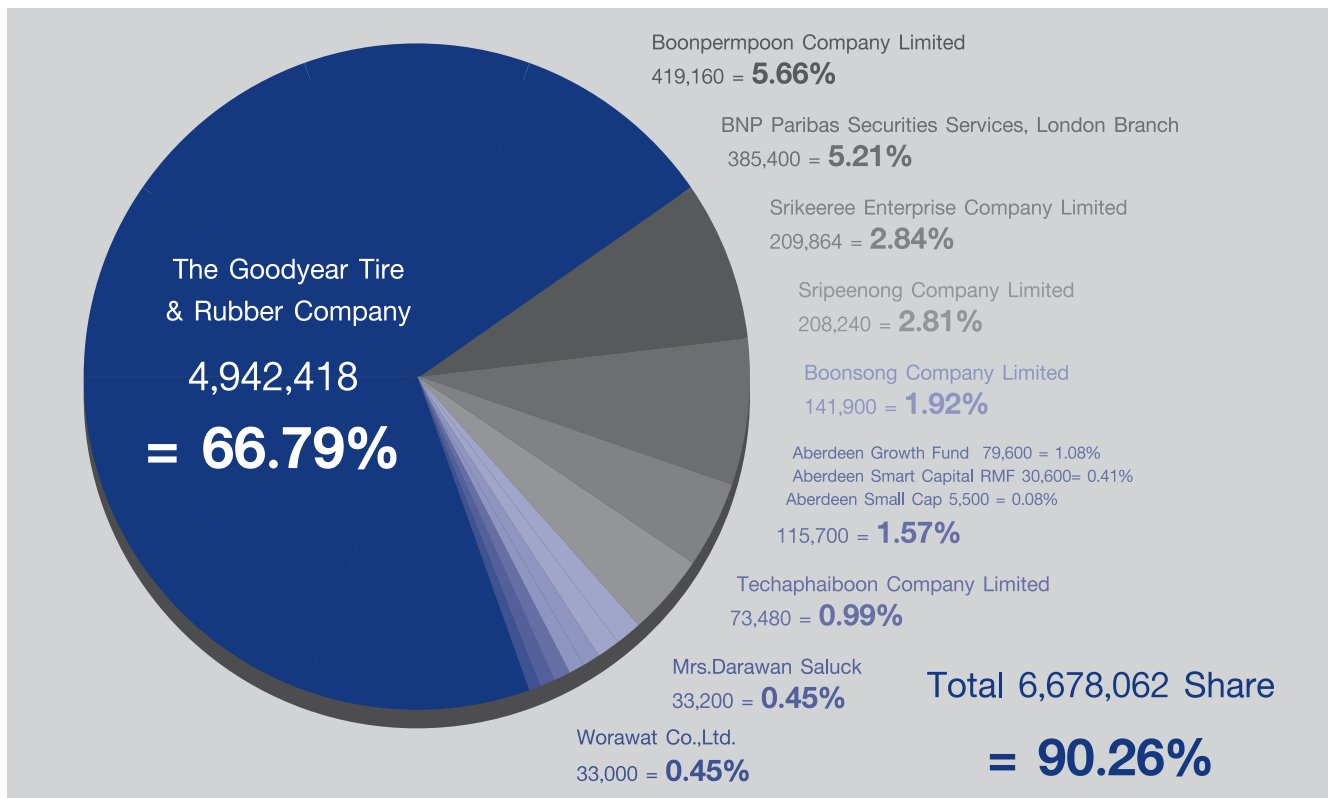
SHAREHOLDING STRUCTURE AND MANAGEMENT

5.1 Registered shares and paid up capital

Registered shares	74,000,000 Baht
Paid up capital	74,000,000 Baht
Ordinary shares	7,400,000 Shares
Value per share	10 Baht
Registered stock market	The Stock Exchange of Thailand
Security Name Symbol	GYT

5.2 Major Shareholders

(1) Top 10 Major shareholders as of the recent book closing date 14 March 2018



(2) Major shareholders who have controlling power or managing significant matters of the Company.

Major Shareholders	Number of Shares	% Share
The Goodyear Tire & Rubber Company	4,942,418	66.79

(3) Shareholding Agreement affects to management power on Company's operations or issuing shares and publicly listed.
-Nil-

5.2 Other Issued Security

-None-

6

DIVIDEND POLICY

The payment of dividends shall be made within one month after the resolution to pay has been passed at a General Meeting or the Board meeting as the case may be. In this event, the Company shall notify the shareholders in writing of the payment and have such notifications published in newspapers. The distribution of dividends shall be according to the number of shares and on an equal basis.

Paid Dividend History in the past 3 years

Operations period	1/01/2016 – 31/12/2016	1/01/2015- 31/12/2015	1/01/2014- 31/12/2014
Net profit (MTB)	280	385	237
Net profit/share (Baht) (EPS)	37.77	52.09	32.05
Dividend per share (DPS)	20	20	20
Dividend yield (%)	4.44%	4.52%	4.88%
Dividend payout ratio (%)	53%	38%	62%
Total payment (MTB)	148	148	148

7

MANAGEMENT OF THE COMPANY

7.1 THE BOARD OF DIRECTORS

Composition of the Board of Directors as of 31 December 2017 shall be as follows :

Name	Position	AGM 2016 (No.49) Number of Attendance/Number of Meeting	The Board of Directors Meeting No. of attendance/No. of Meetings	The Audit Committee Number of attendance /Number of Meetings	The Nomination and Corporate Governance Committee Number of attendance /Number of Meetings
Dr. Dhiraphorn Srifuengfung	Chairman of the Board	1/1	4/4	-	4/4
	Nomination and Corporate Governance Committee member				
Mr. Finbarr O'Connor	Executive Director	1/1	4/4	-	-
	Nomination and Corporate Governance Committee member (Appointed by the Board resolutions from the Meeting No.4/2017 on 3 November 2017) Executive Director				
Mr. Phiphat Vorapipat	Executive Director	1/1	4/4	-	4/4
	Nomination and Corporate Governance Committee member (Resigned on 3 November 2017, The Board resolutions from the Meeting no. 4/2017)				
Mr. Andrew Michael Cooper (Appointed on 3 November 2017, The Board of Directors' Meeting no.4/2017)	Director	-	1/4	-	-

Name	Position	AGM 2016 (No.49) Number of At- tendance/Num- ber of Meeting	The Board of Directors Meeting No. of atten- dance/No. of Meetings	The Audit Committee Number of attendance /Number of Meetings	The Nomi- nation and Corporate Governance Committee Number of attendance /Number of Meetings
Mr. Oliver Gloe	Director	1/1	4/4	-	-
Mr. Wee Hong Kek	Director	1/1	4/4	-	-
Mr. Athaporn Khaimarn	Independent Director	1/1	4/4	4/4	-
	Chairman of the Audit Committee				
Mr. Yeap Swee Chuan	Independent Director	1/1	3/4	3/4	3/4
	Audit Committee Member				
	Chairman of the Nomination and Corporate Governance Committee Director				
Ms. Chanapun Juengrungruangkit	Independent Director	1/1	3/4	3/4	3/4
	Audit Committee Member				
	Chairman of the Nomination and Corporate Governance Committee				

Remarks:

- (1) Qualification of the Board of Directors is as described in the Attachment no. 1.
- (2) Mr. Christopher Delaney resigned from the Board of Directors on 3 November 2017.
- (3) Mr. Yeap Swee Chuan could not attend the Board of Directors Meeting, the Audit Committee Meeting and the Nomination and Corporate Governance Committee Meeting no. 4/2017 due to an urgent business matter.
- (4) Ms. Chanapun Juengrungruangkit could not attend the Board of Directors Meeting, the Audit Committee Meeting and the Nomination and Corporate Governance Committee Meeting no. 3/2017 due to an urgent business matter.

(1) Authorized Directors

Mr.Finbarr O'Connor and Mr. Phiphat Vorapipat: the joint signatures when combined with the company seal shall be binding upon the company

(2) Structure of the Board and management

(A) Company has three Independent Directors which equal to one-third of the Board of Directors or 33.33% of the Board of Directors. Name of Independent Directors as of 31 December 2017 were as follows:

1. Mr. Athaporn Khaimarn
2. Mr. Yeap Swee Chuan
3. Ms. Chanapun Juengrungruangkit

(B) The Audit Committee

Company has three Audit Committee members which equal to one-third of the Board of Directors. Name of the Audit Committee as of 31 December 2017 were as follows:

- | | |
|-----------------------------------|-----------------------------|
| 1. Mr. Athaporn Khaimarn | Chairman of Audit Committee |
| 2. Mr. Yeap Swee Chuan | Member of Audit Committee |
| 3. Ms. Chanapun Juengrungruangkit | Member of Audit Committee |

(C) The Nomination and Corporate Governance Committee

Compositions of the Nomination and Corporate Governance Committee as of 31 December 2017 were as follows :

- | | |
|-----------------------------------|---------------------------|
| 1. Mr. Yeap Swee Chuan | Chairman of the Committee |
| 2. Dr. Dhiraphorn Srifuengfung | Member of the Committee |
| 3. Mr. Finbarr O'Connor | Member of the Committee |
| 4. Ms. Chanapun Juengrungruangkit | Member of the Committee |

Remarks:

Mr. Phiphat Vorapipat resigned from the Nomination and Corporate Governance Committee on 3 November 2017, the Board resolutions from the Meeting no. 4/2017

(D) Executive Directors

As of 31 December 2017, Executive Directors were:

- | | |
|--------------------------|-------------------|
| 1. Mr. Finbarr O'Connor | Managing Director |
| 2. Mr. Phiphat Vorapipat | Sales Director |

7.2 Management

As of 31 December 2017, Management list was:

1. Mr. Finbarr O'Connor	Managing Director
2. Mr. Phiphat Vorapipat	Sales Director

7.3 COMPANY SECRETARY

Roles and responsibilities of Company Secretary

The Company Secretary has performed roles with fiduciary duties by having responsibility, and duties of care and loyalty, as stipulated in the Securities and Exchange Act, including preparing and safeguarding the Company's documents, namely (1) directors registry (2) notice and minutes of the Shareholders' meetings and (3) agenda, minutes of the Board's meetings, and Annual Reports; safeguarding the Conflicts of Interests Report submitted by the directors and management as well as sending a copy of the report to the Chairman of the Board and Chairman of the Audit Committee, as stipulated by law.

The Corporate Secretary is also responsible for the following duties as required by the Board of the Company.

- Overseeing and advising the Board to ensure that the directors perform their roles in compliance with relevant applicable laws, rules and regulations as well as the Company's objectives, AoA, resolutions from the Board's and shareholders' meeting
- Organizing meetings of the Board, sub-committees, and shareholders
- Arranging orientation for and providing advices to new directors
- Recommending necessary and appropriate training programs to directors
- Monitoring the Company's business operations of each function to ensure alignment with the directions set by the Board and shareholders and within the conditions set forth by external regulatory bodies overseeing listed companies
- Governing, preparing and safeguarding of Company's important documents
- Promoting and educating the directors, management, and employees about the Good Corporate Governance and Business Ethics of the Company, which is regularly being revised to be in compliance with related laws and in line with international practices of leading organizations
- Ensuring all shareholders of the Company are being treated fairly, ethically and lawfully as well as promoting good relationships with minority shareholders
- Acting as a Case Coordinator, which is responsible for managing reports submitted through the Case Management System of the Company
- Performing other duties as appointed by the Company

The Board of Directors resolved that Ms. Napat Tanyakulsajja is the Company Secretary on 11 November 2013. She has performed her duties of the secretary of the Board, the secretary of the Audit Committee and the secretary of the Nomination and Corporate Governance Committee. Her qualifications are described in Attachment no. 1.

7.4 REMUNERATIONS OF DIRECTORS AND EXECUTIVES DIRECTORS

The Nomination and Corporate Governance Committee considered the directors' remunerations by taking into account the suitability of business activity, size and linkage with the Company's operation result being in line with the same market and industrial norm, as well as experience, duties and responsibilities of directors. Only resident directors who do not receive a salary from the Company and reside in Thailand are eligible to receive Directors' fees.

(1) The Directors' remunerations of year 2017 were as follows :

Chairman	500,000 Baht
Other Board members living in Thailand and not employed by the Company	350,000 Baht per each member
Chairman of Audit Committee	350,000 Baht
Audit Committee	300,000 Baht per each member
Chairman of the Nomination and Corporate	100,000 Baht
Nomination and Corporate Governance Committee	75,000 Baht per each member

These fees included salary, meeting fees and other remunerations, and were approved by the 49th Annual General Meeting on 25 April 2017.

(2) Bonus : -None-

(3) Other remunerations : -None-

7.5 EMPLOYEES

As of 31 December 2017

(1) Total employees	839 persons
(2) Salary employee	114 persons
Hourly employees	725 persons
(3) Total employees 'compensation of the year 2017	570 Million Baht ¹
(4) Capability Development	The Company emphasizes personal and professional capability development in all our associates. Top talents and teams are significant factors that will sustainably drive the organization and are a key part of Goodyear's strategy globally. The Company therefore supports and provides opportunities to associates to enhance their knowledge, skills and capabilities in order to improve their efficiency and effectiveness.

¹Audited Financial Statements 31 December 2017 see note 13, page 30

8.1 GOOD CORPORATE GOVERNANCE POLICIES

Goodyear (Thailand) Public Company Limited operates businesses and has good corporate governance policies in compliance with an announcement of the Stock Exchange of Thailand and the Security and Exchange Commission in 5 sections as follows:

- Rights of shareholders
- Equitable treatment of shareholders
- Role of stakeholders
- Disclosure and transparency
- Responsibilities of the Board.

The Company follows a corporate philosophy, enshrined in a manual titled 'Business Conduct Manual' for The Goodyear Tire & Rubber Company's global operations. The Business Conduct Manual is designed to help associates understand our commitment to upholding high standards and to act with honesty, integrity and fairness to protect the business and our good name. The core elements, inter-alia, include acting with honesty, integrity and respect; attract, develop, motivate and retain the best team of associates; drive an efficient, aligned and effective organization; earn and build long lasting relationships with customers, consumers, business partners and exceed their expectations; and create a sustainable business model that consistently delivers a strong return on investments. (Please find more information at <http://www.goodyear.com/businessconductmanual/#/8/>)

One of the Shared Values included in the Goodyear Mission requires all associates to "act with honesty, integrity and respect." Whether performing important business transactions, attending business meetings, collaborating with others on projects or socializing in less formal business situations, this value is essential to who we are as Goodyear associates all around the world.

In addition, as a US subsidiary company, the Company also complies with the Sarbanes Oxley Act (SOX) in respect to financial reporting controls and high ethical standards.

8.2 DUTY OF THE BOARD OF DIRECTOR AND COMPANY'S COMMITTEE

Company has a Board of Directors and three subcommittees namely the Audit Committee, the Nomination and Corporate Governance Committee and the Executive Committee.

(a) BOARD OF DIRECTORS

For details of the Board of Directors please find in Section 7.1. The Board of Directors has the following duties and responsibilities:

1. To lead and manage the Company based on the Company's vision and missions.
2. To act in compliance with laws, regulations and resolutions of the Shareholders Meeting.
3. To consider and approve significant transaction such as a new investment project or an acquisition of an asset which the value of transaction is significantly pursuant to the Stock Exchange of Thailand regulations, The Securities Exchange Commission regulation and any applicable law.
4. To monitor and conduct business operations in compliance with the Company's Business Conduct Manual and ethics.
5. To organize the finance system, a reliable financial report, internal controls, and monitor the assessment of internal controls and internal audit for its efficiency.
6. The Board of Directors have power and duty as follows:
 - (1) To appoint and remove employees of the Company.
 - (2) To fix the payment of bonus to employees of the Company or to other persons working for Company temporary or permanent.
 - (3) To fix interim dividend to the shareholders To transact any duty as assigned by the Board of Directors .

of the Company that may authorize to one or several directors or other persons to perform duties on behalf of directors in certain matters.

The following specific businesses shall be decided by votes not less than three-fourth of the total votes of the shareholders present and qualified to vote:

- (1) A sale or transfer of business of the company, in whole or in essential part to other person;
- (2) A purchase or acceptance of transfer of business of other company or private company to be the company's own;
- (3) Entering into, amending or terminating a lease of business of the company in whole or in essential part; entrusting other person with the management of the company; or amalgamating business with other persons with the objective to share profit and loss.

Meeting of the Board of Directors

The Board scheduled the Board of Directors meeting throughout the whole year, at least every three months. The Board may schedule the extra Board of Directors meeting as necessary. To call for a meeting, a Chairman of the Board considers and determines meeting agendas, and calls for the meeting in accordance with the Company's Article of Association. The Company delivers the meeting notice with agendas and all supporting documents to Board members at least seven days prior to the meeting so that the Board will have sufficient time to review.

The Chairman shall be the chairperson of the meeting where he/she will conduct and distribute time for each agenda for the Board members to discuss and make their comment independently. In doing so, the Board is always aware of the right of shareholders and stakeholders. The quorum of the meeting shall comprise the Board members with at least one-half of all directors. The vote shall be a majority votes of the Board, one director has one vote.

The Company Secretary has a duty to support the Board's duty performance for being in accordance with the laws and SET rules and regulations, conduct a meeting and responsible for creating Minutes of meeting, preserving the Company's document, creating and updating the director's registration as well as enhancing the good corporate governance of the Company.

Conflict of Interest Report

Director and Executive Director under the definition of SEC regulations require to report his/her own conflict of interest including their related persons when appointing or changing of the information. This report should be reviewed annually pursuant to SEC regulations.

Director Orientation

The Company provides orientation of the Company's business and regulations to the new director to ensure that the new director will obtain sufficient information for performing his/her duties. The Board also encourage all directors to develop their knowledge and recommend that each director attend the course at the Thai Institute of Directors at least one fundamental course.

Board Assessment and Director Assessment

The Board and the director have to take the assessment annually in order to review their performance which complies with the Company policy. The Assessment has subjects as follows:

- | | |
|-----------|--------------------------|
| Section 1 | Director Self-assessment |
| Section 2 | The Board assessment |

- (1) Structure and qualification of the Board
- (2) Accountability, roles and responsibilities
- (3) Meeting of the Board
- (4) Monitoring and Supervision
- (5) Relationship with management
- (6) Training and development
- (7) Oversight of the Financial reporting process including internal control
- (8) Ethics and compliance

(b) THE AUDIT COMMITTEE

For details of the Audit Committee please find in Section 7.1.

The Audit Committee has the following duties and scope of responsibilities:

1. To review the Company's financial reporting process to ensure that it is accurate and adequate.
2. To review the Company's internal control and internal audit systems to ensure that they are suitable and efficient; to determine the internal audit unit's independence; and to approve an appointment, transfer and dismissal of the chief of the internal audit unit or any other unit in charge of internal auditing.
3. To monitor compliance with the laws on securities and exchange, the SET's regulations and the laws relating to the Company's business.
4. To consider, select and nominate an independent person as the Company's auditor and propose his/her remuneration; to attend a non-management meeting with the auditor at least once a year.
5. To review related transactions or transactions that may lead to a conflict of interests to ensure that they comply with the SET's laws and regulations and that they are reasonable and for the maximum benefit of the Company.
6. To prepare and disclose at least the following information in the Company's annual report and the Audit Committee's report, which are to be signed by the Audit Committee's Chairman. The report shall consist of at least the following:
 - (a) Opinion on the accuracy, completeness and creditability of the Company's financial report;
 - (b) Opinion on an adequacy of the Company's internal control system;
 - (c) Opinion on the Company's compliance with the law on securities and exchange, the SET's regulations or the laws relating to the Company's business;
 - (d) Opinion on the creditworthiness of an auditor;
 - (e) Opinion on transactions with possible conflict of interests;

(f) A number of the Audit Committee meetings and the number of attendance of each committee member;

(g) Opinion or an overview comment received by the Audit Committee in regard to its performance in accordance with the charter;

(h) Other transactions which, according to the Audit Committee's opinion, should be known to shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.

7. To perform any other act as designated by the Company's Board of Directors upon the audit committee's approval.

(c) THE NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Details of the Nomination and Corporate Governance Committee please find in Section 7.1.

The Nomination and Corporate Governance member has following duties and responsibilities:

1. Evaluate and select or recommend the Board of Directors related to election of directors.
2. Establish criteria for selecting new directors; and identify and actively seek individuals qualified as directors.
3. Consider director candidates proposed by shareholders.
4. Review and make recommendations to the Board concerning structure, size and composition including skills, knowledge and experience of the Board for the Board's efficiency as the whole.
5. Identify existing directors who are due for re-election by rotation at the Annual General Meeting of the Company.
6. Review the Board's performance appraisal; annually.
7. Develop and review, at least annually, the principle of conduct; give opinions related to change of the Board.
8. Review and make recommendations pursuant to the corporate governance issues prevailing from time to time.
9. Review disclosures of information relating to statements

in the Annual Reports detailing the Committee's activities
10. Perform other duties and responsibilities relating to the Committee as delegated by the Board from time to time.

(d) EXECUTIVE DIRECTORS

Executive Directors have duties to operate and manage the Company to achieve the goals set up each year. The Company appoints the Managing Director and other Directors as Executive Directors. Executive directors as of 31 December 2017 were:

Mr. Finbarr O'Connor	Managing Director
Mr. Phiphat Vorapipat	Sales Director

8.3 ELECTION OF NOMINATION OF DIRECTORS AND EXECUTIVE DIRECTORS

(1) INDEPENDENT DIRECTORS

According to Principles of Good Governance, a public company should have Independent Directors, at least one third of the Board members, who give frank opinions related to important matters without the domination from other interest groups referred to as "Independent Directors". The company shall have three Independent Directors from the nine-member Board of Directors or the equivalent of 33.33 percent, which is equivalent to the minimum standard, namely as follows:

1. Mr. Athaporn Khaimarn
2. Mr. Yeap Swee Chuan
3. Ms. Chanapun Juengrungruangkit

The Company defined the definition of Independent Directors, with intensive requirements beyond minimum standard of requirements of the SET and the SEC as detailed below:

1. Independent Directors shall not have any business relationship or work with any company that may affect an independent decision from them.
2. Independent Directors shall not hold more than 0.5 per cent of the paid-up capital of the Company, its affiliated company or related company. Shares held by Independent Directors shall include those held by their connected persons.
3. Independent Directors shall not be involved in any management of the Company and its affiliated company, related company or connected company or in major shareholders of the Company. Independent Directors shall not be a consultant – giving advice for a fixed income – of the Company and its affiliated company, related company or connected company or major shareholder of the Company.
4. Independent Directors shall not have stakes or hold stake either directly or indirectly in the finance and management of the Company or its affiliated company, related company or connected company or the major shareholder of the Company.
5. Independent Directors shall not be related to or be a relative of senior management or major shareholders of the Company.
6. Independent Directors must pass a procedure of selection of the Board of Directors.

(2) ELECTION OF DIRECTORS

The Company elects Directors by means of nomination following the consideration and approval of the Nomination and Corporate Governance Committee and the Board of Directors. Shareholders will then consider and approve the appointment of directors. Minority shareholders have their rights to consider and vote to appoint Directors at the Shareholders Meeting. Currently, there are nine members of the Board of Directors, comprising knowledgeable and experienced executives in related fields of businesses, including representatives of shareholders. The numbers of the independent Directors shall be equal to or not less than one-third of the Board of Directors.

A selection and appointment of board members by shareholders is subject to the following criteria:

1. Each shareholder shall have one vote per share.
2. Each shareholder may use his entire vote to elect one or more Directors as deemed appropriate by the Shareholders Meetings. However, in each voting, shareholders shall vote according to number of shares held and shall not divide his votes in any proportion for any particular Director.
3. The candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order.

The Company specified the procedure to serve equitable treatments of shareholders whereby they invite shareholders to propose the agenda of the Annual General Shareholders Meeting and names of directors. The nominees of directors will be published on the Company's website: www.goodyear.co.th and SET website in advance.

ELECTING SENIOR MANAGEMENT

The executive section will recruit the senior management upon vacancy and according to the criteria and regulations of the Company.

8.4 GOVERNANCE OF AFFILIATED COMPANIES

-Nil-

8.5 DISCLOSURE OF INSIDE INFORMATION

The Company is aware of the importance to control the Company's inside information.

The Company's associates at the level who need to know and/or can access such information should carefully use the Company's inside information and not disclose such information to any third party. Directors, the management and associates of the Company are prohibited to publicly

disclose or use the Company's inside information for individual benefits.

The Company's information should be disclosed to the people who are under a need-to-know basis only, including but not limited to the Auditor and Legal Counsel. Information will be disclosed to shareholders in accordance with SET regulations.

The Company specifies an Insider Trading Policy in Business Conduct Manual which can be summarized as follows:

- Directors, associates and their family members are prohibited from using inside information or disclosing any material information about Goodyear that has not yet been made available to the general public.
- Directors, associates and their family members are prohibited from using inside information for their financial gain or disclosing it to others for their financial gain.
- Directors, associates and their family members must not buy or sell or recommend others to buy or sell in their name of Goodyear stock or those securities within one month until information such as quarterly or annual financial statements has been released to the public.

8.6 AUDIT FEE

The Audit Committee approved these auditors from PricewaterhouseCoopers ABS Limited as listed below, provided that any one of the following auditors can act as the auditor and express their opinion to the company's financial statements. The Audit Committee approved by considering the performance and independence of the auditors and the audit fee in the no. 1/2017 Audit Committee Meeting.

Name of the Auditors	Certified Public Accountant No.	Year which he/she affixed his/her signature on the Company's Financial Statement
1. Mr. Chaisiri Ruangritchai	4526	1 year (2017)
2. Mr. Prasit Yuengsrikul	4174	-
3. Miss Varaporn Vorathitikul	4474	-
Auditor's fee		Year 2017
Audit fee		1,900,000 Baht
Other service fees		None

8.7 Other Company's activities following Good Corporate Governance rules

(1) DETAILS OF ATTENDANCE

Please see details in Clause 7.1

(2) Reported on good corporate governance activities in 2017 to follow Good Corporate Governance in 5 areas in accordance with the announcement of the Stock Exchange of Thailand

• RIGHTS OF SHAREHOLDERS

The Company realizes and respects the rights of shareholders including rights to trade or transfer shares, sharing in profit from operation, receiving adequate news and information of the Company and attending and voting in the shareholders meeting.

In the Annual General Shareholders Meeting, the Company informed details of the meeting including venue, date and time, as well as agenda or matters to be transacted in the meeting. The Company delivered the invitation letter together with all relevant documents to every shareholder and the registrar at least 14 days before the meeting date including announcements in local newspapers at least three days before the meeting date.

Before the Annual General Shareholders Meeting, the Company offered the opportunity to Shareholders to propose the agenda to be discussed and requested for them to send questions relating to the agenda which required further clarification by the Company, in advance.

On the meeting date, the Company requires all members of the Board of Directors, the Audit Committee and the Nomination and Corporate Governance Committee to attend the meeting and provide prompt responses to the Shareholders' queries during the meeting. The Company allows Shareholders to attend the meeting and ask queries in the meeting. The Directors of the Company have clarified the queries in the meeting and Shareholders are free to utilize their voting rights in the meeting. Minutes of meeting was completed and announced in the Company's website and SET website within 14 days after the meeting.

• EQUITABLE TREATMENT OF SHAREHOLDERS

The Company applies equal treatment to every shareholder in order to ensure confidence among shareholders.

The Company appropriates adequate meeting time and gives equal chance to every shareholder to express their opinions, ask questions and exercise their rights to elect Directors.

The Company's shareholders are entitled to appoint a proxy to attend and vote on their behalf in the meeting. Alternatively, the shareholders can empower the Independent Director of the Company to be their proxy to attend the Annual General Shareholders Meeting. The Company has enclosed the Independent Directors' profiles with the invitation letter to the Shareholders' Meeting.

During the meeting, the Company uses voting ballots for transparency and further investigation in the event there is any objection.

Regarding the appointment of Directors, the shareholders can use their right to elect each Director individually.

• ROLE OF STAKEHOLDERS

The Company has policies that outlines the roles of stakeholders in the Business Conduct Manual (download www.goodyear.ethicspoint.com):

- Fair practice with competitors, the Company conducts business in compliance with applicable Competition Law. The Company is also aware of and complies with all applicable laws and the highest ethical standard when handling the analysis or research data of competitors.
- Anti-Bribery policy, the Company has an Anti-Bribery Policy which includes an annual online course training for associates, the management and executives. This policy aligns with the United States Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act which stated that "Goodyear's policy is that no Goodyear associate will offer

or make or agree to receive or accept any improper payment or anything of value to or from anyone anywhere in the world in order to obtain or retain business or to secure any improper advantage. We will give up any business opportunity that can be won only by giving an improper or illegal payment, bribe, gift, rebate, kickback, or similar inducement."

- The Board of Directors monitored and reviewed the audit of internal auditor and compliance with Anti-Bribery Policy through the report of the Audit Committee in every Board of Directors meetings.

- Whistle Blower. The Company provides an integrity hotline www.goodyear.ethicspoint.com that stakeholders can contact, report conflicts of interest or violation of business ethics.

- Goodyear prohibits any form of retaliation against individuals who in good faith report known or suspected violations of policy or law. In addition, individuals who participate and cooperate honestly and completely in an investigation are protected against retaliation.

• DISCLOSURE AND TRANSPARENCY

The Company disclosed material information related to the Company, either financial information or non-financial information, accurately, punctually and appropriately. These were disclosed by Form 56-1, in the Annual Report and via the SET website, as well as published in the minutes of the Annual Extraordinary General Shareholders Meeting on the Company's website www.goodyear.co.th. With reference to the Annual Report, the Company reported the roles, duties and responsibilities of the Company's directors and all sub-committees, including details of attendance in the passing year, director's fees and the Company's management fees. Biography of each Board of Directors is attached in Attachment 1 herein.

• RESPONSIBILITIES OF THE BOARD

The Board of Director has acknowledged their responsibilities relating to conflicts of interest and related transaction matters. The Board considered with due care, and in compliance with the rules and regulations of SET transactions, third party transactions. Every transaction disclosed the related details, amounts, parties, reasons and necessity to the SET and Shareholders as appropriate.

The Company has a Business Conduct Manual which helps all associates understand and follow the highest ethical and standards in doing business, which includes making a report when finding suspected or known conflict behavior or violation of this Manual. The Company published the Business Conduct Manual at www.goodyear.ethicspoint.com. The Company also conducted an annual online training course to highlight to all associates and management the importance of complying with this Manual.

The Company fully reports to the Board of Directors and through the SET website when involved with a Related Party Transaction as the size of the transaction is considered a significant transaction pursuant to the SEC regulations.



CORPORATE SOCIAL RESPONSIBILITY

9.1 CSR OVERVIEW

The Company is constantly evolving as we improve our overall performance and strive to be a leader in industry. This helps to benefit our associates, customers, shareholders, suppliers, communities and the environment. The Company's concerns about Corporate Social Responsibility following SEC announcement in 8 practices namely 1) Fair practice in doing business 2) Anti-Corruption 3) Human Rights 4) Fair labor practice 5) Responsibilities to consumers 6) Environmental friendly 7) Community 8) Innovation and publication. The Company does this across four key areas:

People

From encouraging wellness and safety both on and off the job to supporting a team-based culture of continuous learning, Goodyear's policy is to act with honesty, integrity and respect.

Products

Meeting customers' needs of high quality products. Leading in targeted segments as well as innovation. Being competitively advantaged. These are Goodyear's strategic principles for creating sustainable economic value that will result in an even stronger company.

Environment

At Goodyear, sharing the planet responsibly with customers, employees, shareholders, communities and suppliers is the impetus behind key objectives on sustainability. Our sustainable activities mirror this commitment.

Communities

Focusing on safety, children and families, education and health services, Goodyear's long history of corporate philanthropy, outreach and sponsorship continues to reflect our corporate values.

(1) Analysis Company's Stakeholders: Company's key stakeholders

- Employee
- Community
- Dealer, Consumer
- Government
- Shareholder
- Supplier
- Publicist
- NGO

(2) CSR IN PROCESS

Environmental, Health, and Safety

The Goodyear Mission clearly states that two of our shared values are to care for our environment and communities, and to encourage wellness and safety both on and off the job. As a globally responsible corporate citizen, we will conduct our business in accordance with the highest applicable legal and ethical standards.

We strive to contribute to sustainable economic development and environmental protection while seeking to improve the quality of life for our associates, families, communities, and society in general. We want our associates to have a work environment where they feel safe and secure. To that end, we shall:

- Comply with all applicable environmental, health and safety laws and regulations, as well as Goodyear's global EHS standards for all operations.
- Establish environmental, health and safety management systems based on recognized standards and company-wide goals and objectives that seek to continually improve performance, reduce our environmental footprint and increase the sustainability of our materials, operations and products.

- Integrate environmental, health, safety and sustainability considerations into all key business decisions – including the design, production, distribution and support of our products and services.

- Ensure that our products are safe when properly maintained and when used as intended, and work with suppliers and customers to promote responsible and sustainable use throughout their life cycle.

- Strive to reduce our environmental impact and conserve natural resources by minimizing waste, water usage, air and greenhouse gas emissions while reusing and recycling materials, and responsibly managing energy use through the life cycle of the tire.

- Encourage and educate all associates to be personally accountable and share ideas for protecting the environment, and create a safe and healthy workplace.

- Publicly report annual EHS goals and accomplishments.

- Meeting these objectives is a primary management value and the collective and individual responsibility of all Goodyear associates worldwide.

Human Rights

• **Discrimination**

Goodyear has a zero tolerance policy and is committed to maintaining an inclusive workplace free of harassment and discrimination based on a person's status such as race, color, religion, national origin, sex (including pregnancy), sexual orientation, age, disability, veteran status or other characteristics protected by applicable law. Any associate who knows of discrimination or harassment, or feels that he or she has been subjected to or falsely accused of discrimination or harassment should report it immediately to the person with immediate authority over the workplace, to his or her human resources representative, or to the other resources identified in the zero tolerance policy. All reports will receive an appropriate investigation or review.

• **Voluntary employment**

Each associate's presence must be voluntary. This specifically prohibits all forms of prison labor, indentured labor, slave labor, or other forms of compulsory labor or human trafficking.

• **Child labor**

Goodyear does not engage in or condone the unlawful employment or exploitation of children in the workplace. Further, we support the use of legitimate workplace apprenticeship, internship, and other similar programs that comply with all laws and regulations applicable to such programs.

• **Freedom of association**

Goodyear recognizes and respects associates' rights and freedom to join organizations of their own choosing or to refrain from joining organizations. Associates who have chosen unions in accordance with applicable laws and regulations are entitled to bargain collectively through representatives of their own choosing. The Company shall facilitate open communication and direct engagement between associates and management in those situations in which the right to freedom of association and collective bargaining are restricted under law. No associate shall be subject to dismissal, discrimination, harassment, intimidation, or retaliation due to his/her membership in a lawful workers' association or union.

• **Work hours and wages**

Goodyear is committed to complying with all applicable laws and regulations dealing with the wages we pay our associates and the hours they work.

• **Safe and secure workplace**

Goodyear is concerned about the safety and health of its associates. We take steps to reduce the chance of workplace accidents, injuries, or exposures to health risks. In particular, this commitment encompasses all forms of "workplace violence" which is specifically prohibited by Company policy.

• **Mother's room at workplace**

As there is a growing number of new mothers in the office, Goodyear Thailand provides a Mother's room for these new mothers to do breastmilk pumping after returning to work from maternity leave. The company strives to provide the safety, the healthiness and the privacy for the

new mothers. The room consists of the refrigerator to only store the freshly-pumped milk and related accessories, the sink to wash their hands and clean the accessories, small table and sofa. From the survey, the company received a very positive feedback from the employees over this Mother's room although many of them are male or the females who are not the mothers who just return to work from maternity leave.

• **Suppliers**

Goodyear seeks to do business with suppliers that observe similar standards in their relations with their employees and their own supply chains.

Commitment to integrity

• **Corporate Compliance and Ethics Policies**

Goodyear's corporate compliance and ethics policies exemplify our commitment to leading with integrity, and these expectations are communicated at all levels of the company to help every associate maintain the highest standards of ethical behavior.

• **Business Conduct Manual**

Goodyear's Business Conduct Manual is available to associates in 26 languages. The manual defines behaviors necessary to support the company's high standards and reinforces associate compliance with all applicable laws and business practices. We expect every associate to know and understand our ethics policies, and associates must agree to act accordingly. Most new salaried associates at Goodyear are required within the early days of employment to complete online training covering our Business Conduct Manual and how to report a concern. The training includes a certification to abide by the principles in the manual. Top salaried associates on a global basis are also required to complete an annual certification.

• **Supplier Code of Conduct**

In addition, everyone doing business with Goodyear, including suppliers, contractors, organizations and others, is directed to the company's website so that they may

read the Business Conduct Manual and be aware of our obligations and requirements. Goodyear's Supplier Code of Conduct demands raw material suppliers to certify to a standard code of conduct. The Supplier Code of Conduct contains our expectations on various topics including environment, conflict minerals, health and safety, gifts, child labor and human trafficking.

• Compliance and Ethics Training

Goodyear continued its online Compliance and Ethics training with salaried associates around the globe. A training focus for the Compliance and Ethics Office was our Anti-Bribery Policy training which was delivered to many employee groups around the world, with special emphasis on due diligence of third parties with whom we do business.

Associates are expected to report any actual, suspected or potential misconduct to management or the corporation's Integrity Hotline. Available toll-free 24 hours a day, seven days a week from anywhere in the world via telephone or internet, our ethics hotline allows associates to report a concern anonymously or to provide names and contact information. Every allegation is reviewed and, in cases where an allegation of misconduct is confirmed, appropriate disciplinary or remedial action is taken. In addition, Goodyear strictly prohibits retaliation against individuals for making a report in good faith.

Company already reported other information regarding environment protection related production process in section 2.3.

9.3 BUSINESS OPERATIONS IMPACT TO CSR

Goodyear does not have any claims from nearby community regarding environment issue in 2017. The Company obtained confirmation from Provincial Industrial Office, Pathumthani and Klongluang Municipality.

9.4 CSR AFTER PROCESS

The Company operates its business with consideration of the CSR compliance requirements of the eight rules of the

SET. The Company has a working group handling CSR activity. In 2017, Goodyear conducted the following CSR activities: donation and career tutoring insights for girls at the Thanyaporn Home for Girls in Bangkok, education workshop collaborated with The National Science Technology and Innovation Policy Office, as well as on-ground activities promoting safe drive during Songkran.

9.5 Anti-Corruption Policy

Goodyear's policy is that no Goodyear associate will offer, make, receive or accept any improper payment or anything of value to or from anyone anywhere in the world in order to obtain or retain business or to secure any improper advantage. We will give up any business opportunity that can be won only by giving an improper or illegal payment, bribe, gift, rebate, kickback or similar inducement.

The Company has a Business Conduct Manual which helps all associates to understand and follow the highest ethical and standards in doing business including making a report when found suspected or known conflict behavior or violation of this Manual. The Business Conduct Manual of the Company is published at www.goodyear.ethicspoint.com.

The Company also conducted an annual online training course to highlight to all associates and management the importance of complying with this Manual.

According to the Anti-Bribery Policy, the Company has a due diligence checklist process to review the risks of dealers, suppliers, agents or third parties with whom the Company deals with. This is to ensure that such persons with risks of violating the policy are monitored.

The Board of Directors has a duty to ensure that the Company conducts businesses in compliance with the said policy and authorizes the Audit Committee to be responsible for reviewing the internal control process, the internal auditor report and external auditor report. In 2017, the internal auditor reviewed various areas such as travel and expense report, payroll, questionnaires regarding Sarbanes Oxley Act (SOX), USA and compliance audit of the Company.

10.1 OPINION OF THE BOARD OF DIRECTORS REGARDING THE INTERNAL CONTROL

The Board of Directors considers the current internal control system of the Company as sufficient and proper. The Company sets out proper business goals which are measurable for the effective management of the enterprise. Those operation goals are practical and regularly monitored. The Company has a proper organization structure regarding the efficiency on business administrations. Conflicts of interest between the Company and employees have been defined and is fully complied. To boost the quality of the internal control system, the Company has appointed an Internal Auditor. In addition, the Company has put in place robust information technology solutions (SAP) to improve the effectiveness and efficiency level of our internal controls.

The Company believes that the internal controls are sufficient to protect its assets. The Company has not found any risk from the misuse of assets in an illegal manner or without authority by the executives nor any material defects in the respect to its internal control. The Company has internal control procedures at both the management and operation levels. Therefore, the Company has clearly defined duties and power in writing concerning the operation of our management and the functioning of our operations. The Board of Directors is responsible for preparing financial statements. The financial statements are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) of Thailand. The Company adheres to the accounting policies applicable to it. The Company prepares its financial statements with care and also discloses required sufficient information in the Notes of Financial Statements. The Company has designed and implemented effective internal controls to ensure that its books and accounts are accurate and sufficient to maintain its assets, as well as to foresee any weaknesses in order to prevent fraud and malpractice.

For the above reasons, the Board of Directors has appointed the Audit Committee, made up of Independent Directors, to review and monitor the quality of our financial

statements and internal control process, and provide the Audit Committee a report. The Board members considered that the internal control of the Company has satisfactorily met its criteria and has been designed to ensure the reliability of its financial statements as of 31 December 2017. The Company realizes that its financial and non-financial statements would aid in the decision-making process of investors or interested parties. For this reason, our management has attempted to disclose sufficient, reliable and complete information in a timely manner for investors to make prudent decisions.

Due to a light volume of trading activity of the Company's shares, we do not have a separate Investor Relations Department. Instead, the Company has assigned the Company Secretary as a point of contact for shareholders and relevant authorities. Investors may call 0-2909-8080 or visit our website at http://www.goodyear.co.th/about/investor_relations.asp for our corporate information or email at GYTH_COSC@goodyear.com.

10.2 OPINION OF THE AUDIT COMMITTEE AGAINST OPINION OF THE BOARD OF DIRECTORS

-None-

10.3 INTERNAL AUDITOR INFORMATION

Company's internal auditor is Ms. Maxine Mae Escoto, Internal Audit Manager-Asia Pacific as described in Attachment no. 2.

The Audit Committee has an opinion that Company's internal auditor has a full qualification to perform her duty. Company will report to the Audit Committee when appoint, relocate or dismiss the Internal Auditor from the position.

11 RELATED PARTIES TRANSACTION

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.

The Company is controlled by The Goodyear Tire & Rubber Company (registered and located in the USA), which owns 66.79% of the Company's issued shares. The remaining 33.21% of the shares are widely held.

i) Sales of goods

	2017 Baht	2016 Baht
Sales of finished goods:		
Parent company	465,211,271	406,423,492
Related parties - same common control	1,801,392,879	1,642,592,056
	2,266,604,150	2,049,015,548
Sales of assets and spare parts:		
Related parties - same common control	5,357,821	4,267,109
	5,357,821	4,267,109

ii) **Purchases of goods and services**

	2017 Baht	2016 Baht
Purchases of raw materials and finished goods:		
Parent company	183,858,663	132,144,468
Related parties - same common control	288,687,390	361,907,849
	472,546,053	494,052,317
Purchases of machinery and spare parts:		
Parent company	394,324,234	22,544,473
Related parties - same common control	26,545,475	9,509,164
	420,869,709	32,053,637
Royalty fee :		
Parent company	180,487,608	171,300,561
Production service fee :		
Parent company	19,838,334	31,096,444
Management fee :		
Related parties - same common control	172,637,191	199,805,082

iii) Outstanding balances arising from sales/purchases of goods/services

	2017 Baht	2016 Baht
Trade accounts receivables - related parties:		
Parent company	113,654,311	138,563,852
Related parties - same common control	425,349,335	375,219,844
	539,003,646	513,783,696
Amounts due from related parties:		
Parent company	49,498,597	1,382,208
Related parties - same common control	36,127,471	34,851,840
	85,626,068	36,234,048
Trade accounts payables - related parties:		
Parent company	33,391,020	30,510,245
Related parties - same common control	62,453,623	49,649,162
	95,844,643	80,159,407
Amounts due to related parties:		
Parent company	192,756,646	41,123,209
Related parties - same common control	32,025,843	32,405,753
	224,782,489	73,528,962

iv) Directors' and key management's compensation

	2017 Baht	2016 Baht
Salaries and other short-term employee benefits	28,880,156	37,966,451
Savings fund and retirement benefits	9,980,346	9,940,881
	38,860,502	47,907,332

12

COMPARISON OF THREE YEARS' FINANCIAL STATEMENTS

(Unit: Thousand Baht)

Item	Year 2017	Year 2016	Year 2015
Cash and cash equivalent	192,878	1,011,225	1,268,169
Restricted short term investment	0	65,000	82,000
Trade and other receivables	915,176	832,505	893,048
Current position of loan to a related party	0	0	0
Inventories, net	853,489	748,572	616,513
Refundable Value Added Tax	90,278	159,539	102,934
Other current assets	5,517	7,195	7,885
Loan to related party	0	0	0
Property, plant and equipment, net	3,429,151	2,456,845	2,185,195
Computer software, net	600	676	1,195
Other non-current assets	188,902	3,088	3,191
Total assets	5,675,992	5,284,645	5,160,131
Trade and other payables	1,421,450	1,000,747	1,013,620
Accrued withholding tax	14,123	18,490	9,422
Current income tax payable	39,259	51,366	62,396
Advance received from insurers	0	0	0
Other current liabilities	5,317	6,395	4,457
Total current liabilities	1,480,149	1,076,999	1,089,894
Deferred tax liabilities	0	2,145	9,537
Reserve for saving fund and employee retirement benefits	187,768	181,875	155,489
Total non-current liabilities	187,768	184,021	165,027
Total liabilities	1,667,917	1,261,020	1,254,921

(Unit: Thousand Baht)

Item	Year 2017	Year 2016	Year 2015
Share capital - authorized, issued and fully paid up	74,000	74,000	74,000
Premium on share capital	92,000	92,000	92,000
Retained earnings			
- Appropriated - legal reserve	7,400	7,400	7,400
- Unappropriated	3,834,674	3,850,225	3,731,811
Total shareholders' s equity	4,008,074	4,023,625	3,905,211
Sales	4,000,311	3,898,203	3,970,576
Cost of sale	(3,227,379)	(3,005,131)	(3,108,505)
Selling and administrative expenses	(558,716)	(555,330)	(499,154)
Other operating expenses	0	0	0
Other income	9,128	16,327	12,854
Gain (loss) on exchange rate	(45,835)	1,785	107,359
Income from insurance reimbursement	0	0	0
Income tax expenses	(39,464)	(76,340)	(97,645)
Net profit (loss) for the year	138,044	279,514	385,485
Basic earnings per share	18.65	37.77	52.09
Total comprehensive income for the year	132,449	266,414	399,906

SIGNIFICANT FINANCIAL RATIOS

FINANCIAL RATIO

	Year 2017	Year 2016	Year 2015	
Liquidity ratio	1.39	2.62	2.73	times
Quick ratio	0.66	1.63	1.91	times
Cash ratio	0.22	0.26	0.59	times
Account receivable turnover	5.25	5.01	5.36	times
Average collection period	68.61	71.85	67.20	days
Inventory turnover	4.03	4.40	4.80	times
Average sales days	89.35	81.77	75.06	days
Accounts Payable Turnover	3.17	3.54	4.01	days
Payment days	113.59	101.84	89.70	days
Cash Conversion Cycle	44.37	51.78	52.56	days

PROFITABILITY RATIO

	Year 2017	Year 2016	Year 2015	
Gross margin ratio	19.32	22.91	21.71	percent
Net profit (loss) ratio	3.45	7.17	9.71	percent
Return on shareholders	3.44	7.05	10.20	percent
Return on asset ratio	2.52	5.35	7.82	percent
Return to fixed assets ratio	12.70	21.05	28.50	percent
Total asset turnover	0.73	0.75	0.81	times

FINANCIAL POLICY RATIO

	Year 2017	Year 2016	Year 2015	
Debt to Equity ratio: : D/E	0.42	0.31	0.32	times
Dividend payout ratio	107.21	52.95	38.39	percent

13.1 Overall Business Review

In 2017, because of the ongoing intense competition from lower-tier brands in the replacement market, Goodyear Thailand followed its long-term strategy. And as a result, the company ended the year in strong position.

For the original equipment (OE), Goodyear Thailand achieved in terms of volume and new customer expansion, according to the increase of manufactured cars.

The dealer network expansion became the main strategy of Goodyear Thailand and the company opened twelve more Goodyear Autocare stores in 2017. Stores were opened in every part of Thailand to serve motorists in the area. These branded retail stores are major revenue sources for Goodyear Thailand and significantly increased Goodyear's brand exposure to consumers. In addition, Goodyear Thailand continues developing its mechanics in order to standardize customer service in those stores.

The EfficientGrip Performance SUV was successfully launched to capture the increasing demand as the SUV segment is clearly a growing market in Thailand. The introduction of new SUV tires is a part of its commitment to continued innovation and development of high performance tires.

There has been significant progress of the investment of radial aviation tire factory in Pathumthani Province since the project has been approved in 2016. The first phase of the three-phase expansion is on track to be in operation by 2018 and to meet market demand as commercial airlines are rapidly converting their fleets from bias to radial tires.

In summary, 2017 production and sales in the rubber industry especially in the category of Ground Tires grew despite the intense competition and fluctuating of raw materials. The Aviation Tire business continues its steady growth with the expansion of airline businesses in Asia-Pacific because of the expansion of airline fleets in the region.

Highlight of 2017 Operations

1) Revenue from Sales: The Company's Net Sales for the year ended 31 December 2017 was Baht 4,000 Million an increase when compared to the same period of 2016 of Baht 102 Million or 3%. This was driven by an increase of export sales offsetting a decrease of domestic sales.

2) Cost of Sales: The Company's Cost of Goods Sold for the year ended 31 December 2017 represented 81% of net sales which was higher when compared to the same period of 2016, which was 77%. This was driven by raw material increases of natural rubber and synthetic rubber including an impact of foreign currency translation.

3) Selling and Administration Expenses: The Company's Selling and Administration Expenses for the year ended 31 December 2017 was Baht 559 Million.

4) Assets: The Company's Total Assets for the year ended 31 December 2017 was Baht 5,676 Million an increase of Baht 391 Million from the year ended period ended 31 December 2016 or 7%. This was due to Equipment and Machinery acquisition under the Aviation Investment Project.

5) Net Profit: The Company's Net Profit for the year ended 31 December 2017 was Baht 138 Million a decrease when compared to the same period of 2016 of Baht 141 Million or 51%. This was due to raw material cost increases.

13.2 Financial Analysis

Upon an analysis of the Company's financial statements, its financial status and operations can be summarized as follows:

(1) Liquidity

In 2017 liquidity ratio decreased from 2016 because of lower cash flow. The average collection period in 2017 (68.61 days) decreased from 2016 (71.85 days). The average sales days in 2017 (89.35 days) increased as compared to 2016 (81.77 days). In addition, the overall cash conversion cycle of 2017 (44.37 days) decreased from 2016 (51.78 days).

(2) Profitability Ratio

The gross margin ratio in 2017 (19.32 percent) decreased from 2016 (22.91 percent) due to the higher cost of sales from raw material price increase.

(3) Efficiency in operation

The Return on Asset (ROA) ratio and a Return to Fixed Asset (ROFA) ratio of the year 2017 decreased when compared with year 2016 primarily due to the decline in net profit.

(4) Financial Policy

Our debt to equity ratio increase from 0.31 times in 2016 to 0.42 times in 2017.

(5) Summary

The Company's operations were impacted by the increase in raw material (Natural Rubber and Synthetic Rubber). The sales revenue grew over the previous year. The company improved the collection period for accounts receivables.

13.3 Impact Factor to the future business operations

In 2017, the tire market is seen to grow in line with the growth of the automobile industry. Regarding the business growth of Aviation tires, it grew alongside the continual growth of airline businesses in Asia which resulted in the expansion of airline fleets in China, Indonesia and India. However, there are other risk factors which may affect the expansion of the market economically:

- Domestic political uncertainty
- Uncertain outlooks for major advanced economies
- Volatile capital flows, asset prices, and exchange rates

14

Investors can find more information about the Company from the Form 56-1 which will be published in www.sec.or.th or Company's website http://www.goodyear.co.th/about/investor_relations.asp

Attachment 1

1. Details of the Board of Directors and Company Secretary

1.1 Details of the Board of Directors

Name/Position	Age (Years)	Education background	Shareholding in GYT (%)	Family relationship among directors/management	Professional Experience in the past 5 years		
					Period	Position	Function/Company/Type of Business
1. Dr. Dhiraphorn Srfuengfung Chairman of the Board of Directors Nomination and Corporate Governance Committee	70	Ph.D. (Civil Engineering) University of Missouri, U.S.A.	-	-	2013 – Present	Chairman of the Board of Directors	Goodyear (Thailand) Public Company Limited
					1993 – Present	Managing Director	Pimai Salt Company Limited Krung Thai Panich Insurance Co., Ltd. Aekachai Eagle Co., Ltd. Aekachai Export and Import Co., Ltd.
2. Mr. Finbarr O'Connor Managing Director Executive Director Nomination and Corporate Governance Committee	59	Bachelor of Business - University of Southern Queensland, Australia Master of Marketing - Melbourne Business School (Melbourne University), Australia Director Training: DCP (182/2013), Thai IOD	-	-	2013 – Present	Managing Director	Goodyear (Thailand) Public Company Limited
					2011 – 2013	Consumer Business Unit & OE Director - ASEAN, Korea and Taiwan	Goodyear (Thailand) Public Company Limited
					2007 – 2010	Consumer Marketing Director, Asia Pacific and Africa	Ford Motor Company, Asia Pacific

3. Mr. Phiphat Vorapipat Executive Director	40	MSIT and IMBA, University of Denver, USA Bachelor of Business Administration, Kasetsart University Director Training: DCP (222/2016); Thai IOD	-	-	2017 – Present	Sales Director, Thailand General Manager Aviation Tires -Asia Pacific Asia Pacific Aviation PBU Supply Chain Director Product Supply Chain Director - ASEAN Regional Customer Service Manager	Goodyear (Thailand) Public Company Limited Goodyear (Thailand) Public Company Limited Goodyear (Thailand) Public Company Limited Goodyear (Thailand) Public Company Limited Unilever Thai Trading Company Limited
4. Mr. Andrew Michael Cooper Director	51	BTEC/EITB Engineering, University of Hertfordshire	-		2014 – Present 2012 – 2014	Managing Director (ASEAN) Vice President	Goodyear Corporation Kodak Corporation
5. Mr. Oliver Gloe Director	43	Bachelor's Degree, European University, Switzerland MBA in International Management, Thunderbird	-		2014 – Present 2013 – 2014 2011 – 2013	Vice President Finance, Asia Pacific Director, Finance Planning & Analysis and Strategy, EMEA Chief Finance Officer, Europe and Mediterranean	The Goodyear Tier&Rubber Company The Goodyear Tier&Rubber Company General Cable

6. Mr. Wee Hong Kek Director	50	LL.B. (Hons) National University of Singapore	-	-	2013 - Present	Senior Counsel, ASEAN	Goodyear Orient Company (Private) Limited
7. Mr. Athaporn Khaimarn Independent Director The Chairman of the Audit Committee	74	Former Associate Member of The Institute of Chartered Accountants in Australia Associateship in Accounting Western Australia Institute of Technology. (Now - Curtin University of Technology) Director Training: DCP & DAP, Thai IOD	-	-	2001 – Present 1999 – Present 1992 – 1996	Independent Director/ Chairman of the Audit Committee Independent Director/ Chairman of the Audit Committee Managing Director	Goodyear (Thailand) Public Company Limited Siam Makro Public Company Limited Price Waterhouse, Bangkok
8. Mr. Yeap Swee Chuan Independent Director Audit Committee Chairman of the Nomination and Corporate Governance Committee	69	Bachelor Degree (Industrial Management and Engi- neering), Massey Universi- ty, New Zealand Director Training: DCP, Thai IOD	-	-	1996 – Present	President and Chief Executive Officer	AAPICO Hitech Public Company Limited

9. Ms. Chanapun Juengrungruangkit Independent Director Audit Committee Nomination and Corporate Governance Committee	41	MBA with an emphasis in Finance – Webster University Bangkok campus, Bangkok Bachelor of Business – Kasetsart University, Bangkok Diploma of Japanese language – Bunka Institute of College, Tokyo, Japan DCP, (2005) : Thai IOD DAP, (2005) : Thai IOD	-	-	2004 – Present	Vice President	Thai Summit Autoparts Industry Co.,Ltd.
--	----	---	---	---	----------------	----------------	---

Company Secretary							
Ms. Napat Tanyakulsajja	36	Master's degree in Law, Major in Private and Business Law, Chulalongkorn University Bachelor's Degree in Law, Thammasat University Thai barrister-at-law, The Thai bar Association Company Secretary Training: CSP (2013), Thai IOD EMT (2013), Thai IOD CRP (2013), Thai IOD Advances for Corporate Secretaries (1/2560), Thai Listed Companies Association	-	-	2013 – Present 2010 – 2013 2004 – 2007	Company Secretary & Legal Counsel, Thailand Contract Officer Legal Officer	Goodyear (Thailand) Public Company Limited PTT Exploration and Production Public Company Limited Berli Jucker Public Company Limited

Attachment 2

Details and biography of Company's internal auditor	
Name	Maxine Mae J. Escoto
Position	Internal Audit Manager, APAC
Age	31
Educational background	Bachelor of Science in Accountancy, De La Salle University – Manila
Professional training/Certificate	Certified Public Accountant (CPA), Certified Information Systems Auditor (CISA)
Experience	8 and a half years in the Advisory Practice of Ernst & Young Philippines – experience in assurance and advisory engagements with a focus on financial statement audit support, internal audit support, SOX, third party reporting, business process analysis, and application controls and security.
Date of appointment as Company's internal auditor	March 1, 2016

GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2017



Independent Auditor's Report

To the shareholders of Goodyear (Thailand) Public Company Limited

My opinion

In my opinion, the financial statements of Goodyear (Thailand) Public Company Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2017;
- the statement of income for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED



Key audit matters

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

Key audit matter	How my audit addressed the key audit matter
Appropriateness of assets capitalisation Refer to the accounting policies no. 2.8 and Note 7 to the financial statements - Property, Plant and Equipment, the carrying net book value of construction in progress and assets under installation as of 31 December 2017 was Baht 1,376 million. During the year, the Company constructed a radial aviation tyre factory to expand production capacity by Baht 804 million. The Company purchased new machinery and had other expenses related to the construction of this factory. The Company recorded these transactions after considering whether these expenses were expenses for the period or whether they should be capitalised as cost of assets under Thai Accounting Standard no. 16 Property, Plant and Equipment. Certain types of expenses such as direct and indirect costs of machinery testing, and the cost of building construction, could be difficult to define as either cost of assets or expenses. These expenditures are not routine transactions and therefore errors could happen.	 I tested the capitalised costs of fixed assets and repair and maintenance expenses in the year to consider whether the Company properly recorded these costs and expenses and whether they complied with the Company's accounting policy and Thai Accounting Standard no. 16. My testing, on a sampling basis, consisted of challenging the responsible management and staff, examining the supporting documents and attending a physical inspection of the buildings, machinery and equipment. I also checked that the accounting records reflected the physical count result. From my audit procedures, I found no significant exception.

Other information

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

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

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

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

Responsibilities of Management for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to read "Chaisiri Ruangritchai".

Chaisiri Ruangritchai
Certified Public Accountant (Thailand) No. 4526
Bangkok
27 February 2018

Goodyear (Thailand) Public Company Limited
Statements of Financial Position
As at 31 December 2017

		31 December 2017 Baht	31 December 2016 Baht
	Notes		
Assets			
Current assets			
Cash and cash equivalents	4	192,878,223	1,011,225,314
Restricted short-term investment		-	65,000,000
Trade and other receivables, net	5	915,176,194	832,505,255
Inventories, net	6	853,488,992	748,571,600
Refundable value added tax within 1 year		90,277,783	159,538,893
Other current assets		<u>5,516,992</u>	<u>7,195,210</u>
Total current assets		<u>2,057,338,184</u>	<u>2,824,036,272</u>
Non-current assets			
Property, plant and equipment, net	7	3,429,151,177	2,456,844,867
Computer software, net	8	599,789	676,257
Deferred tax assets	16	8,075,515	-
Refundable value added tax		175,882,525	-
Other non-current assets		<u>4,944,425</u>	<u>3,087,709</u>
Total non-current assets		<u>3,618,653,431</u>	<u>2,460,608,833</u>
Total assets		<u><u>5,675,991,615</u></u>	<u><u>5,284,645,105</u></u>

Director

Director

GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

The accompanying notes on pages 11 to 31 are an integral part of these financial statements.

Goodyear (Thailand) Public Company Limited
Statements of Financial Position
As at 31 December 2017

		31 December 2017 Baht	31 December 2016 Baht
	Notes		
Liabilities and equity			
Current liabilities			
Trade and other payables	9	1,421,450,152	1,000,747,173
Accrued withholding tax		14,122,623	18,490,214
Current income tax payable		39,259,072	51,366,315
Other current liabilities		5,317,213	6,395,470
Total current liabilities		<u>1,480,149,060</u>	<u>1,076,999,172</u>
Non-current liabilities			
Deferred tax liabilities	16	-	2,145,243
Reserves for savings fund		-	-
and employee retirement benefits	10	<u>187,768,315</u>	<u>181,875,392</u>
Total non-current liabilities		<u>187,768,315</u>	<u>184,020,635</u>
Total liabilities		<u>1,667,917,375</u>	<u>1,261,019,807</u>
Equity			
Share capital			
Authorised share capital			
7,400,000 ordinary shares at par value of Baht 10 each		<u>74,000,000</u>	<u>74,000,000</u>
Issued and paid-up share capital			
7,400,000 ordinary shares fully paid-up of Baht 10 each	11	74,000,000	74,000,000
Premium on share capital	11	92,000,000	92,000,000
Retained earnings			
Appropriated - Legal reserve	12	7,400,000	7,400,000
Unappropriated		<u>3,834,674,240</u>	<u>3,850,225,298</u>
Total equity		<u>4,008,074,240</u>	<u>4,023,625,298</u>
Total liabilities and equity		<u>5,675,991,615</u>	<u>5,284,645,105</u>

GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

The accompanying notes on pages 11 to 31 are an integral part of these financial statements.

Goodyear (Thailand) Public Company Limited
Statements of Income
For the year ended 31 December 2017

	Notes	2017 Baht	2016 Baht
Sales	23	4,000,311,036	3,898,203,357
Cost of sales		<u>(3,227,379,157)</u>	<u>(3,005,130,653)</u>
Gross profit		772,931,879	893,072,704
Other income	14	9,128,024	16,327,211
Selling expenses		(403,565,325)	(397,255,798)
Administrative expenses		(155,151,042)	(158,074,195)
Other income (expense) - net		<u>(45,834,807)</u>	<u>1,784,914</u>
Profit before income tax expense		177,508,729	355,854,836
Income tax expense	16	<u>(39,464,385)</u>	<u>(76,340,499)</u>
Net profit for the year		<u><u>138,044,344</u></u>	<u><u>279,514,337</u></u>
Basic earnings per share (Baht)	17		
Net profit for the year		<u><u>18.65</u></u>	<u><u>37.77</u></u>

GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

The accompanying notes on pages 11 to 31 are an integral part of these financial statements.



210/7

Goodyear (Thailand) Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2017

	Notes	2017 Baht	2016 Baht
Net profit for the year		138,044,344	279,514,337
Item that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations	10	(6,994,253)	(16,374,897)
Income tax on item that will not be reclassified to profit or loss	16	<u>1,398,851</u>	<u>3,274,979</u>
Total comprehensive income for the year		<u><u>132,448,942</u></u>	<u><u>266,414,419</u></u>

GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

The accompanying notes on pages 11 to 31 are an integral part of these financial statements.



2106 8

Goodyear (Thailand) Public Company Limited
Statements of Changes in Equity
For the year ended 31 December 2017

		Issued and paid-up share capital	Premium on share capital	Legal reserve	Unappropriated retained earnings	Total
	Note	Baht	Baht	Baht	Baht	Baht
Beginning balance as at 1 January 2016		74,000,000	92,000,000	7,400,000	3,731,810,879	3,905,210,879
Changes in equity for the year						
Total comprehensive income for the year		-	-	-	266,414,419	266,414,419
Dividends paid	18	-	-	-	(148,000,000)	(148,000,000)
Ending balance as at 31 December 2016		<u>74,000,000</u>	<u>92,000,000</u>	<u>7,400,000</u>	<u>3,850,225,298</u>	<u>4,023,625,298</u>
Beginning balance as at 1 January 2017		74,000,000	92,000,000	7,400,000	3,850,225,298	4,023,625,298
Changes in equity for the year						
Total comprehensive income for the year		-	-	-	132,448,942	132,448,942
Dividends paid	18	-	-	-	(148,000,000)	(148,000,000)
Ending balance as at 31 December 2017		<u>74,000,000</u>	<u>92,000,000</u>	<u>7,400,000</u>	<u>3,834,674,240</u>	<u>4,008,074,240</u>

GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

The accompanying notes on pages 11 to 31 are an integral part of these financial statements.

Goodyear (Thailand) Public Company Limited
Statements of Cash Flows
For the year ended 31 December 2017

	Notes	2017 Baht	2016 Baht
Cash flows generated from operating activities	19	220,863,204	265,586,340
Cash flows from investing activities			
Restricted short-term investment		65,000,000	17,000,000
Purchases of plant and equipment		(956,890,746)	(407,671,692)
Purchases of computer software	8	(485,000)	(120,000)
Proceeds from disposals of equipment		1,317,937	1,738,200
Net cash used in investing activities		(891,057,809)	(389,053,492)
Cash flows from financing activities			
Dividends paid to shareholders	18	(148,000,000)	(148,000,000)
Net cash used in financing activities		(148,000,000)	(148,000,000)
Net decrease in cash and cash equivalents		(818,194,605)	(271,467,152)
Cash and cash equivalents at the beginning of the year		1,011,225,314	1,268,168,967
Exchange gains (loss) on cash and cash equivalents		(152,486)	14,523,499
Cash and cash equivalents at the end of the year	4	192,878,223	1,011,225,314

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2017 and 2016 are as follows:

Unpaid liabilities for purchases of plant and equipment	446,617,790	180,635,074
---	-------------	-------------

GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

The accompanying notes on pages 11 to 31 are an integral part of these financial statements.

1 General information

Goodyear (Thailand) Public Company Limited ("the Company") is a public limited company incorporated and resident in Thailand. The address of the Company's registered office is as follows:

50/9 Moo 3, Phaholyothin Road, K.M. 36, Klongnueng, Klongluang, Pathumthani 12120.

The Company is listed on the Stock Exchange of Thailand.

The Company is principally engaged in the manufacturing, distribution and sale of motor vehicle and aero tires for domestic and export markets.

These financial statements were authorised for issue by the Board of Directors on 27 February 2018.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.1 Basis for preparation

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

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

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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

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

New Thai Financial Reporting Standards and revised accounting standards, revised Thai Financial Reporting Standards are effective on 1 January 2017. These standards are relevant to the Company are:

TAS 19 (revised 2016) Employee benefits, the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. This standard has no impact to the Company.

TAS 34 (revised 2016) Interim financial reporting, the amendments clarify that what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements. This standard has no impact to the Company.

2 Accounting policies (Cont'd)

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

Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018. Standards which are relevant to the Company and have not yet been early adopted are:

TAS 7 (revised 2017) Statement of cash flows, the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash. This standard has no impact to the Company.

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

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

This standard has no impact to the Company.

2.3 Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

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

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

2.4 Financial instruments

Financial assets carried on the statement of financial position include cash and cash equivalents, short-term investment, trade accounts receivable, other accounts receivable and other financial assets. Financial liabilities carried on the statement of financial position include trade accounts payable, other accounts payable and other financial liabilities. The methods adopted are disclosed in the individual policy statement associated with each item.

Disclosures related to financial instruments to which the Company is a party are provided in Note 20.

2 Accounting policies (Cont'd)

2.5 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

2.6 Trade accounts receivable

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

2.7 Inventories

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

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation except land is not depreciated as it is deemed to have an indefinite life. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Company 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 the statement of income during the financial period in which they are incurred.

The straight-line method is used for depreciation of all types of fixed assets. The estimated useful life of each category of fixed assets is as follows:

Land improvements	10 - 44 years
Building	10 - 40 years
Machinery and equipment	3 - 30 years
Furniture, fixtures and office equipment	3 - 20 years
Motor vehicles	4 years

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

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

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income in the statement of income.

2 Accounting policies (Cont'd)

2.9 Computer software

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

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 5 years.

2.10 Impairment of assets

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

2.11 Accounting for leases - where the 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 the statement of income on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Company has substantially 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 and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

2 Accounting policies (Cont'd)

2.12 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of income, 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 operates and generates 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 equipment and accrued expenses, except where the timing of the reversal of the temporary difference is controlled by the Company 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.

2.13 Employee benefits

The Company provides for a savings fund and retirement benefits, payable to employees under the Company's policy and Thai Labour Law, respectively. The present value of employee benefit liabilities recognised in the statement of financial position is determined on the Projected Unit Credit method. The assumptions used in determining the liabilities include discount rate, rates of salary increase and employee turnover. The discount rate represents the current market yield of government bonds. The Company records the reserves for savings fund and retirement benefits as a non-current liability and charges expenditure to the statement of income in the year to which it relates.

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

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



GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

2 Accounting policies (Cont'd)

2.14 Provisions

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

2.15 Revenue recognition

Revenue comprises the invoice value for the sale of goods net of output tax, rebates and discounts. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity.

2.16 Dividends paid

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the interim dividends are approved by the Board of Directors and the annual dividends are approved by the Company's shareholders.

2.17 Segment reporting

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

3 Critical accounting estimates, assumption, judgments

Estimates, assumptions and judgments 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.

Carrying value of property, plant and equipment

The estimated useful economic lives and residual values of property, plant and equipment are based upon management's judgment and experience. When management identifies that actual useful lives and residual values differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively. Due to the significance of investment in property, plant and equipment by the Company, variations between actual and estimated useful lives and residual values could impact operating results both positively or negatively.

Management considers the recoverable amount of machinery and equipment by assessing the impairment indicators from internal and external source of information. For example, the significant change which has negative effect to the Company during the period or in the near future, and the obsolescence or physical damage. These factors may impact to the recoverable amount or impairment.

3 Critical accounting estimates, assumption, judgments (Cont'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 Company 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 Company 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.

Additional information of other key assumptions for retirement benefits obligations other is disclosed in Note 10.

4 Cash and cash equivalents

	2017 Baht	2016 Baht
Cash on hand	250,000	250,000
Deposits held at banks - current accounts	28,304,418	94,308,750
- savings accounts	164,323,805	916,666,564
	<u>192,878,223</u>	<u>1,011,225,314</u>

As at 31 December 2017, the weighted average interest rate of savings accounts was 0.35% per annum (2016 : 0.34% per annum).

5 Trade and other receivables, net

	2017 Baht	2016 Baht
Trade accounts receivable - third parties	278,304,003	252,112,864
<u>Less</u> Allowance for doubtful accounts	<u>(35,245,120)</u>	<u>(23,246,193)</u>
	243,058,883	228,866,671
Trade accounts receivable - related parties (Note 22)	539,003,646	513,783,696
Amounts due from related parties (Note 22)	85,626,068	36,234,048
Prepayments	4,932,575	5,970,519
Advances	2,314,697	6,132,551
Other receivables	40,240,325	41,517,770
Total trade and other receivables, net	<u>915,176,194</u>	<u>832,505,255</u>

5 Trade and other receivables, net (Cont'd)

Outstanding trade accounts receivable - third parties as at 31 December can be analysed as follows:

	2017 Baht	2016 Baht
Current	237,039,015	221,892,471
Overdue:		
1 - 3 months	5,392,416	2,378,322
4 - 12 months	4,076,744	5,671,208
Over 12 months	31,795,828	22,170,863
	278,304,003	252,112,864
<u>Less</u> Allowance for doubtful accounts	(35,245,120)	(23,246,193)
	<u>243,058,883</u>	<u>228,866,671</u>

Outstanding trade accounts receivable - related parties as at 31 December can be analysed as follows:

	2017 Baht	2016 Baht
Current	513,373,743	489,591,100
Overdue:		
1 - 3 months	21,465,870	24,167,709
4 - 12 months	3,223,690	-
Over 12 months	940,343	24,887
	539,003,646	513,783,696
<u>Less</u> Allowance for doubtful accounts	-	-
	<u>539,003,646</u>	<u>513,783,696</u>

6 Inventories, net

	2017 Baht	2016 Baht
Raw materials	190,887,632	163,525,732
Spare parts	256,024,681	205,419,894
Work in progress	38,209,214	55,549,475
Finished goods	282,047,032	248,806,255
Goods in transit	99,973,080	87,931,222
	867,141,639	761,232,578
<u>Less</u> Allowance for obsolete and defective inventories		
- spare parts	(8,008,629)	(8,048,692)
- finished goods	(5,644,018)	(4,612,286)
Total inventories, net	<u>853,488,992</u>	<u>748,571,600</u>

The cost of inventories recognised as expense and included in 'cost of sales' amounted to Baht 3,233,550,494 (2016 : Baht 3,013,014,034).

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2017

7 Property, plant and equipment, net

As at 1 January 2016

Cost
Less Accumulated depreciation
Allowance for impairment loss

Net book amount

For the year ended 31 December 2016

Opening net book amount

Additions

Transfers

Disposals, net

Write off, net

Depreciation charges (Note 13)

Closing net book amount

As at 31 December 2016

Cost

Less Accumulated depreciation

Allowance for impairment loss

Net book amount

	Land, land improvements and building Baht	Machinery and equipment Baht	Furniture, fixtures and office equipment Baht	Motor vehicles Baht	Assets under installation Baht	Total Baht
As at 1 January 2016						
Cost	1,067,596,901	4,785,945,219	54,383,097	15,653,863	482,799,777	6,406,378,857
Less Accumulated depreciation	(452,477,092)	(3,708,671,228)	(35,740,989)	(7,901,675)	-	(4,204,790,984)
Allowance for impairment loss	-	(16,392,388)	(30)	-	-	(16,392,418)
Net book amount	615,119,809	1,060,881,603	18,642,078	7,752,188	482,799,777	2,185,195,455
For the year ended 31 December 2016						
Opening net book amount	615,119,809	1,060,881,603	18,642,078	7,752,188	482,799,777	2,185,195,455
Additions	-	362,152	34,098,252	-	450,992,056	485,452,460
Transfers	61,779,098	141,387,963	-	-	(203,287,061)	(120,000)
Disposals, net	-	-	-	(212,323)	(2,370,788)	(2,583,111)
Write off, net	-	-	-	-	(1,737,527)	(1,737,527)
Depreciation charges (Note 13)	(25,922,809)	(171,776,785)	(10,641,974)	(1,020,842)	-	(209,362,410)
Closing net book amount	650,976,098	1,030,854,933	42,098,356	6,519,023	726,396,457	2,456,844,867
As at 31 December 2016						
Cost	1,129,375,999	4,927,695,334	88,481,349	15,441,540	726,396,457	6,887,390,679
Less Accumulated depreciation	(478,399,901)	(3,880,448,013)	(46,382,963)	(8,922,517)	-	(4,414,153,394)
Allowance for impairment loss	-	(16,392,388)	(30)	-	-	(16,392,418)
Net book amount	650,976,098	1,030,854,933	42,098,356	6,519,023	726,396,457	2,456,844,867

GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2017

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

	Land, land improvements and building Baht	Machinery and equipment Baht	Furniture, fixtures and office equipment Baht	Motor vehicles Baht	Construction in progress and assets under installation Baht	Total Baht
For the year ended 31 December 2017						
Opening net book amount	650,976,098	1,030,854,933	42,098,356	6,519,023	726,396,457	2,456,844,867
Additions	-	-	-	-	1,223,358,462	1,223,358,462
Transfers	55,266,432	515,115,906	2,343,298	-	(573,210,636)	(485,000)
Disposals, net	-	(943,471)	-	-	-	(943,471)
Write off, net	-	(6,079,371)	-	-	-	(6,079,371)
Impairment loss, net	-	(7,750,339)	-	-	-	(7,750,339)
Depreciation charges (Note 13)	(28,929,467)	(193,258,805)	(12,634,420)	(971,279)	-	(235,793,971)
Closing net book amount	677,313,063	1,337,938,853	31,807,234	5,547,744	1,376,544,283	3,429,151,177
As at 31 December 2017						
Cost	1,184,642,431	5,435,788,398	90,824,647	15,441,540	1,376,544,283	8,103,241,299
Less Accumulated depreciation	(507,329,368)	(4,073,706,818)	(59,017,383)	(9,893,796)	-	(4,649,947,365)
Allowance for impairment loss	-	(24,142,727)	(30)	-	-	(24,142,757)
Net book amount	677,313,063	1,337,938,853	31,807,234	5,547,744	1,376,544,283	3,429,151,177

Depreciation expense of Baht 235,793,971 has been charged in 'cost of goods sold' of Baht 218,774,790 (2016 : Baht 197,634,371) and in 'selling expenses and administrative expenses' of Baht 17,019,181 (2016 : Baht 11,728,039).

The impairment charge of Baht 7,750,339 in 2017 for assets under installation was made during the year as a result of the assets cannot be installed and used with the machine. The Company considered the allowance for impairment loss in full amount.

GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

8 Computer software, net

	Computer software Baht	Computer software under installation Baht	Total Baht
As at 1 January 2016			
Cost	148,611,858	92,625	148,704,483
Less Accumulated amortisation	(147,509,211)	-	(147,509,211)
Net book value	1,102,647	92,625	1,195,272
For the year ended 31 December 2016			
Opening net book amount	1,102,647	92,625	1,195,272
Transfer	212,625	(92,625)	120,000
Amortisation charges (Note 13)	(639,015)	-	(639,015)
Closing net book amount	676,257	-	676,257
As at 31 December 2016			
Cost	148,824,483	-	148,824,483
Less Accumulated amortisation	(148,148,226)	-	(148,148,226)
Net book value	676,257	-	676,257
For the year ended 31 December 2017			
Opening net book amount	676,257	-	676,257
Transfer	485,000	-	485,000
Amortisation charges (Note 13)	(561,468)	-	(561,468)
Closing net book amount	599,789	-	599,789
As at 31 December 2017			
Cost	149,309,483	-	149,309,483
Less Accumulated amortisation	(148,709,694)	-	(148,709,694)
Net book value	599,789	-	599,789

9 Trade and other payables

	2017 Baht	2016 Baht
Trade accounts payable - third parties	590,539,575	557,014,610
Trade accounts payable - related parties (Note 22)	95,844,643	80,159,407
Other payables	286,517,458	128,222,341
Amounts due to related parties (Note 22)	224,782,489	73,528,962
Accrued expenses	223,765,987	161,821,853
Total trade and other payables	1,421,450,152	1,000,747,173

10 Reserves for savings fund and retirement benefits

	2017 Baht	2016 Baht
Statements of financial position		
Reserve for savings fund	76,973,592	75,339,527
Reserve for retirement benefits	110,794,723	106,535,865
	<u>187,768,315</u>	<u>181,875,392</u>
Statements of income		
Savings fund	14,704,718	14,716,798
Retirement benefits	10,963,138	9,753,944
	<u>25,667,856</u>	<u>24,470,742</u>

The movement in the defined benefit obligations over the year is as follows:

	2017 Baht	2016 Baht
At 1 January	181,875,392	155,489,255
Current service cost	21,593,241	20,835,548
Interest cost	4,074,615	3,635,194
Remeasurements:		
Loss from change in demographic assumption	538,308	-
Loss from change in financial assumption	6,455,945	16,374,897
Benefits paid	(26,769,186)	(14,459,502)
At 31 December	<u>187,768,315</u>	<u>181,875,392</u>

The principal of actuarial assumptions used was as follows:

	2017	2016
Discount rate	2.50%	2.50%
Future salary increase rate	3.00%	3.00%
Retirement ages	55 and 60 years	55 and 60 years

	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	2017	2016	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Discount rate	0.50%	0.50%	Decrease by 8,018,172	Decrease by 7,546,204	Increase by 8,652,813	Increase by 7,845,670
Salary growth rate	0.50%	0.50%	Increase by 5,842,616	Increase by 5,181,844	Decrease by 5,496,929	Decrease by 5,160,302

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

10 Reserves for savings fund and retirement benefits (Cont'd).

Through its defined retirement benefit plans and post-employment medical plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields A decrease in government bond yields will increase plan liabilities.

Inflation risk Some of the Company retirement benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

The weighted average duration of the defined benefit obligation is 10 years (2016: 10 years).

11 Share capital and premium on share capital

	Number of ordinary shares	Share capital Baht	Premium on share capital Baht
At 1 January 2016	7,400,000	74,000,000	92,000,000
Issue of shares	-	-	-
At 31 December 2016	7,400,000	74,000,000	92,000,000
Issue of shares	-	-	-
At 31 December 2017	7,400,000	74,000,000	92,000,000

Share capital represents authorised ordinary shares with a par value of Baht 10 per share (2016 : Baht 10 per share). All issued shares are fully paid.

12 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) at each dividend declaration until the reserve is not less than 10% of the registered share capital. This reserve is non-distributable.

13 Expenses by nature

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

	2017 Baht	2016 Baht
Raw materials and supplies used	1,529,162,791	1,420,976,052
Changes in inventories of finished goods and work in progress	26,910,642	92,029,694
Staff costs	570,000,313	576,419,253
Depreciation (Note 7)	235,793,971	209,362,410
Amortisation (Note 8)	561,468	639,015

Income

	2017 Baht	2016 Baht
Income	1,741,162	3,403,565
	7,386,862	12,923,646
	9,128,024	16,327,211

Promotional privileges

The Company has received promotion privileges from the Board of Investment under a promotion certificate issued on 23 January 2008 for manufacturing of rubber compound. The main privileges include exemption of import duty on approved machinery, exemption from certain taxes and duties, and exemption from corporate income tax for a period of 8 years from the date of commencement of the Company's promoted business. As a promoted business, the Company is required to comply with the terms and conditions as specified in the promotion certificate.

For the years ended 31 December 2017 and 2016, there was no revenue derived from BOI-promoted business.

In the year, the Company has received promotion privileges from the Board of Investment under a promotion certificate issued on 14 February 2017 for manufacturing of radial aviation tire. The main privileges include exemption from import duty on machinery as approved by the Board of Investment, the exemption from import duty on imported raw material and supplies to be used in the manufacturing of goods for export sales for period of five years from the date of first importation, the exemption from certain taxes and duties, including the exemption from corporate income tax for a period of 8 years from the date of commencement of the company promoted business and 50% reduction of corporate income tax for five years after the termination of normal tax holiday. As promoted business, the Company is required to comply with the terms and conditions as specified in the promotion certificate.

For the year ended 31 December 2017, there were no revenue derived from BOI-promoted business.

Deferred income taxes and income tax expenses**Deferred income taxes**

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

	2017 Baht	2016 Baht
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	13,333,354	11,820,080
Deferred tax assets to be recovered after 12 months	50,178,757	45,252,490
	63,512,111	57,072,570
Deferred tax liabilities:		
Deferred tax liabilities to be settled within 12 months	-	-
Deferred tax liabilities to be settled after 12 months	(55,436,596)	(59,217,813)
	(55,436,596)	(59,217,813)
Deferred income taxes	8,075,515	(2,145,243)

16 Deferred income taxes and income tax expenses (Cont'd)

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

	2017 Baht	2016 Baht
As at 1 January	(2,145,243)	(9,537,265)
Charged (credited) to profit or loss	8,821,907	4,117,043
Charged (credited) relation to components of other comprehensive income	1,398,851	3,274,979
As at 31 December	8,075,515	(2,145,243)

The movement in deferred income tax assets and liabilities during the year is as follows:

	Provisions Baht	Depreciation Baht	Impairment loss Baht	Total Baht
Deferred tax assets				
At 1 January 2016	50,311,214	-	3,278,484	53,589,698
Charged (credited) to				
- profit or loss	207,893	-	-	207,893
- other comprehensive income	3,274,979	-	-	3,274,979
At 31 December 2016	53,794,086	-	3,278,484	57,072,570
Charged (credited) to				
- profit or loss	3,490,623	-	1,550,067	5,040,690
- other comprehensive income	1,398,851	-	-	1,398,851
At 31 December 2017	58,683,560	-	4,828,551	63,512,111
Deferred tax liabilities				
At 1 January 2016	-	(63,126,963)	-	(63,126,963)
Charged (credited) to profit or loss	-	3,909,150	-	3,909,150
At 31 December 2016	-	(59,217,813)	-	(59,217,813)
Charged (credited) to profit or loss	-	3,781,217	-	3,781,217
At 31 December 2017	-	(55,436,596)	-	(55,436,596)
Deferred income tax, net	58,683,560	(55,436,596)	4,828,551	8,075,515

The Company only recognised those deferred tax assets that in management's judgment is more likely that the deferred tax assets will be realised, due to the operating profits generated by the Company's operations.

Income tax

	2017 Baht	2016 Baht
Current tax	48,286,292	80,457,542
Deferred tax	(8,821,907)	(4,117,043)
Total tax expenses	39,464,385	76,340,499

16 Deferred income taxes and income tax expenses (Cont'd)

The difference between income tax expenses computed at statutory tax rates 20% (2016 : 20%) and income tax expenses provided is as follows:

	2017 Baht	2016 Baht
Profit before income tax	177,508,729	355,854,836
Income tax at statutory tax rates	35,501,746	71,170,967
Expenses not deductible for tax purposes	2,753,650	683,760
Current year temporary effects not for deferred tax	-	2,850,204
Adjustment in respect of prior year	1,208,989	1,635,568
Income tax expenses	39,464,385	76,340,499

17 Basic earnings per share

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

	2017	2016
Net profit attributable to shareholders (Baht)	138,044,344	279,514,337
Weighted average of issued ordinary shares during the year (Shares)	7,400,000	7,400,000
Basic earnings per share (Baht)	18.65	37.77

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

18 Dividends paid

At the Annual General Meeting of the Shareholders held on 25 April 2017, dividends in respect of the operating results and retained earnings of 2016 were declared at Baht 20 per share, totalling Baht 148 million. The dividend payment was paid on 24 May 2017.

At the Annual General Meeting of the Shareholders held on 26 April 2016, dividends in respect of the operating results and retained earnings of 2015 were declared at Baht 20 per share, totalling Baht 148 million. The dividend payment was paid on 25 May 2016.

19 Cash flows from operating activities

Reconciliation of net profit before income tax to cash flows from operating activities:

	Notes	2017 Baht	2016 Baht
Net profit before income tax		177,508,729	355,854,836
Adjustments for:			
Allowance for doubtful accounts		11,998,927	1,482,000
Allowance for defective inventories		991,669	198,170
Depreciation	7	235,793,971	209,362,410
(Gains) loss on disposals of equipment		(374,466)	844,911
Write off equipment	7	6,079,371	1,737,527
Impairment loss of assets	7	7,750,339	-
Amortisation	8	561,468	639,015
Interest income	14	(1,741,162)	(3,403,565)
Unrealised (gains) loss on exchange rate		8,272,523	(17,492,707)
Changes in operating assets and liabilities:			
- trade and other receivables		(104,693,419)	66,926,286
- inventories		(105,909,061)	(132,256,618)
- refundable value added tax		(106,621,415)	(56,604,444)
- other current assets		1,678,218	689,662
- other non-current assets		(1,856,716)	103,162
- trade and other payables		156,623,779	(95,429,458)
- accrued withholding tax		(4,367,591)	9,068,511
- other current liabilities		(1,078,257)	1,938,849
- reserves for savings fund and retirement benefits, net of payment		(1,101,330)	10,011,240
Cash generated from operations		279,515,577	353,669,787
Interest received		1,741,162	3,403,565
Income taxes paid		(60,393,535)	(91,487,012)
Net cash generated from operating activities		220,863,204	265,586,340

20 Financial instruments

The principal financial risks faced by the Company are exchange rate risk, interest rate risk and credit risk. Exchange rate risk results from the Company's export sales and import purchases. Interest rate risk relates to the deposits of cash and cash equivalents in financial institutions and other investments. Credit risk arises when sales are made on deferred credit terms and in respect of deposits with financial institutions.

i) Exchange rate risk

The Company has no policy to use financial derivatives to locally manage the risks arising from fluctuations in currency exchange rates. However, management may consider the use of foreign currency forward contract to hedge, on a case by case basis, the risks arising from fluctuations in currency exchange rates.

The Company has no open forward exchange contracts at 31 December 2017.

20 Financial instruments (Cont'd)

ii) Interest rate risk

The Company earns interest on cash and cash equivalents, and short-term investment. The Company manages its interest rate risks by placing cash, cash equivalents and investments on various maturities and interest rates.

iii) Credit risk

Concentrations of credit risk with respect to trade accounts receivable are limited since the Company has large number of customers, covering manufacturing, distribution and end customers. Management believes that no additional credit risk apart from the amounts provided for collection losses in the Company's trade accounts receivable.

The Company does not expose to certain concentration of credit risk relating to its cash and cash equivalents. The Company places its cash with several high quality institutions. The Company's policy is not to invest with any one institution but invest with various institutions. The Company places its excess cash in low risk accounts, high credit quality accounts that matured 90 days. The Company has not experienced any losses on such accounts.

iv) Fair values

The carrying amounts of the following financial assets and financial liabilities approximate to their fair values: cash and cash equivalents, trade accounts receivable and payable, amounts due from and to related parties, other receivables and payable which are current assets and current liabilities.

v) Capital risk management

The Company's objectives when managing capital are to safeguard the Company'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.

21 Commitments

Bank guarantees

As at 31 December 2017, the Company had commitments in respect of bank guarantees amounting to Baht 18.7 million and US Dollar 10,000 (2016: Baht 18.7 million and US Dollar 10,000).

Capital commitments

As at 31 December 2017, the Company has outstanding capital commitments in respect of the investment of machinery and equipment totalling Baht 189.61 million (2016: Baht 34.73 million).

21 Commitments (Cont'd)

Operating lease commitments - where the Company is the lessee

The future minimum lease payments under non-cancellable operating leases in respect of motor vehicles and office equipment are as follows:

	2017 Baht	2016 Baht
Not later than 1 year	14,099,953	8,076,971
Later than 1 year and not later than 5 years	21,370,297	5,867,216
	<u>35,470,250</u>	<u>13,944,187</u>

22 Related party transactions

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.

The Company is controlled by The Goodyear Tire & Rubber Company (registered and located in the USA), which owns 66.79% of the Company's issued shares. The remaining 33.21% of the shares are widely held.

The following material transactions were carried out with related parties:

i) Sales of goods

	2017 Baht	2016 Baht
Sales of finished goods:		
Parent company	465,211,271	406,423,492
Related parties - same common control	1,801,392,879	1,642,592,056
	<u>2,266,604,150</u>	<u>2,049,015,548</u>
Sales of assets and spare parts:		
Related parties - same common control	5,357,821	4,267,109
	<u>5,357,821</u>	<u>4,267,109</u>

22 Related party transactions (Cont'd)

The following material transactions were carried out with related parties: (Cont'd)

ii) Purchases of goods and services

	2017 Baht	2016 Baht
Purchases of raw materials and finished goods:		
Parent company	183,858,663	132,144,468
Related parties - same common control	288,687,390	361,907,849
	<u>472,546,053</u>	<u>494,052,317</u>
Purchases of machinery and spare parts:		
Parent company	394,324,234	22,544,473
Related parties - same common control	26,545,475	9,509,164
	<u>420,869,709</u>	<u>32,053,637</u>
Royalty fee:		
Parent company	180,487,608	171,300,561
Production service fee:		
Parent company	19,838,334	31,096,444
Management fee:		
Related parties - same common control	172,637,191	199,805,082

iii) Outstanding balances arising from sales/purchases of goods/services

	2017 Baht	2016 Baht
Trade accounts receivables - related parties:		
Parent company	113,654,311	138,563,852
Related parties - same common control	425,349,335	375,219,844
	<u>539,003,646</u>	<u>513,783,696</u>
Amounts due from related parties:		
Parent company	49,498,597	1,382,208
Related parties - same common control	36,127,471	34,851,840
	<u>85,626,068</u>	<u>36,234,048</u>
Trade accounts payables - related parties:		
Parent company	33,391,020	30,510,245
Related parties - same common control	62,453,623	49,649,162
	<u>95,844,643</u>	<u>80,159,407</u>
Amounts due to related parties:		
Parent company	192,756,646	41,123,209
Related parties - same common control	32,025,843	32,405,753
	<u>224,782,489</u>	<u>73,528,962</u>

22 Related party transactions (Cont'd)

The following material transactions were carried out with related parties: (Cont'd)

iv) Directors' and key management's compensation

	2017 Baht	2016 Baht
Salaries and other short-term employee benefits	28,880,156	37,966,451
Savings fund and retirement benefits	9,980,346	9,940,881
	<u>38,860,502</u>	<u>47,907,332</u>

23 Segment information

The Company operates in the business segments, which are ground tires and aero tires. The Company has manufacturing facilities in Thailand. The Company reports its segment information as distribution market in domestic and overseas markets. Aero tires are principally export based products and domestic sales are not significant. Management believes that no material difference exists in making an assessment of the Company's past performance and in making informed judgments about the Company as a whole if either the business segments or the geographical segments is presented. Therefore, the Company is reporting geographical segments information based on location of its market, as a single reporting format. Segments information is reported to Managing Director for the purpose of assessment of operating performance by considering from profit before income tax expense.

	Domestic sales Baht	Export sales Baht	Total Baht
Year ended 31 December 2017			
Sales	1,733,706,886	2,266,604,150	4,000,311,036
Segment gross profit	468,469,758	304,462,121	772,931,879
Unallocated costs/other income, net			(595,423,150)
Profit before income tax expense			<u>177,508,729</u>
Year ended 31 December 2016			
Sales	1,843,625,422	2,054,577,935	3,898,203,357
Segment gross profit	584,505,044	308,567,660	893,072,704
Unallocated costs/other income, net			(537,217,868)
Profit before income tax expense			<u>355,854,836</u>

24 Post statement of financial position event

Approval of dividends

On 27 February 2018, the Board of Directors of the Company passed a resolution to propose the dividend payment from unappropriated retained earnings at Baht 20 per share, totalling Baht 148 million. However, the approval for the dividend payment shall be proposed to the Annual General Shareholders' Meeting No. 50 (year 2018) for further consideration and approval.



บริษัท กู๊ดเยียร์ (ประเทศไทย) จำกัด (มหาชน)
Goodyear (Thailand) Public Company Limited

Front