

GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2009

AUDITOR'S REPORT

To the Shareholders of Goodyear (Thailand) Public Company Limited

I have audited the accompanying balance sheet as at 31 December 2009, and the related statements of income, changes in shareholders' equity and cash flows for the year then ended of Goodyear (Thailand) Public Company Limited. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements for the year ended 31 December 2008 of Goodyear (Thailand) Public Company Limited, presented herewith for comparative purposes, were audited by another auditor from the same firm as myself, whose report dated 23 February 2009 expressed an unqualified opinion on those financial statements.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2009, the results of operations and cash flows for the year then ended of Goodyear (Thailand) Public Company Limited in accordance with generally accepted accounting principles.

Prasit Yuengsrikul
Certified Public Accountant (Thailand) No. 4174
PricewaterhouseCoopers ABAS Limited

Bangkok
22 February 2010

Goodyear (Thailand) Public Company Limited
Balance Sheets
As at 31 December 2009 and 2008

	<u>Notes</u>	<u>2009</u> <u>Baht</u>	<u>2008</u> <u>Baht</u>
Assets			
Current assets			
Cash and cash equivalents	5	536,750,891	395,913,446
Short-term investment	22	65,000,000	90,000,000
Trade accounts receivable - third parties, net	6	193,815,612	216,360,199
Trade accounts receivable - related parties	23	459,785,196	388,633,842
Amounts due from related parties	23	42,638,521	30,555,605
Current portion of long-term loan to a related party	23	-	348,051,000
Inventories, net	7	345,643,538	386,717,196
Value added tax for refund		52,632,309	83,092,829
Other current assets		<u>35,805,615</u>	<u>25,852,150</u>
Total current assets		<u>1,732,071,682</u>	<u>1,965,176,267</u>
Non-current assets			
Long-term loan to a related party	23	332,207,000	-
Spare parts	8	136,285,330	128,574,585
Property, plant and equipment, net	9	1,420,170,763	1,743,366,029
Other non-current assets		<u>6,577,283</u>	<u>5,374,381</u>
Total non-current assets		<u>1,895,240,376</u>	<u>1,877,314,995</u>
Total assets		<u><u>3,627,312,058</u></u>	<u><u>3,842,491,262</u></u>

Director Director

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

Goodyear (Thailand) Public Company Limited
Balance Sheets
As at 31 December 2009 and 2008

	<u>Notes</u>	<u>2009</u> <u>Baht</u>	<u>2008</u> <u>Baht</u>
Liabilities and shareholders' equity			
Current liabilities			
Trade accounts payable - third parties		365,821,720	378,213,424
Trade accounts payable - related parties	23	77,295,395	125,592,296
Amounts due to related parties	23	55,088,831	258,581,661
Withholding tax payable		23,028,518	4,049,350
Accrued expenses		79,827,373	99,424,173
Income tax payable		62,276,240	22,330,922
Other current liabilities		<u>7,030,668</u>	<u>15,462,203</u>
Total current liabilities		<u>670,368,745</u>	<u>903,654,029</u>
Non-current liabilities			
Reserves for provident fund and retirement benefits	10	<u>74,716,957</u>	<u>104,822,471</u>
Total non-current liabilities		<u>74,716,957</u>	<u>104,822,471</u>
Total liabilities		<u>745,085,702</u>	<u>1,008,476,500</u>
Shareholders' equity			
Share capital			
Authorised, issued and fully paid-up	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>2,708,826,356</u>	<u>2,660,614,762</u>
Total shareholders' equity		<u>2,882,226,356</u>	<u>2,834,014,762</u>
Total liabilities and shareholders' equity		<u><u>3,627,312,058</u></u>	<u><u>3,842,491,262</u></u>

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

Goodyear (Thailand) Public Company Limited
Statements of Income
For the years ended 31 December 2009 and 2008

	<u>Notes</u>	<u>2009</u> <u>Baht</u>	<u>2008</u> <u>Baht</u>
Sales	24	3,382,312,497	3,722,912,135
Cost of sales		<u>(3,112,936,292)</u>	<u>(3,717,168,346)</u>
Gross profit		269,376,205	5,743,789
Selling expenses		(247,396,459)	(342,354,133)
Administrative expenses		<u>(59,498,471)</u>	<u>(67,541,273)</u>
Loss from operations	13	(37,518,725)	(404,151,617)
Other income	14	53,692,503	56,846,551
Net gain from insurance reimbursement	15	326,581,734	407,386,189
Net (losses) gains on exchange rate		(12,404,370)	11,884,233
Directors' and management's remuneration	23	<u>(34,370,603)</u>	<u>(22,179,141)</u>
Profit before income tax		295,980,539	49,786,215
Income tax		<u>(62,768,945)</u>	<u>(19,735,921)</u>
Net profit for the year		<u><u>233,211,594</u></u>	<u><u>30,050,294</u></u>
Basic earnings per share	17		
Net profit for the year		<u><u>31.52</u></u>	<u><u>4.06</u></u>

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

Goodyear (Thailand) Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 December 2009 and 2008

	Issued and paid-up share capital Baht (Note 11)	Premium on share capital Baht (Note 11)	Legal reserve Baht (Note 12)	Unappropriated retained earnings Baht	Total Baht
Beginning balance					
as at 1 January 2009	74,000,000	92,000,000	7,400,000	2,660,614,762	2,834,014,762
Net profit for the year	-	-	-	233,211,594	233,211,594
Dividends paid (Note 18)	-	-	-	(185,000,000)	(185,000,000)
Ending balance					
as at 31 December 2009	<u>74,000,000</u>	<u>92,000,000</u>	<u>7,400,000</u>	<u>2,708,826,356</u>	<u>2,882,226,356</u>
Beginning balance					
as at 1 January 2008	74,000,000	92,000,000	7,400,000	2,704,564,368	2,877,964,368
Net profit for the year	-	-	-	30,050,294	30,050,294
Dividends paid	-	-	-	(73,999,900)	(73,999,900)
Ending balance					
as at 31 December 2008	<u>74,000,000</u>	<u>92,000,000</u>	<u>7,400,000</u>	<u>2,660,614,762</u>	<u>2,834,014,762</u>

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

Goodyear (Thailand) Public Company Limited
Statements of Cash Flows
For the years ended 31 December 2009 and 2008

	<u>Notes</u>	<u>2009</u> <u>Baht</u>	<u>2008</u> <u>Baht</u>
Cash flows from operating activities	19	571,514,526	551,704,200
Cash flows from investing activities			
Net changes in short-term investment		25,000,000	16,000,000
Purchases of plant and equipment	9	(224,139,273)	(557,142,784)
Purchases of spare parts	8	(40,273,150)	(55,542,044)
Proceeds from sales of plant and equipment		10,027,394	4,126,881
Insurance proceeds on fire claim related to fixed assets		-	22,226,718
Net cash used in investing activities		<u>(229,385,029)</u>	<u>(570,331,229)</u>
Cash flows from financing activity			
Dividends paid to shareholders	18	<u>(185,000,000)</u>	<u>(73,999,900)</u>
Net cash used in financing activity		<u>(185,000,000)</u>	<u>(73,999,900)</u>
Net increase (decrease) in cash and cash equivalents		157,129,497	(92,626,929)
Cash and cash equivalents at the beginning of the year		395,913,446	488,479,797
Exchange rate (losses) gains on cash and cash equivalents		<u>(16,292,052)</u>	<u>60,578</u>
Cash and cash equivalents at the end of the year	5	<u><u>536,750,891</u></u>	<u><u>395,913,446</u></u>

Non-cash transactions

No significant outstanding debt arisen from acquisition of property, plant, equipment and spare parts as at 31 December 2009 and 2008.

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

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the years ended 31 December 2009 and 2008

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:

66 Q-House Building, 23rd Floor, Asoke Road, Sukhumvit Soi 21, Klongtoey Nue, Wattana District, Bangkok 10110.

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 approved by the Company’s Directors on 22 February 2010.

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 Accounting 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 B.E. 2535.

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 management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

Comparative figures have been adjusted to conform with the minimum requirements announced by the Department of Business Development Regulation dated 30 January 2009 in relation to the format of Financial Statements B.E. 2552. It was effective from 1 January 2009.

2 Accounting policies (Cont'd)

2.1 Basis for preparation (Cont'd)

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 standard, new financial reporting standards and amendments to accounting standards

Thai Accounting Standards were renumbered effective from 26 June 2009 following an announcement by the Federation of Accounting Professions in order to conform with the numbers used in the International Financial Reporting Standards.

Revised standards that are effective for the period beginning on or after 1 January 2009 and revised accounting framework:

TAS 36 (revised 2007) Impairment of Assets
TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations
(formerly TAS 54)
Accounting Framework (revised 2007) (effective 26 June 2009)

These two standards and accounting framework do not have a material impact on the financial statements being presented.

The revised accounting standards and new accounting standards which are effective for the period beginning on or after 1 January 2011 and 1 January 2012 and which were not early adopted by the Company are as follows:

Effective for the period beginning on or after 1 January 2011

TAS 24 (revised 2007) Related Party Disclosure (formerly TAS 47)
TAS 40 Investment Property

Effective for the period beginning on or after 1 January 2012

TAS 20 Accounting for Government Grants and Disclosure for Government Assistance

The Company's management has determined that the revised standard and the new standards will not significantly impact the financial statements being presented.

2 Accounting policies (Cont'd)

2.3 Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of income.

2.4 Financial instruments

Financial assets carried on the balance sheet include cash and cash equivalents, short-term investment, trade accounts receivable, amount due from related parties and other financial assets. Financial liabilities carried on the balance sheet include trade accounts payable, amounts due to related parties and other financial liabilities. The methods adopted are disclosed in the individual policy statement associated with each item.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise 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 statements of income.

2 Accounting policies (Cont'd)

2.7 Inventories

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

2.8 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation.

Land is not depreciated as it is deemed to have an indefinite life. Maintenance spare parts are expensed when they are reimbursed for usage. All other fixed assets are depreciated over their estimated useful lives. The straight-line method is used for depreciation of fixed assets with the exception of machinery and equipment, furniture and fixtures and motor vehicles acquired from 1993 onwards which are depreciated by the sum-of-the-year-digits method. The estimated useful life of each category of fixed assets is as follows:

Land improvements	10 - 20 years
Buildings - acquisitions in and after 1993	20 years
Buildings - acquisitions prior to 1993	50 years
Machinery and equipment	3 - 20 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	4 - 5 years

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

Repairs and maintenance are charged to the statements of income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statements of income.

2 Accounting policies (Cont'd)

2.9 Impairment of assets

Property, plant and equipment and other non-current assets, including intangible assets that are subject to amortisation are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Assets that suffered impairment are reversed for possible impairment loss when the estimation of the recoverable amount was changed in subsequent period after the Company's recognition of impairment.

2.10 Accounting for leases - where the Company is the lessee

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.11 Income taxes

The Company does not recognise income taxes payable or receivable in future periods in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation of property, plant and equipment, allowance for doubtful accounts and reserves for provident fund and retirement benefits.

2.12 Employee benefits

The Company provides for a provident fund and retirement benefits, payable to employees under the Company's plan and Thai Labour Law, respectively. The present value of employee benefit liabilities recognised in the balance sheet is determined on the Projected Unit Credit method. The assumptions used in determining the liabilities include discount rate, rates of salary inflation and employee turnover. The discount rate represents the current yields on high quality corporate fixed-income investments in Thailand. The Company records the reserves for provident fund and retirement benefits as a non-current liability and charges expenditure to the statements of income in the year to which it relates.

2 Accounting policies (Cont'd)

2.13 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, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.14 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, when it is determined that such income will accrue to the Company.

2.15 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.

3 Critical accounting estimates, assumptions and judgements

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

4 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.

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the years ended 31 December 2009 and 2008

5 Cash and cash equivalents

	2009	2008
	Baht	Baht
Cash on hand	180,293	140,000
Deposits held at call with banks	536,570,598	395,773,446
	<u>536,750,891</u>	<u>395,913,446</u>

As at 31 December 2009, the weighted average effective interest rate of current and saving deposits held at call with banks was 0.05% per annum (2008: 0.30% per annum).

6 Trade accounts receivable – third parties, net

	2009	2008
	Baht	Baht
Trade accounts receivable – third parties	214,503,984	237,401,123
<u>Less</u> Allowance for doubtful accounts	<u>(20,688,372)</u>	<u>(21,040,924)</u>
	<u>193,815,612</u>	<u>216,360,199</u>

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

	2009	2008
	Baht	Baht
Current	193,631,363	187,686,715
Overdue:		
1 - 3 months	2,588,680	35,603,310
4 - 12 months	17,195	4,152,386
Over 12 months	18,266,746	9,958,712
	<u>214,503,984</u>	<u>237,401,123</u>
<u>Less</u> Allowance for doubtful accounts	<u>(20,688,372)</u>	<u>(21,040,924)</u>
	<u>193,815,612</u>	<u>216,360,199</u>

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the years ended 31 December 2009 and 2008

7 Inventories, net

	2009	2008
	Baht	Baht
Raw materials	113,955,403	142,703,955
Work in progress	31,999,633	19,000,216
Finished goods	161,579,028	217,530,754
Goods in transit	38,706,086	7,482,271
	<u>346,240,150</u>	<u>386,717,196</u>
<u>Less</u> Allowance for inventory obsolescence - finished goods	<u>(596,612)</u>	<u>-</u>
	<u><u>345,643,538</u></u>	<u><u>386,717,196</u></u>

8 Spare parts

	2009	2008
	Baht	Baht
Opening net book amount	128,574,585	111,939,584
Additions	40,273,150	55,542,044
Usages	<u>(32,562,405)</u>	<u>(38,907,043)</u>
Closing net book amount	<u><u>136,285,330</u></u>	<u><u>128,574,585</u></u>

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the years ended 31 December 2009 and 2008

9 Property, plant and equipment, net

	Land and building Baht	Machinery, equipment and tooling Baht	Furniture, fixtures and office equipment Baht	Motor vehicles Baht	Assets under installation Baht	Total Baht
As at 31 December 2008						
Cost	743,459,413	3,820,017,532	290,482,568	7,655,510	109,963,985	4,971,579,008
<u>Less</u> Accumulated depreciation	(316,290,428)	(2,635,837,198)	(270,362,575)	(5,722,778)	-	(3,228,212,979)
Net book amount	<u>427,168,985</u>	<u>1,184,180,334</u>	<u>20,119,993</u>	<u>1,932,732</u>	<u>109,963,985</u>	<u>1,743,366,029</u>
For the year ended 31 December 2009						
Opening net book amount	427,168,985	1,184,180,334	20,119,993	1,932,732	109,963,985	1,743,366,029
Additions	-	-	-	14,510,593	209,628,680	224,139,273
Transfers	20,453,863	124,758,186	1,083,761	-	(146,295,810)	-
Disposals, net	-	(7,778,839)	-	(1,335,846)	-	(9,114,685)
Depreciation charges	(35,284,935)	(490,561,894)	(11,865,362)	(507,663)	-	(538,219,854)
Closing net book amount	<u>412,337,913</u>	<u>810,597,787</u>	<u>9,338,392</u>	<u>14,599,816</u>	<u>173,296,855</u>	<u>1,420,170,763</u>
At 31 December 2009						
Cost	763,913,276	3,854,577,162	291,566,329	18,680,155	173,296,855	5,102,033,777
<u>Less</u> Accumulated depreciation	(351,575,363)	(3,043,979,375)	(282,227,937)	(4,080,339)	-	(3,681,863,014)
Net book amount	<u>412,337,913</u>	<u>810,597,787</u>	<u>9,338,392</u>	<u>14,599,816</u>	<u>173,296,855</u>	<u>1,420,170,763</u>

As at 31 December 2009, the gross carrying amount of fully depreciated plant and equipment that still in use amounts to Baht 2,298 million (2008: Baht 2,141 million).

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the years ended 31 December 2009 and 2008

10 Reserves for provident fund and retirement benefits

	2009	2008
	Baht	Baht
Reserve for provident fund	30,351,295	36,872,660
Reserve for retirement benefits	44,365,662	67,949,811
	<u>74,716,957</u>	<u>104,822,471</u>

11 Share capital and premium on share capital

	Number of	Share	Premium
	ordinary	capital	on share
	shares	Baht	capital
	Baht	Baht	Baht
At 1 January 2008	7,400,000	74,000,000	92,000,000
Issue of shares	-	-	-
At 31 December 2008	7,400,000	74,000,000	92,000,000
Issue of shares	-	-	-
At 31 December 2009	<u>7,400,000</u>	<u>74,000,000</u>	<u>92,000,000</u>

Share capital represents authorised ordinary shares with a par value of Baht 10 per share (2008: 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.

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the years ended 31 December 2009 and 2008

13 Expense by nature

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

	2009	2008
	Baht	Baht
Depreciation on property, plant and equipment (Note 9)	538,219,854	464,907,794
Staff costs	337,329,438	364,848,649
Advertising and promotion expenses	47,956,378	55,540,347
Employee retrenchment expenses	-	42,287,350

14 Other income

	2009	2008
	Baht	Baht
Interest income	16,092,970	23,189,034
Gain from disposals of plant and equipment	912,709	2,786,249
Aviation casing sales	29,537,288	23,269,266
Others	7,149,536	7,602,002
	<u>53,692,503</u>	<u>56,846,551</u>

15 Net gain from insurance reimbursement

On 2 March 2007, the Company experienced a fire in the mixing area of the production facility, as a result the Company had to temporarily stop its production to repair and replace the machinery and equipment. The Company has incurred additional cost of replacement for certain machinery and equipment damaged by the fire. The Company received final reimbursement from the insurance company during the year 2009.

The reconciliations of net gain from insurance reimbursement for the years ended 31 December 2009 and 2008 are as follows:

	2009	2008
	Baht	Baht
Total fire related expenses incurred	11,109,262	92,929,402
Insurance reimbursement	<u>(337,690,996)</u>	<u>(500,315,591)</u>
Net gain from insurance reimbursement	<u>(326,581,734)</u>	<u>(407,386,189)</u>

16 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, including 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 certificates.

For the year ended 31 December 2009 and 2008, there was no revenue derived from BOI-promoted activities.

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.

	<u>2009</u>	<u>2008</u>
Net profit attributable to shareholders (Baht)	233,211,594	30,050,294
Weighted average of issued ordinary shares during the year (Shares)	7,400,000	7,400,000
Basic earnings per share (Baht)	31.52	4.06

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

18 Dividends paid

The Board of Director Meeting held on 9 November 2009 approved to pay the interim dividends in respect of the operating results and retained earnings of 2009 of Baht 20 per share amounting to Baht 148.0 million. These dividends were paid to the shareholders on 4 December 2009.

The Annual General Meeting of the Shareholders held on 29 April 2009 approved to pay the dividends in respect of the operating results and retained earnings of 2008 of Baht 10 per share amounting to Baht 74.0 million. The interim dividend of Baht 5 per share amounting to Baht 37.0 million were paid on 4 December 2008. The remaining dividend of Baht 5 per share amounting to Baht 37 million were paid on 29 May 2009.

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19 Cash flows from operating activities

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

	Note	2009 Baht	2008 Baht
Profit before income tax		295,980,539	49,786,215
Adjustments for:			
Depreciation	9, 13	538,219,854	464,907,794
Usages of spare parts	8	32,562,405	38,907,043
Allowance for doubtful accounts (reversal)		(352,552)	5,659,435
Allowance for inventory obsolescence			
- finished goods		596,612	-
(Gains) losses on disposals of plant and equipment		(912,709)	3,221,984
Reserves for provident fund and retirement benefits (reversal)		(15,262,392)	35,049,943
Interest income		(16,092,970)	(23,189,034)
Unrealised losses (gains) on exchange rate		32,009,366	(10,705,754)
Changes in operating assets and liabilities:			
- trade accounts receivable - third parties		22,895,327	(47,791,700)
- trade accounts receivable - related parties		(71,151,354)	67,633,358
- amounts due from related parties		(12,082,916)	9,884,529
- inventories		40,477,046	37,344,218
- value added tax for refund		30,460,520	85,344,442
- other receivable - fire claim		-	186,344,910
- other current assets		(10,191,849)	2,935,827
- other non-current assets		(1,202,902)	169,211
- trade accounts payable - third parties		(12,263,206)	(101,379,676)
- trade accounts payable - related parties		(48,296,901)	(47,670,983)
- amounts due to related parties		(203,492,830)	(206,578,107)
- withholding tax payable		18,979,168	(6,020,367)
- accrued expenses		(19,596,800)	6,060,880
- other current liabilities		(8,431,535)	6,954,710
Cash generated from operations		592,849,921	556,868,878
Interest received		16,352,272	28,735,812
Provident fund and retirement benefits paid		(14,843,122)	(22,505,853)
Income tax paid		(22,844,545)	(11,394,637)
Cash flows from operating activities		<u>571,514,526</u>	<u>551,704,200</u>

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 and long-term loan to a related party. 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 a policy to locally manage the risks arising from fluctuations in currency exchange rates. Foreign currency forward contracts protect the Company from fluctuation in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability will be settled.

ii) Interest rate risk

The Company earns interest on cash and cash equivalents, short-term investment and loan to a related party. 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 is in the Company's trade accounts receivable.

The Company is exposed 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. 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 payables, and long-term loan to a related party.

21 Contingent liabilities

During the fourth quarter of 2008, the Company retrenched 124 employees to address the excess capacity cost as a result of the rapidly deteriorating global and local demand for tires. The Company paid severance pay to these employees in accordance with the Labour Protection Act. During the second quarter of 2009, 62 dismissed employees filed a case against the Company with the Labour Relations Committee for additional benefits and compensation claiming that the dismissal of employment was made in violation of the provisions under the Labour Relation Act B.E. 2518. The total compensation claim approximates Baht 20.0 million. On 30 June 2009, the Company filed a complaint to appeal the order of the Labour Relations Committee with the Central Labour Court and requested the revocation of such order.

During the third quarter of 2009, additional 45 dismissed employees filed a case against the Company with the Central Labour Court for additional benefits and compensation claiming that the dismissal of employment was made in violation of the provisions under Labour Relation Act B.E. 2518. The total compensation claim approximates Baht 33.0 million.

The Company's lawyer is of the opinion that the Company is likely to win both cases. As a result, the Company did not record any provision in the financial statements relating to this compensation.

22 Commitments

Bank guarantees

As at 31 December 2009, the Company had commitments in respect of bank guarantees and other guarantees amounting to Baht 10.4 million (2008 : Baht 12.7 million). The Company pledged its short-term investment to a bank in the form of fixed deposits amounting to Baht 65.0 million (2008: Baht 90.0 million), in respect of banking facilities granted to third parties.

Capital commitments

As at 31 December 2009, the Company has outstanding capital commitments in respect of the expansion of capacity, increased production efficiency and replacement of machinery and equipment totalling Baht 59.8 million (2008: Baht 166.4 million).

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22 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 are as follows:

	2009	2008
	Baht	Baht
Not later than 1 year	1,131,569	2,445,196
Later than 1 year and not later than 5 years	50,777	1,001,700
	<u>1,182,346</u>	<u>3,446,896</u>

23 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.

Pricing policies for related party transactions comprise:

	<u>Pricing policies</u>
Sales and purchases	Costs plus margin
Royalty fee	Percentage of revenues from sales of products manufactured in Thailand
Production service fee	As per agreement
Management fee	As per agreement

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23 Related party transactions (Cont'd)

The following transactions were carried out with related parties:

i) Sales of goods

	2009	2008
	Baht	Baht
	<hr/>	<hr/>
Sales of goods:		
Parent company	195,937,558	343,507,222
Other related parties	<u>1,463,544,276</u>	<u>1,530,907,375</u>
	<u>1,659,481,834</u>	<u>1,874,414,597</u>

ii) Purchases of goods and services

	2009	2008
	Baht	Baht
	<hr/>	<hr/>
Purchases of raw materials and finished goods:		
Parent company	159,364,402	271,601,331
Other related parties	<u>272,519,283</u>	<u>509,645,639</u>
	<u>431,883,685</u>	<u>781,246,970</u>
Purchases of machinery and spare parts:		
Parent company	71,211,250	273,832,813
Other related parties	<u>68,519,422</u>	<u>94,600,449</u>
	<u>139,730,672</u>	<u>368,433,262</u>
Royalty fee:		
Parent company	<u>150,238,835</u>	<u>166,434,533</u>
Production service fee:		
Parent company	<u>9,633,789</u>	<u>11,590,666</u>
Management fee:		
Other related parties	<u>126,856,787</u>	<u>116,721,594</u>

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23 Related party transactions (Cont'd)

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

	2009	2008
	Baht	Baht
	<u> </u>	<u> </u>
Trade accounts receivables - related parties:		
Parent company	46,238,746	54,392,129
Other related parties	413,546,450	334,241,713
	<u>459,785,196</u>	<u>388,633,842</u>
Amounts due from related parties:		
Parent company	1,276,734	-
Other related parties	41,361,787	30,555,605
	<u>42,638,521</u>	<u>30,555,605</u>
Trade accounts payables - related parties:		
Parent company	21,181,951	35,696,867
Other related parties	56,113,444	89,895,429
	<u>77,295,395</u>	<u>125,592,296</u>
Amounts due to related parties:		
Parent company	34,762,236	189,701,710
Other related parties	20,326,595	68,879,951
	<u>55,088,831</u>	<u>258,581,661</u>

iv) Directors' and management's remuneration

	2009	2008
	Baht	Baht
	<u> </u>	<u> </u>
Directors' and management's remuneration	34,370,603	22,179,141

Directors' and management's remuneration represents salaries, meeting fees and other benefits.

23 Related party transactions (Cont'd)

v) Loans to a related party

	2009	2008
	Baht	Baht
Current portion of long-term loan to a related party	-	348,051,000
Long-term loan to a related party	332,207,000	-

As at 31 December 2008, loan to a related party represents long-term loan of US Dollar 10 million due on 30 September 2009, bearing interest at the rate of LIBOR plus 1% per annum and was guaranteed by the parent company. At the Extraordinary General Meeting of the Shareholders held on 24 September 2009, it was approved to extend the loan period to be due at anytime prior to 30 September 2012, bearing interest at the rate of 2.5% per annum or at the rate of LIBOR plus 1% per annum, whichever is higher, and is guaranteed by the parent company. The Company's management is of the opinion that the Company will not recall the loan within the following year and thus classified it as a long-term loan.

The Company uses forward contracts to hedge its exposure to foreign currency risk of the US Dollar loan. The forward exchange rate was Baht 33.72 per 1 US Dollar which the contract will mature on 30 September 2010. As at 31 December 2009, the net fair value of the forward contract is favorable of Baht 3.6 million and is recorded in other current assets. The favorable position of the forward contract compensates the foreign currency loss on the principal of the US Dollar loan, thus protecting the Company from changes in the foreign exchange rate.

The related interest income of the loan was Baht 15.1 million (2008: Baht 19.2 million).

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Notes to Financial Statements
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24 Segment information

The Company operates in the business segments, which are ground tires and aero tires. However, aero tires are principally the export products and their domestic sales are not significant. Management believes that no material difference arisen in making an assessment of the Company's past performance and in making judgments about the Company 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.

Year ended 31 December 2009	Domestic sales Baht	Export sales Baht	Total Baht
Sales	<u>1,690,530,927</u>	<u>1,691,781,570</u>	<u>3,382,312,497</u>
Segment results, net	<u>185,367,252</u>	<u>84,008,953</u>	269,376,205
Unallocated costs/ Other income, net			(299,977,400)
Net gain from insurance reimbursement (Note 15)			<u>326,581,734</u>
Profit before income tax			<u><u>295,980,539</u></u>

Year ended 31 December 2008	Domestic sales Baht	Export sales Baht	Total Baht
Sales	<u>1,741,130,758</u>	<u>1,981,781,377</u>	<u>3,722,912,135</u>
Segment result	<u>103,151,498</u>	<u>94,960,091</u>	198,111,589
Fire related expenses			<u>(192,367,800)</u>
Segment results, net			5,743,789
Unallocated costs/ Other income, net			(363,343,763)
Net gain from insurance reimbursement (Note 15)			<u>407,386,189</u>
Profit before income tax			<u><u>49,786,215</u></u>

The Company does not allocate assets and liabilities which relate jointly to both segments as there is no reasonable allocation basis that can be adopted.

25 Post balance sheet event

Referring to events disclosed in note 21, on 13 January 2010, an additional dismissed employee filed a case against the Company with the Central Labour Court for additional benefits and compensation claiming that the dismissal of employment was made in violation of the provisions under Labour Relation Act B.E. 2518. The total compensation claim approximates Baht 6.8 million.

However, the Company's management is of the opinion that the Company is likely to win the case. As a result, the Company did not record any provision in the financial statements relating to this compensation.