

**GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2011**

## **AUDITOR'S REPORT**

To the Shareholders of Goodyear (Thailand) Public Company Limited

I have audited the accompanying statements of financial position as at 31 December 2011 and 2010, and the related statements of income and comprehensive income, changes in shareholders' equity and cash flows for the years 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 audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2011 and 2010, the results of its operations and cash flows for the years 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  
20 February 2012

**Goodyear (Thailand) Public Company Limited**  
**Statements of Financial Position**  
**As at 31 December 2011 and 2010**

	<u>Notes</u>	<u>2011</u> <u>Baht</u>	<u>2010</u> <u>Baht</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	935,583,794	758,718,282
Restricted short-term investment	20	65,000,000	65,000,000
Trade accounts receivable - third parties, net	6	162,858,295	217,136,683
Trade accounts receivable - related parties	21	138,909,285	555,535,279
Amounts due from related parties	21	46,183,194	51,182,111
Current portion of loan to a related party	21	315,505,000	-
Inventories, net	7	457,037,557	547,316,676
Value added tax for refund		62,592,122	48,585,302
Other current assets		65,644,571	38,278,220
<b>Total current assets</b>		<u>2,249,313,818</u>	<u>2,281,752,553</u>
<b>Non-current assets</b>			
Loan to a related party	21	-	300,063,000
Property, plant and equipment, net	8	1,895,364,788	1,529,500,898
Other non-current assets		4,398,148	4,009,515
<b>Total non-current assets</b>		<u>1,899,762,936</u>	<u>1,833,573,413</u>
<b>Total assets</b>		<u><u>4,149,076,754</u></u>	<u><u>4,115,325,966</u></u>

Director ..... Director .....

The accompanying notes on page 8 to 33 are an integral part of these financial statements.

**Goodyear (Thailand) Public Company Limited**  
**Statements of Financial Position**  
**As at 31 December 2011 and 2010**

	<b>Notes</b>	<b>2011 Baht</b>	<b>2010 Baht</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade accounts payable - third parties		262,396,830	570,725,333
Trade accounts payable - related parties	21	224,553,419	49,881,453
Other payables		23,761,134	65,207,517
Amounts due to related parties	21	161,003,800	122,863,549
Withholding tax payable		8,121,198	14,460,124
Advance from an insurer	23	318,058,925	-
Accrued expenses		204,931,607	101,504,520
Other current liabilities		22,508,183	7,183,738
<b>Total current liabilities</b>		<b>1,225,335,096</b>	<b>931,826,234</b>
<b>Non-current liabilities</b>			
Reserves for provident fund and retirement benefits	9	85,476,850	77,422,489
<b>Total non-current liabilities</b>		<b>85,476,850</b>	<b>77,422,489</b>
<b>Total liabilities</b>		<b>1,310,811,946</b>	<b>1,009,248,723</b>
<b>Shareholders' equity</b>			
Share capital			
Authorised share capital			
7,400,000 ordinary shares at par value of Baht 10 each		74,000,000	74,000,000
Issued and paid-up share capital			
7,400,000 ordinary shares fully paid-up of Baht 10 each	10	74,000,000	74,000,000
Premium on share capital	10	92,000,000	92,000,000
Retained earnings			
Appropriated - Legal reserve	11	7,400,000	7,400,000
Unappropriated		2,664,864,808	2,932,677,243
<b>Total shareholders' equity</b>		<b>2,838,264,808</b>	<b>3,106,077,243</b>
<b>Total liabilities and shareholders' equity</b>		<b>4,149,076,754</b>	<b>4,115,325,966</b>

The accompanying notes on page 8 to 33 are an integral part of these financial statements.

**Goodyear (Thailand) Public Company Limited**  
**Statements of Income**  
**For the years ended 31 December 2011 and 2010**

	<u>Notes</u>	<u>2011 Baht</u>	<u>2010 Baht</u>
Sales	22	4,085,562,634	4,182,929,201
Cost of sales		<u>(3,495,470,163)</u>	<u>(3,815,356,227)</u>
<b>Gross profit</b>		590,092,471	367,572,974
Gain on disposals of property, plant and equipment		1,681,973	454,076,978
Net gain (loss) on exchange rate		35,038,347	(16,694,438)
Other income	13	21,199,040	22,700,161
Selling expenses		(246,148,365)	(257,873,586)
Administrative expenses		(124,376,360)	(70,734,510)
Directors' and management's remuneration	21	(24,204,396)	(29,205,627)
Other operating expenses due to flood	23	<u>(340,149,837)</u>	<u>-</u>
<b>Profit (loss) before income tax</b>	12	(86,867,127)	469,841,952
Income tax		<u>(32,945,308)</u>	<u>(134,991,065)</u>
<b>Net profit (loss) for the year</b>		<u><u>(119,812,435)</u></u>	<u><u>334,850,887</u></u>
<b>Basic earnings (loss) per share</b>	15		
Net profit (loss) for the year		<u><u>(16.19)</u></u>	<u><u>45.25</u></u>

The accompanying notes on page 8 to 33 are an integral part of these financial statements.

**Goodyear (Thailand) Public Company Limited**  
**Statements of Comprehensive Income**  
**For the years ended 31 December 2011 and 2010**

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	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>
	<u>                    </u>	<u>                    </u>
<b>Net profit (loss) for the year</b>	(119,812,435)	334,850,887
Other comprehensive income for the year, net of tax	<u>                    -</u>	<u>                    -</u>
<b>Total comprehensive income (loss) for the year</b>	<u><u>(119,812,435)</u></u>	<u><u>334,850,887</u></u>

The accompanying notes on page 8 to 33 are an integral part of these financial statements.

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**Goodyear (Thailand) Public Company Limited**  
**Statements of Changes in Shareholders' Equity**  
**For the years ended 31 December 2011 and 2010**

	Issued and paid-up share capital Baht (Note 10)	Premium on share capital Baht (Note 10)	Legal reserve Baht (Note 11)	Unappropriated retained earnings Baht	Total Baht
<b>Beginning balance</b>					
as at 1 January 2011	74,000,000	92,000,000	7,400,000	2,932,677,243	3,106,077,243
Total comprehensive loss for the year	-	-	-	(119,812,435)	(119,812,435)
Dividends paid (Note 16)	-	-	-	(148,000,000)	(148,000,000)
<b>Ending balance</b>					
as at 31 December 2011	<u>74,000,000</u>	<u>92,000,000</u>	<u>7,400,000</u>	<u>2,664,864,808</u>	<u>2,838,264,808</u>
<b>Beginning balance</b>					
as at 1 January 2010	74,000,000	92,000,000	7,400,000	2,708,826,356	2,882,226,356
Total comprehensive income for the year	-	-	-	334,850,887	334,850,887
Dividends paid (Note 16)	-	-	-	(111,000,000)	(111,000,000)
<b>Ending balance</b>					
as at 31 December 2010	<u>74,000,000</u>	<u>92,000,000</u>	<u>7,400,000</u>	<u>2,932,677,243</u>	<u>3,106,077,243</u>

The accompanying notes on page 8 to 33 are an integral part of these financial statements.

**Goodyear (Thailand) Public Company Limited**  
**Statements of Cash Flows**  
**For the years ended 31 December 2011 and 2010**

	<u>Notes</u>	<u>2011 Baht</u>	<u>2010 Baht</u>
<b>Cash flows from operating activities</b>	17	804,897,454	302,748,002
<b>Cash flows from investing activities</b>			
Purchases of plant and equipment		(490,234,621)	(447,878,788)
Proceeds from sales of property, plant and equipment		6,311,180	478,422,732
Net cash (used in) generated from investing activities		(483,923,441)	30,543,944
<b>Cash flows from financing activity</b>			
Dividends paid to shareholders	16	(148,000,000)	(111,000,000)
Net cash used in financing activity		(148,000,000)	(111,000,000)
<b>Net increase in cash and cash equivalents</b>		172,974,013	222,291,946
Cash and cash equivalents at the beginning of the year		758,718,282	536,750,891
Exchange rate gains (losses) on cash and cash equivalents		3,891,499	(324,555)
Cash and cash equivalents at the end of the year	5	<u>935,583,794</u>	<u>758,718,282</u>

**Non-cash transactions**

Significant non-cash transactions for the years ended 31 December 2011 and 2010 are as follows:

Unpaid liabilities for purchases of plant and equipment	78,262,183	101,162,846
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The accompanying notes on page 8 to 33 are an integral part of these financial statements.



**Goodyear (Thailand) Public Company Limited**  
**Notes to Financial Statements**  
**For the years ended 31 December 2011 and 2010**

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**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 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 20 February 2012.

**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.

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 judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Comparative figures have been adjusted to conform with changes in presentation in the current year as follow:

**Goodyear (Thailand) Public Company Limited**  
**Notes to Financial Statements**  
**For the years ended 31 December 2011 and 2010**

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**2 Accounting policies (Cont'd)**

**2.1 Basis for preparation (Cont'd)**

The Company has reclassified the presentation of spare parts in the statement of financial position to be more appropriate based on management's interpretation of TAS 16. The effects of these reclassifications to the statement of financial position as at 31 December 2010 are presented as follows:

	<b>Previously reported Baht</b>	<b>After reclassification Baht</b>
Inventories, net	397,052,018	547,316,676
Spare parts	176,995,545	-
Property, plant and equipment, net	1,502,770,011	1,529,500,898

The spare parts included in property, plant and equipment are depreciated when used using straight-line method over their estimated useful lives.

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, new financial reporting standards, new interpretation and amendments to accounting standards**

- a) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards effective for the periods beginning on or after 1 January 2011 and adopted by the Company:

TAS 1	(Revised 2009)	Presentation of Financial Statements
TAS 2	(Revised 2009)	Inventories
TAS 7	(Revised 2009)	Statement of Cash Flows
TAS 8	(Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	(Revised 2009)	Events after the Reporting Period
TAS 11	(Revised 2009)	Construction Contracts
TAS 16	(Revised 2009)	Property, Plant and Equipment
TAS 17	(Revised 2009)	Leases
TAS 18	(Revised 2009)	Revenue
TAS 19		Employee Benefits
TAS 23	(Revised 2009)	Borrowing Costs
TAS 24	(Revised 2009)	Related Party Disclosures
TAS 26		Accounting and Reporting by Retirement Benefit Plans
TAS 27	(Revised 2009)	Consolidated and Separate Financial Statements

**2 Accounting policies (Cont'd)**

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

- a) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards effective for the periods beginning on or after 1 January 2011 and adopted by the Company: (Cont'd)

TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
TSIC 31	Revenue - Barter Transactions Involving Advertising Services

The Company will apply these new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (collectively “accounting standards”) from 1 January 2011. The Company’s management has determined that these accounting standards will not significantly impact the financial statements being presented excepted as disclosed in the following paragraphs.

TAS 1 (Revised 2009), the revised standard will prohibit the presentation of items of income and expenses in the statement of changes in shareholders’ equity. Entities can choose whether to present one statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated statement of financial position as at the beginning comparative period in addition to the current requirement to present statement of financial position at the end of the current period and comparative period. However, for the financial statements which period beginning on or after 1 January 2011 and are the first period applying this standard, an entity can choose to present statement of financial position only two statements without the statement of financial position as at the beginning comparative period. The Company chose to present the statement of comprehensive income for two statements which are the statement of income and statement of comprehensive income. Therefore, the Company has changed its presentation of the statement of income for the year ended 31 December 2010 to conform with the current year presentation.

**Goodyear (Thailand) Public Company Limited**  
**Notes to Financial Statements**  
**For the years ended 31 December 2011 and 2010**

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**2 Accounting policies (Cont'd)**

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

- a) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards effective for the periods beginning on or after 1 January 2011 and adopted by the Company: (Cont'd)

TAS 16 (Revised 2009), the revised standard requires that an item of plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The revised standard also requires an entity to review useful life, residual value and depreciation method at least at each financial year.

In compliance with revised TAS 16, the Company has performed a review of the useful lives, residual values and depreciation method of property, plant and equipment to be more appropriate with the current use of assets. The Company has changed the depreciation method of machinery and equipment, furniture and fixtures and motor vehicles acquired from 1993 onwards from the sum-of-the-year-digits method to be the straight-line method. The Company changed the estimated residual values and useful life and depreciation method by using prospective adjustments. Below are the comparison of the useful lives between the old and the new ones.

	<b>Old useful life (years)</b>	<b>New useful life (years)</b>
Land improvements	10 - 20	10 - 44
Building - acquired in and after 1993	20	10 - 40
Building - acquired prior to 1993	50	10 - 40
Machinery and equipment	3 - 20	3 - 30
Furniture, fixtures and office equipment	5	3 - 20
Motor vehicles	4 - 5	4

The effect from the changes was fully reflected in the year ended 31 December 2011. The depreciation for the old and new accounting policies can be summarised as follows:

	<b>Old accounting policy Baht</b>	<b>New accounting policy Baht</b>
Depreciation charges for the year ended 31 December 2011	343,426,612	124,283,296

## **2 Accounting policies (Cont'd)**

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

- a) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards effective for the periods beginning on or after 1 January 2011 and adopted by the Company: (Cont'd)

TAS 19 deals with accounting for employee benefits. The standard requires the entity to use the Projected Unit Credit method. Currently, the Company already uses this calculation method. Therefore, the management believes that applying this standard from 1 January 2011 will have no significant impact except the disclosure of additional information in the notes to financial statements.

- b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards effective for the periods beginning on or after 1 January 2013 and have not been early adopted by the Company:

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

The Company does not early adopt these accounting standards before effective date. The Company's management is currently assessing the impact of applying these accounting standards.

TAS 12 deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. The standard requires retrospective adjustment.

## **2 Accounting policies (Cont'd)**

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

- b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards effective for the periods beginning on or after 1 January 2013 and have not been early adopted by the Company: (Cont'd)

TAS 21 (Revised 2009) requires an entity to determine its functional currency which is a currency of the primary economic environment in which the entity operates. Foreign currency transactions are required to be translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rate of monetary items denominated in foreign currency are recognised in profit or loss of that period. The operating results and financial position of the Company that have a functional currency different from the presentation currency are translated in the presentation currency by a) assets and liabilities are translated at the closing rate of the date of the statements of financial position b) income and expenses are translated at exchange rate at the date of the transactions and c) all resulting exchange rate differences are recognised in the statement of comprehensive income. The standard requires retrospective adjustment.

### **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 statement of financial position 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 statement of financial position 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 statement of financial position 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.

Forward contracts are recognised at fair values. Fair values are obtained from quoted market prices. Changes in fair values are reflected in the statement of income.

## **2 Accounting policies (Cont'd)**

### **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.

### **2.7 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. All other fixed assets are depreciated over their estimated useful lives. 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

## **2 Accounting policies (Cont'd)**

### **2.8 Property, plant and equipment (Cont'd)**

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.

### **2.9 Impairment of assets**

Property, plant and equipment and other non-current assets 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 Accounting policies (Cont'd)**

### **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 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 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.

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

### **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 Accounting policies (Cont'd)**

### **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.

### **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 judgement 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.

## **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.

## **5 Cash and cash equivalents**

	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>
Cash on hand	59,453	114,579
Deposits held at call with banks	935,524,341	758,603,703
	<u>935,583,794</u>	<u>758,718,282</u>

As at 31 December 2011, the weighted average effective interest rate of deposits held at call with banks was 0.60% per annum (2010: 0.59% per annum).

**Goodyear (Thailand) Public Company Limited**  
**Notes to Financial Statements**  
**For the years ended 31 December 2011 and 2010**

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**6 Trade accounts receivable - third parties, net**

	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>
Trade accounts receivable - third parties	180,248,368	238,496,926
<u>Less</u> Allowance for doubtful accounts	<u>(17,390,073)</u>	<u>(21,360,243)</u>
	<u>162,858,295</u>	<u>217,136,683</u>

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

	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>
Current	136,611,993	207,181,450
Overdue:		
1 - 3 months	21,945,138	8,088,427
4 - 12 months	6,995,041	2,962,348
Over 12 months	<u>14,696,196</u>	<u>20,264,701</u>
	180,248,368	238,496,926
<u>Less</u> Allowance for doubtful accounts	<u>(17,390,073)</u>	<u>(21,360,243)</u>
	<u>162,858,295</u>	<u>217,136,683</u>

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**7 Inventories, net**

	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>
Raw materials	235,074,323	143,537,535
Spare parts	146,815,546	150,264,658
Work in progress	72,624,985	36,000,342
Finished goods	144,829,609	199,353,709
Goods in transit	84,944,943	22,244,601
	<u>684,289,406</u>	<u>551,400,845</u>
<u>Less</u> Allowance for obsolete and defective inventories		
- raw materials	(128,942,490)	-
- spare parts	(15,498,439)	-
- work in progress	(66,234,623)	-
- finished goods	(16,576,297)	(4,084,169)
	<u>457,037,557</u>	<u>547,316,676</u>

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**8 Property, plant and equipment, net**

	<b>Land and building Baht</b>	<b>Machinery and equipment Baht</b>	<b>Furniture, fixtures and office equipment Baht</b>	<b>Motor vehicles Baht</b>	<b>Assets under installation Baht</b>	<b>Total Baht</b>
<b>As at 1 January 2010</b>						
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>
<b>For the year ended 31 December 2010</b>						
Opening net book amount	412,337,913	810,597,787	9,338,392	14,599,816	173,296,855	1,420,170,763
Additions	-	-	-	2,021,550	573,570,971	575,772,521
Transfers	50,671,138	132,469,255	4,171,179	-	(187,311,572)	-
Disposals, net	(11,672,165)	(5,033,600)	(385,853)	(5,903,603)	(1,350,533)	(24,345,754)
Depreciation charges (Note 12)	(34,638,669)	(397,191,551)	(6,179,767)	(4,086,645)	-	(442,096,632)
Closing net book amount	<u>416,698,217</u>	<u>540,841,891</u>	<u>6,943,951</u>	<u>6,631,118</u>	<u>558,385,721</u>	<u>1,529,500,898</u>
<b>As at 31 December 2010</b>						
Cost	796,568,578	3,905,197,561	274,803,381	14,393,325	558,385,721	5,549,348,566
<u>Less</u> Accumulated depreciation	(379,870,361)	(3,364,355,670)	(267,859,430)	(7,762,207)	-	(4,019,847,668)
Net book amount	<u>416,698,217</u>	<u>540,841,891</u>	<u>6,943,951</u>	<u>6,631,118</u>	<u>558,385,721</u>	<u>1,529,500,898</u>

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**8 Property, plant and equipment, net (Cont'd)**

	<b>Land and building Baht</b>	<b>Machinery and equipment Baht</b>	<b>Furniture, fixtures and office equipment Baht</b>	<b>Motor vehicles Baht</b>	<b>Assets under installation Baht</b>	<b>Total Baht</b>
<b>For the year ended 31 December 2011</b>						
Opening net book amount	416,698,217	540,841,891	6,943,951	6,631,118	558,385,721	1,529,500,898
Additions	-	-	-	-	503,289,287	503,289,287
Transfers	73,515,856	126,189,081	249,525	-	(199,954,462)	-
Disposals, net	-	(481,714)	-	-	(4,147,492)	(4,629,206)
Depreciation charges (Note 12)	(19,126,418)	(102,381,601)	(2,254,832)	(520,445)	-	(124,283,296)
Impairment loss	(3,198,928)	(5,276,437)	(37,530)	-	-	(8,512,895)
Closing net book amount	<u>467,888,727</u>	<u>558,891,220</u>	<u>4,901,114</u>	<u>6,110,673</u>	<u>857,573,054</u>	<u>1,895,364,788</u>
<b>As at 31 December 2011</b>						
Cost	870,084,433	4,021,118,135	275,052,907	14,393,325	857,573,054	6,038,221,854
<u>Less</u> Accumulated depreciation	(398,996,778)	(3,456,950,478)	(270,114,263)	(8,282,652)	-	(4,134,344,171)
Allowance for impairment loss	(3,198,928)	(5,276,437)	(37,530)	-	-	(8,512,895)
Net book amount	<u>467,888,727</u>	<u>558,891,220</u>	<u>4,901,114</u>	<u>6,110,673</u>	<u>857,573,054</u>	<u>1,895,364,788</u>

As at 31 December 2011, the gross carrying amount of fully depreciated plant and equipment that still in use amounts to Baht 2,321 million (2010: Baht 2,206 million).

The impairment charge of Baht 8,512,895 in 2011 for plant and equipment was made during the year as a result of flood (Note 23) and equipment which cannot be used. The recoverable amount was determined at the component level of assets. The recoverable amount represents the estimated residual value of each impaired asset.

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**9 Reserves for provident fund and retirement benefits**

	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>
Statements of financial position		
Reserve for provident fund	36,562,226	32,604,582
Reserve for retirement benefits	48,914,624	44,817,907
	<u>85,476,850</u>	<u>77,422,489</u>
Statements of income		
Provident fund	7,774,159	7,421,123
Retirement benefits	8,740,243	5,010,207
	<u>16,514,402</u>	<u>12,431,330</u>

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

	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>
At 1 January	77,422,489	74,716,957
Current service cost	11,558,293	9,174,689
Interest cost	3,890,543	3,256,641
Past service cost	936,797	-
Actuarial gains	128,769	-
Benefits paid	(8,460,041)	(9,725,798)
At 31 December	<u>85,476,850</u>	<u>77,422,489</u>

Of the total charge, Baht 9,062,270 and Baht 7,452,132 (2010: Baht 8,098,682 and Baht 4,332,648) were included in 'cost of goods sold' and 'selling and administrative expenses' respectively.

The principal actuarial assumptions used were as follows:

	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>
Discount rate	4.50%	5.00%
Future salary increase rate	5.75%	5.75%

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**10 Share capital and premium on share capital**

	<b>Number of ordinary shares</b>	<b>Share capital Baht</b>	<b>Premium on share capital Baht</b>
At 1 January 2010	7,400,000	74,000,000	92,000,000
Issue of shares	-	-	-
At 31 December 2010	7,400,000	74,000,000	92,000,000
Issue of shares	-	-	-
At 31 December 2011	<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 (2010: Baht 10 per share). All issued shares are fully paid.

**11 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.

**12 Expense by nature**

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

	<b>2011 Baht</b>	<b>2010 Baht</b>
Raw materials and supplies used	1,991,739,145	2,016,988,581
Staff costs	421,199,940	427,652,720
Royalty fee (Note 21)	159,329,227	185,349,969
Management fee (Note 21)	128,855,896	137,727,872
Depreciation (Note 8)	124,283,296	442,096,632
Advertising and promotion expenses	63,745,347	66,277,756



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**13 Other income**

	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>
Interest income	11,792,758	13,431,524
Others	9,406,282	9,268,637
	<u>21,199,040</u>	<u>22,700,161</u>

**14 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 certificate.

For the year ended 31 December 2011 and 2010, there was no revenue derived from BOI-promoted activities.

**15 Basic earnings (loss) per share**

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

	<b>2011</b>	<b>2010</b>
Net profit (loss) attributable to shareholders (Baht)	(119,812,435)	334,850,887
Weighted average of issued ordinary shares during the year (Shares)	7,400,000	7,400,000
Basic earnings (loss) per share (Baht)	(16.19)	45.25

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

**16 Dividends paid**

At the Annual General Meeting of the Shareholders held on 28 April 2011, dividends in respect of the operating results and retained earnings of 2010 of Baht 25 per share amounting to Baht 185 million were declared and ratified. The dividend was paid at Baht 5 per share amounting to Baht 37 million as interim dividend on 3 December 2010. The remaining dividends of Baht 20 per share amounting to Baht 148 million were paid on 27 May 2011.

At the Annual General Meeting of the Shareholders held on 29 April 2010 approved to pay the dividends in respect of the operating result and retained earnings of 2009 of Baht 30 per shares amounting to Baht 222 million. The interim dividend of Baht 20 per share amounting to Baht 148 million were paid on 4 December 2009. The remaining dividend of Baht 10 per share amounting to Baht 74 million were paid on 29 May 2010.

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**17 Cash flows from operating activities**

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

	<u>Notes</u>	<u>2011 Baht</u>	<u>2010 Baht</u>
Net profit (loss) before income tax		(86,867,127)	469,841,952
Adjustments for:			
Depreciation	8, 12	124,283,296	442,096,632
Impairment loss of assets	8	8,512,895	-
Allowance for doubtful accounts (reversal)		(3,970,170)	671,871
Allowance for obsolete and defective inventories		223,167,680	3,487,557
Gain on disposals of property, plant and equipment		(1,681,974)	(454,076,978)
Reserves for provident fund and retirement benefits	9	16,514,402	12,431,330
Write off withholding tax		3,085,206	-
Interest income	13	(11,792,758)	(13,431,524)
Unrealised (gains) losses on exchange rate		(23,061,226)	32,728,192
Changes in operating assets and liabilities:			
- trade accounts receivable - third parties		58,312,460	(24,155,945)
- trade accounts receivable - related parties		416,625,994	(95,750,083)
- amounts due from related parties		4,998,917	(8,543,590)
- inventories		(132,888,561)	(95,606,252)
- value added tax for refund		(14,006,820)	4,047,007
- other current assets		(24,143,524)	11,260,988
- other non-current assets		(388,633)	2,567,768
- trade accounts payable - third parties		(304,664,678)	204,806,980
- trade accounts payable - related parties		120,033,417	(27,413,942)
- other payables		137,500	-
- amounts due to related parties		38,140,251	31,819,389
- withholding tax payable		(6,338,926)	(8,568,394)
- advance from an insurer	23	318,058,925	-
- accrued expenses		103,427,087	21,677,147
- other current liabilities		15,324,445	153,070
Cash generated from operations		840,818,078	510,043,175
Interest received		11,691,251	13,359,757
Provident fund and retirement benefits paid	9	(8,460,041)	(9,725,798)
Income tax paid		(39,151,834)	(210,929,132)
Cash flows from operating activities		<u>804,897,454</u>	<u>302,748,002</u>

## **18 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 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 payables, and long-term loan to a related party.

## **19 Significant legal cases**

During 2008 and 2009, the Company retrenched certain employees to address the cost of excess capacity as a result of the rapidly deteriorating demand both globally and locally for tires. The Company paid severance pay to those employees in accordance with the Labour Protection Act.

During 2009, 62 dismissed employees filed a case against the Company with the Labour Relations Committee for additional benefits and compensation claiming that their dismissal was made in violation of the provisions under the Labour Relation Act B.E. 2518. The Labour Relation Committee ordered that the Company must pay compensation and re-hire some dismissed employees. On 30 June 2009, the Company filed a complaint to appeal against the order of the Labour Relations Committee with the Central Labour Court and requested the revocation of such order.

Also in 2009, an additional 45 dismissed employees filed a case against the Company with the Central Labour Court for additional benefits and compensation claiming that their dismissal was made in violation of the provisions under the Labour Relation Act B.E. 2518.

During the third quarter of 2011, the Company already settled the above cases and has recognised the amount of settlement in these financial statements.

## **20 Commitments**

### **Bank guarantees**

As at 31 December 2011, the Company had commitments in respect of bank guarantees amounting to Baht 10.3 million (2010: Baht 10.3 million).

### **Restricted short-term investment**

As at 31 December 2011, the Company pledged its short-term investment to a bank in the form of fixed deposits amounting to Baht 65.0 million (2010: Baht 65.0 million), in respect of banking facilities granted to third parties.

### **Capital commitments**

As at 31 December 2011, the Company has outstanding capital commitments in respect of the expansion of plant and production capacity, increased production efficiency and replacement of machinery and equipment totalling Baht 88.8 million (2010: Baht 293.5 million).

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**20 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:

	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>
Not later than 1 year	1,276,800	891,096
Later than 1 year and not later than 5 years	1,556,500	1,262,386
	<u>2,833,300</u>	<u>2,153,482</u>

**21 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 of goods and machinery	Costs plus margin
Royalty fee	Percentage of revenues from sales of products manufactured in Thailand
Production service fee	As actual incurred
Management fee	As actual incurred

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**21 Related party transactions (Cont'd)**

The following transactions were carried out with related parties:

**i) Sales of goods**

	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>
Sales of finished goods:		
Parent company	333,738,937	248,711,738
Related parties - same common control	<u>2,000,023,530</u>	<u>1,909,109,737</u>
	<u><u>2,333,762,467</u></u>	<u><u>2,157,821,475</u></u>

**ii) Purchases of goods and services**

	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>
Purchases of raw materials and finished goods:		
Parent company	90,545,822	111,695,114
Related parties - same common control	<u>492,164,140</u>	<u>408,274,124</u>
	<u><u>582,709,962</u></u>	<u><u>519,969,238</u></u>
Purchases of machinery and spare parts:		
Parent company	147,471,662	44,536,650
Related parties - same common control	<u>181,617,511</u>	<u>297,518,602</u>
	<u><u>329,089,173</u></u>	<u><u>342,055,252</u></u>
Royalty fee:		
Parent company	<u>159,329,227</u>	<u>185,349,969</u>
Production service fee:		
Parent company	<u>2,389,381</u>	<u>7,561,703</u>
Management fee:		
Related parties - same common control	<u>128,855,896</u>	<u>137,727,872</u>

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**21 Related party transactions (Cont'd)**

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

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

	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>
Trade accounts receivables - related parties:		
Parent company	5,506,605	90,457,652
Related parties - same common control	133,402,680	465,077,627
	<u>138,909,285</u>	<u>555,535,279</u>
Amounts due from related parties:		
Parent company	1,370,466	2,944,140
Related parties - same common control	44,812,728	48,237,971
	<u>46,183,194</u>	<u>51,182,111</u>
Trade accounts payables - related parties:		
Parent company	17,955,923	5,600,296
Related parties - same common control	206,597,496	44,281,157
	<u>224,553,419</u>	<u>49,881,453</u>
Amounts due to related parties:		
Parent company	108,252,141	41,856,818
Related parties - same common control	52,751,659	81,006,731
	<u>161,003,800</u>	<u>122,863,549</u>

**iv) Directors' and management's remuneration**

	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>
Directors' and management's remuneration	<u>24,204,396</u>	<u>29,205,627</u>

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



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**21 Related party transactions (Cont'd)**

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

**v) Loan to a related party**

	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>
Loan to a related party:		
Current portion	315,505,000	-
Long-term portion	-	300,063,000
	<u>315,505,000</u>	<u>300,063,000</u>

As at 31 December 2011, loan to a related party represents a loan of US Dollar 10 million due at any time prior to 30 September 2012, bearing interest at the rate of 2.6% per annum or LIBOR plus 1% per annum, whichever is higher, and is guaranteed by the parent company.

The Company uses forward contract to hedge its exposure to foreign currency risk of the US Dollar loan. The forward exchange rate was Baht 31.37 per 1 US Dollar which the contract will mature on 28 September 2012. As at 31 December 2011, the net fair value of the forward contract is unfavorable of Baht 7.9 million and is presented under other current liabilities.

The related interest income of the loan was Baht 8.0 million (2010: Baht 8.1 million).

**22 Segment information**

The Company operates in the business segments, which are ground tires and aero tires. 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.

<b>Year ended 31 December 2011</b>	<b>Domestic sales</b>	<b>Export sales</b>	<b>Total</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Sales	<u>1,735,016,976</u>	<u>2,350,545,658</u>	<u>4,085,562,634</u>
Segment gross profit	<u>465,893,186</u>	<u>124,199,285</u>	590,092,471
Other operating expenses due to flood (Note 23)			(340,149,837)
Unallocated costs/other income, net			(336,809,761)
Loss before income tax			<u>(86,867,127)</u>

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**22 Segment information (Cont'd)**

<b>Year ended 31 December 2010</b>	<b>Domestic sales Baht</b>	<b>Export sales Baht</b>	<b>Total Baht</b>
Sales	<u>2,007,315,804</u>	<u>2,175,613,397</u>	<u>4,182,929,201</u>
Segment gross profit	<u>320,731,243</u>	<u>46,841,731</u>	367,572,974
Unallocated costs/other income, net			<u>102,268,978</u>
Profit before income tax			<u>469,841,952</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.

**23 Impact from flood**

Following severe flooding in Thailand, the Company's facility in Pathumthani has been flooded which caused the Company to close the consumer and aviation tire manufacturing facility on 20 October 2011. The following items due to this matter were expensed in the financial statements.

	<b>Baht</b>
Loss from allowance for defective inventories	193,459,266
Loss from allowance for impairment loss on property, plant and equipment	3,492,569
Other operating expenses due to flood	<u>143,198,002</u>
	<u>340,149,837</u>

The Company is in process of insurance claims. Some of the above items are expected to be recovered from an insurer. At 31 December 2011, the Company receives an advance from an insurer amounting to Baht 318,058,925 due to the above expenses which is presented as a liability in the financial statements. When the Company and an insurer are able to finalise the compensation amount for this claim, an advance from an insurer will be offset with the compensation amount which the difference, if any, will be additionally received or paid by the Company. Insurance recovery will be recognised in the financial statements when it is virtually certain.