

AUDITOR'S REPORT

To the Shareholders of Goodyear (Thailand) Public Company Limited

I have audited the accompanying financial statements of Goodyear (Thailand) Public Company Limited, which comprise the statement of financial position as at 31 December 2013, and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Goodyear (Thailand) Public Company Limited as at 31 December 2013, and its results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Sukhumaporn Wong-ariyaporn
Certified Public Accountant (Thailand) No. 4843
PricewaterhouseCoopers ABAS Ltd.

Bangkok
24 February 2014

GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2013

AUDITOR'S REPORT

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GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2013

Goodyear (Thailand) Public Company Limited
Statement of Financial Position
As at 31 December 2013

	<u>Notes</u>	<u>31 December 2013 Baht</u>	<u>31 December 2012 Baht</u>	<u>1 January 2012 Baht</u>
Assets				
Current assets				
Cash and cash equivalents	5	1,073,502,159	675,347,226	935,583,794
Restricted short-term investment	22	68,865,440	65,000,000	65,000,000
Trade and other receivables	6	711,439,068	1,064,477,207	394,126,769
Current portion of loan to a related party		-	-	315,505,000
Inventories, net	7	553,078,720	627,488,350	457,037,557
Refundable value added tax		37,081,809	29,845,331	62,592,122
Other current assets		<u>21,904,986</u>	<u>21,920,233</u>	<u>19,468,576</u>
Total current assets		<u>2,465,872,182</u>	<u>2,484,078,347</u>	<u>2,249,313,818</u>
Non-current assets				
Deferred tax assets	17	-	-	77,005,997
Property, plant and equipment, net	8	2,006,496,131	1,956,507,256	1,893,210,696
Computer software, net	9	1,925,483	2,422,977	2,154,092
Other non-current assets		<u>3,692,050</u>	<u>2,961,246</u>	<u>4,398,148</u>
Total non-current assets		<u>2,012,113,664</u>	<u>1,961,891,479</u>	<u>1,976,768,933</u>
Total assets		<u><u>4,477,985,846</u></u>	<u><u>4,445,969,826</u></u>	<u><u>4,226,082,751</u></u>

Director Director

The accompanying notes on pages 9 to 35 are an integral part of these financial statements.

Goodyear (Thailand) Public Company Limited
Statement of Financial Position
As at 31 December 2013

		31 December 2013 Baht	31 December 2012 Baht	1 January 2012 Baht
	Notes			
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables	10	695,450,600	704,491,773	879,742,215
Accrued withholding tax		13,154,210	46,480,255	8,121,198
Current income tax payable		39,862,515	153,386,220	-
Advances received from insurers	25	-	23,964,706	318,058,925
Other current liabilities		7,417,438	9,001,386	19,412,758
Total current liabilities		755,884,763	937,324,340	1,225,335,096
Non-current liabilities				
Deferred tax liabilities	17	23,917,144	3,597,776	-
Reserves for savings fund and employee retirement benefits	11	108,947,662	96,905,246	85,476,850
Total non-current liabilities		132,864,806	100,503,022	85,476,850
Total liabilities		888,749,569	1,037,827,362	1,310,811,946
Shareholders' equity				
Share capital				
Authorised share capital				
7,400,000 ordinary shares				
at par value of Baht 10 each				
		74,000,000	74,000,000	74,000,000
Issued and paid-up share capital				
7,400,000 ordinary shares				
fully paid-up of Baht 10 each				
	12	74,000,000	74,000,000	74,000,000
Premium on share capital	12	92,000,000	92,000,000	92,000,000
Retained earnings				
Appropriated - Legal reserve				
	13	7,400,000	7,400,000	7,400,000
Unappropriated				
		3,415,836,277	3,234,742,464	2,741,870,805
Total shareholders' equity		3,589,236,277	3,408,142,464	2,915,270,805
Total liabilities and shareholders' equity		4,477,985,846	4,445,969,826	4,226,082,751

The accompanying notes on pages 9 to 35 are an integral part of these financial statements.

Goodyear (Thailand) Public Company Limited
Statement of Income
For the year ended 31 December 2013

	<u>Notes</u>	<u>2013</u> <u>Baht</u>	<u>2012</u> <u>Baht</u>
Sales	24	3,608,149,894	3,480,076,109
Cost of sales		<u>(2,956,090,444)</u>	<u>(2,978,790,088)</u>
Gross profit		652,059,450	501,286,021
Other income	15	16,000,591	28,803,843
Other gains (losses)		89,085,398	(487,004)
Income from insurance reimbursement	25	60,514,625	1,250,689,210
Selling expenses		(284,384,003)	(274,862,648)
Administrative expenses		(136,131,434)	(138,987,609)
Other operating expenses due to flood and fire		-	<u>(315,029,496)</u>
Profit before income tax		397,144,627	1,051,412,317
Income tax expenses	17	<u>(68,050,814)</u>	<u>(240,340,658)</u>
Net profit for the year		<u><u>329,093,813</u></u>	<u><u>811,071,659</u></u>
Basic earnings per share (Baht)	18		
Net profit for the year		<u><u>44.47</u></u>	<u><u>109.60</u></u>

The accompanying notes on pages 9 to 35 are an integral part of these financial statements.

Goodyear (Thailand) Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2013

	2013	2012
	Baht	Baht
	<hr/>	<hr/>
Net profit for the year	329,093,813	811,071,659
Other comprehensive income for the year, net of tax	<hr/> -	<hr/> -
Total comprehensive income for the year	<hr/> <u>329,093,813</u>	<hr/> <u>811,071,659</u>

The accompanying notes on pages 9 to 35 are an integral part of these financial statements.

Goodyear (Thailand) Public Company Limited
Statement of Changes in Shareholders' Equity
For the year ended 31 December 2013

	Issued and paid-up share capital Baht	Premium on share capital Baht	Legal reserve Baht	Unappropriated retained earnings Baht	Total Baht
Beginning balance as at 1 January 2012					
- previously reported	74,000,000	92,000,000	7,400,000	2,664,864,808	2,838,264,808
Retrospective adjustments (Note 3)	-	-	-	77,005,997	77,005,997
Opening balance after adjustments	74,000,000	92,000,000	7,400,000	2,741,870,805	2,915,270,805
Total comprehensive income for the year - restated (Note 3)	-	-	-	811,071,659	811,071,659
Dividends paid (Note 19)	-	-	-	(318,200,000)	(318,200,000)
Ending balance as at 31 December 2012	<u>74,000,000</u>	<u>92,000,000</u>	<u>7,400,000</u>	<u>3,234,742,464</u>	<u>3,408,142,464</u>
Beginning balance as at 1 January 2013					
- previously reported	74,000,000	92,000,000	7,400,000	3,238,340,240	3,411,740,240
Retrospective adjustments (Note 3)	-	-	-	(3,597,776)	(3,597,776)
Opening balance after adjustments	74,000,000	92,000,000	7,400,000	3,234,742,464	3,408,142,464
Total comprehensive income for the year	-	-	-	329,093,813	329,093,813
Dividends paid (Note 19)	-	-	-	(148,000,000)	(148,000,000)
Ending balance as at 31 December 2013	<u>74,000,000</u>	<u>92,000,000</u>	<u>7,400,000</u>	<u>3,415,836,277</u>	<u>3,589,236,277</u>

The accompanying notes on pages 9 to 35 are an integral part of these financial statements.

Goodyear (Thailand) Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2013

	<u>Notes</u>	<u>2013 Baht</u>	<u>2012 Baht</u>
Cash flows from operating activities	20	668,213,016	68,898,205
Cash flows from investing activities			
Restricted short-term investment		(3,865,440)	-
Purchases of plant and equipment		(210,042,778)	(326,049,143)
Purchases of software	9	(278,100)	(923,094)
Proceeds from sales of equipment		50,032,148	1,751,079
Net cash used in investing activities		(164,154,170)	(325,221,158)
Cash flows from financing activities			
Receipt for repayment of loan to a related company		-	315,505,000
Dividends paid to shareholders	19	(148,000,000)	(318,200,000)
Net cash used in financing activities		(148,000,000)	(2,695,000)
Net (decrease) increase in cash and cash equivalents		356,058,846	(259,017,953)
Cash and cash equivalents at the beginning of the year		675,347,226	935,583,794
Exchange gains (losses) on cash and cash equivalents		42,096,087	(1,218,615)
Cash and cash equivalents at the end of the year	5	<u>1,073,502,159</u>	<u>675,347,226</u>

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2013 and 2012 are as follows:

Unpaid liabilities for purchases of plant and equipment	80,091,045	39,629,747
Receivables for sales of equipment	997,373	89,470,822

The accompanying notes on pages 9 to 35 are an integral part of these financial statements.

1 General information

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

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

The Company is listed on the Stock Exchange of Thailand.

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

These financial statements were authorised for issue by the Board of Directors on 24 February 2014.

2 Accounting policies

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

2.1 Basis for preparation

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

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

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its 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 4.

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 Accounting policies (Cont'd)

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

New accounting standards and amendments to accounting standards which are effective on 1 January 2013 and are relevant to the Company are:

TAS 12	Income taxes
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

TAS 12 requires tax expenses to be recognised for current and deferred tax. New accounting policy of income taxes and the significant impact to the Company are described in Notes 2.12 and 3, respectively.

TAS 21 (Revised 2009) requires the Company to determine the functional currency which is the currency of the primary economic environment in which the entity operates. The Company assessed and concluded that Thai Baht is the Company's functional currency. As a consequence, applying TAS 21 (Revised 2009) has no impact to assets, liabilities and retained earnings. New accounting policy is described in Note 2.3.

TFRS 8 requires the operating segment to be described in the same manner as internal reporting used by the chief operating decision-maker. Additional accounting policy is described in Note 2.17. The impact to the Company in applying TFRS 8 is only on a disclosure.

Revised standards and new interpretation which are effective for the periods begin on or after 1 January 2014 and are relevant and have not yet been adopted by the Company are:

TAS 1 (Revised 2012)	Presentation of financial statements
TAS 7 (Revised 2012)	Statement of Cash Flows
TAS 12 (Revised 2012)	Income taxes
TAS 34 (Revised 2012)	Interim financial reporting
TFRS 8 (Revised 2012)	Operating segments
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 13	Customer Loyalty Programmes

TAS 1 (Revised 2012) clarifies that conversion features that are at the holder's discretion do not impact the classification of the liability component of the convertible instrument. TAS 1 also explains that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This revised standard has no impact to the Company.

TAS 7 (Revised 2012) clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. This revised standard has no impact to the Company.

2 Accounting policies (Cont'd)

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

Revised standards and new interpretation which are effective for the periods begin on or after 1 January 2014 and are relevant and have not yet been adopted by the Company are:
(Cont'd)

TAS 12 (Revised 2012) amends an exception to the existing principle for the measurement of deferred tax assets or liabilities on investment property measured at fair value. TAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This amendment therefore adds the rebuttable presumption that the carrying amount of an investment property measured at fair value is entirely recovered through sale. As the result of the amendment, TSIC 21 - Income tax - recovery of revalued non-depreciable assets is incorporated in to TAS 12 (revised 2012). This revised standard has no impact to the Company.

TAS 34 (Revised 2012) emphasises the existing disclosure principles for significant event and transactions. Additional requirements cover disclosure of changes in fair value measurements (if significant), and the need to update relevant information from the most recent annual report. This revised standard has no impact to the Company.

TFRS 8 (Revised 2013) clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker. This revised standard has no impact to the Company.

TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. This interpretation has no impact to the Company.

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. This interpretation has no significant impact to the Company.

2 Accounting policies (Cont'd)

2.3 Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

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

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

2.4 Financial instruments

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

Disclosures related to financial instruments to which the Company is a party are provided in Note 21.

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 Accounting policies (Cont'd)

2.6 Trade accounts receivable

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

2.7 Inventories

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

2.8 Property, plant and equipment

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

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

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

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

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

2 Accounting policies (Cont'd)

2.9 Computer software

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

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

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

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 5 years.

2.10 Impairment of assets

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

2.11 Accounting for leases - where the Company is the lessee

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

Leases of equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

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

2 Accounting policies (Cont'd)

2.12 Current and deferred income taxes

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid.

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from depreciation of equipment and accrued expenses, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

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

2 Accounting policies (Cont'd)

2.13 Employee benefits

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are amortised on a straight-line basis over the period of average remaining service years of employee in excess of 10% of the larger of the projected benefit obligation.

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

2.14 Provisions

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

2.15 Revenue recognition

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

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

2.16 Dividends paid

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

2 Accounting policies (Cont'd)

2.17 Segment reporting

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

3 Change in accounting policy

The Company applies TAS 12 - Income taxes retrospectively for the first time adoption of this standard. This results in a recognition of deferred tax and a change to retained earnings and income tax expenses. The financial statements presented for comparative purposes have been restated, accordingly.

The effects of the adoption of the above standard to the statements of financial position as at 1 January 2012 and 31 December 2012 and the statements of income and comprehensive income for the year ended 31 December 2012 are as follows:

	<u>Baht</u>
Effect of TAS 12	
Statement of financial position as at 1 January 2012	
Increase in deferred tax assets	77,005,997
Increase in retained earnings at 1 January 2012	77,005,997
Statement of financial position as at 31 December 2012	
Increase in deferred tax liabilities	3,597,776
Decrease in retained earnings at 31 December 2012	(80,603,773)
Statements of income and comprehensive income for the year ended 31 December 2012	
Increase in income tax	80,603,773
Decrease in net profit for the period	(80,603,773)
Decrease in basic earnings per share	(10.89)

The presentation of the statement of financial position as at 1 January 2012 has been presented in accordance with TAS 1, Presentation of Financial Statements.

4 Critical accounting estimates, assumption, judgements and Capital risk management

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.

Employee benefit obligations

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 11.

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 year ended 31 December 2013

5 Cash and cash equivalents

	2013	2012
	Baht	Baht
Cash on hand	250,000	250,000
Deposits held at banks - current	21,467,035	16,289,721
- savings	1,051,785,124	658,807,505
	<u>1,073,502,159</u>	<u>675,347,226</u>

As at 31 December 2013, the weighted average effective interest rate of savings accounts was 0.92% per annum (2012: 1.6% per annum).

6 Trade and other receivables

	2013	2012
	Baht	Baht
Trade accounts receivable - third parties	183,339,653	177,558,125
<u>Less</u> Allowance for doubtful accounts	<u>(22,358,343)</u>	<u>(18,583,531)</u>
	160,981,310	158,974,594
Trade accounts receivable - related parties (Note 23)	452,226,726	422,348,980
Amounts due from related parties (Note 23)	70,806,109	151,473,092
Other accounts receivable - insurance companies (Note 25)	-	307,153,243
Prepayments	8,088,328	2,022,700
Advances	5,925,012	2,938,980
Other receivables	13,411,583	19,565,618
	<u>711,439,068</u>	<u>1,064,477,207</u>

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

	2013	2012
	Baht	Baht
Current	121,264,902	141,959,716
Overdue:		
1 - 3 months	33,652,659	13,621,780
4 - 12 months	13,716,089	7,280,433
Over 12 months	14,706,003	14,696,196
	183,339,653	177,558,125
<u>Less</u> Allowance for doubtful accounts	<u>(22,358,343)</u>	<u>(18,583,531)</u>
	<u>160,981,310</u>	<u>158,974,594</u>

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2013

6 Trade and other receivables (Cont'd)

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

	2013	2012
	Baht	Baht
Current	336,009,267	353,918,772
Overdue:		
1 - 3 months	115,513,207	59,927,735
4 - 12 months	704,252	8,502,473
Over 12 months	-	-
	<u>452,226,726</u>	<u>422,348,980</u>
<u>Less</u> Allowance for doubtful accounts	-	-
	<u><u>452,226,726</u></u>	<u><u>422,348,980</u></u>

7 Inventories, net

	2013	2012
	Baht	Baht
Raw materials	124,707,979	170,904,300
Spare parts	153,469,956	151,881,971
Work in progress	28,557,288	48,415,721
Finished goods	193,992,335	234,819,412
Goods in transit	64,809,537	54,658,139
	<u>565,537,095</u>	<u>660,679,543</u>
<u>Less</u> Allowance for obsolete and defective inventories		
- spare parts	(8,072,326)	(23,192,200)
- finished goods	(4,386,049)	(9,998,993)
	<u><u>553,078,720</u></u>	<u><u>627,488,350</u></u>

The cost of inventories recognised as expense and included in 'cost of sales' amounted to Baht 2,736,497,550 (2012: Baht 2,707,612,167).

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2013

8 Property, plant and equipment, net

	Land and building Baht	Machinery and equipment Baht	Furniture, fixtures and office equipment Baht	Motor vehicles Baht	Assets under installation Baht	Total Baht
As at 1 January 2012						
Cost	870,084,434	4,021,002,479	82,169,812	14,393,325	857,573,054	5,845,223,104
<u>Less</u> Accumulated depreciation	(398,996,779)	(3,456,950,479)	(79,269,603)	(8,282,652)	-	(3,943,499,513)
Allowance for impairment loss	(3,198,928)	(5,276,437)	(37,530)	-	-	(8,512,895)
Net book amount	<u>467,888,727</u>	<u>558,775,563</u>	<u>2,862,679</u>	<u>6,110,673</u>	<u>857,573,054</u>	<u>1,893,210,696</u>
For the year ended 31 December 2012						
Opening net book amount	467,888,727	558,775,563	2,862,679	6,110,673	857,573,054	1,893,210,696
Additions	-	-	-	-	365,678,890	365,678,890
Transfers	69,196,337	606,140,527	26,097,063	1,280,361	(702,714,288)	-
Disposals, net	-	(7)	-	(467,445)	(98,144,555)	(98,612,007)
Write off, net	(572,973)	(1,644,925)	(237,902)	-	(4,140,601)	(6,596,401)
Depreciation charges (Note 14)	(20,562,825)	(127,481,882)	(3,957,788)	(537,036)	-	(152,539,531)
Impairment loss	-	(14,112,246)	(26,044)	-	(30,496,101)	(44,634,391)
Closing net book amount	<u>515,949,266</u>	<u>1,021,677,030</u>	<u>24,738,008</u>	<u>6,386,553</u>	<u>387,756,399</u>	<u>1,956,507,256</u>
As at 31 December 2012						
Cost	930,738,249	4,613,872,503	107,173,961	13,042,213	418,252,500	6,083,079,426
<u>Less</u> Accumulated depreciation	(414,788,983)	(3,572,806,790)	(82,380,552)	(6,655,660)	-	(4,076,631,985)
Allowance for impairment loss	-	(19,388,683)	(55,401)	-	(30,496,101)	(49,940,185)
Net book amount	<u>515,949,266</u>	<u>1,021,677,030</u>	<u>24,738,008</u>	<u>6,386,553</u>	<u>387,756,399</u>	<u>1,956,507,256</u>

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2013

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

	Land and building Baht	Machinery and equipment Baht	Furniture, fixtures and office equipment Baht	Motor vehicles Baht	Assets under installation Baht	Total Baht
For the year ended 31 December 2013						
Opening net book amount	515,949,266	1,021,677,030	24,738,008	6,386,553	387,756,399	1,956,507,256
Additions	-	-	-	-	290,133,823	290,133,823
Transfers	97,269,141	240,767,148	2,283,985	-	(340,320,274)	-
Disposals, net	(181,114)	(5,326,782)	-	(269,070)	(47,743,601)	(53,520,567)
Write off, net	-	(3,948,557)	(27,749)	-	(3,395,332)	(7,371,638)
Depreciation charges (Note 14)	(23,750,709)	(150,888,665)	(5,437,324)	(628,055)	-	(180,704,753)
Impairment loss	-	(1,630,833)	(26,330)	-	-	(1,657,163)
Reversal Impairment loss	-	3,053,772	55,401	-	-	3,109,173
Closing net book amount	<u>589,286,584</u>	<u>1,103,703,113</u>	<u>21,585,991</u>	<u>5,489,428</u>	<u>286,431,015</u>	<u>2,006,496,131</u>
As at 31 December 2013						
Cost	1,027,680,290	4,736,289,453	108,540,766	12,513,068	286,431,015	6,171,454,592
<u>Less</u> Accumulated depreciation	(438,393,706)	(3,614,620,596)	(86,928,445)	(7,023,640)	-	(4,146,966,387)
Allowance for impairment loss	-	(17,965,744)	(26,330)	-	-	(17,992,074)
Net book amount	<u>589,286,584</u>	<u>1,103,703,113</u>	<u>21,585,991</u>	<u>5,489,428</u>	<u>286,431,015</u>	<u>2,006,496,131</u>

Depreciation expense of Baht 177,475,937 (2012: Baht 150,084,508) has been charged in 'cost of goods sold' and Baht 3,228,816 (2012: Baht 2,455,023) in 'selling and administrative expense'.

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2013

9 Computer software, net

	Baht
As at 1 January 2012	
Cost	192,998,750
<u>Less</u> Accumulated amortisation	<u>(190,844,658)</u>
Net book value	<u>2,154,092</u>
For the year ended 31 December 2012	
Opening net book amount	2,154,092
Addition	923,094
Amortisation charges	<u>(654,209)</u>
Closing net book amount	<u>2,422,977</u>
As at 31 December 2012	
Cost	193,921,844
<u>Less</u> Accumulated amortisation	<u>(191,498,867)</u>
Net book value	<u>2,422,977</u>
For the year ended 31 December 2013	
Opening net book amount	2,422,977
Addition	278,100
Amortisation charges	<u>(775,594)</u>
Closing net book amount	<u>1,925,483</u>
As at 31 December 2013	
Cost	194,199,944
<u>Less</u> Accumulated amortisation	<u>(192,274,461)</u>
Net book value	<u>1,925,483</u>

10 Trade and other payables

	2013	2012
	Baht	Baht
Trade accounts payable - third parties	412,929,905	391,503,233
Trade accounts payable - related parties (Note 23)	47,083,412	84,218,825
Other payables	78,411,414	36,756,252
Amounts due to related parties (Note 23)	52,405,088	50,349,769
Accrued expenses	103,424,946	140,180,499
Others	<u>1,195,835</u>	<u>1,483,195</u>
Total trade and other receivables	<u>695,450,600</u>	<u>704,491,773</u>

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2013

11 Reserves for savings fund and retirement benefits

	2013	2012
	Baht	Baht
Statements of financial position		
Reserve for savings fund	43,761,756	39,457,653
Reserve for retirement benefits	65,185,906	57,447,593
	<u>108,947,662</u>	<u>96,905,246</u>
Statements of income		
Savings fund	10,733,612	9,592,808
Retirement benefits	12,090,084	10,250,027
	<u>22,823,696</u>	<u>19,842,835</u>

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

	2013	2012
	Baht	Baht
At 1 January	96,905,246	85,476,850
Current service cost	17,003,419	14,653,461
Interest cost	4,871,174	4,140,431
Past service cost	936,797	936,797
Actuarial losses	12,304	112,146
Benefits paid	(10,781,278)	(8,414,439)
At 31 December	<u>108,947,662</u>	<u>96,905,246</u>

Of the total charge, Baht 13,590,427 and Baht 9,233,269 (2012: Baht 8,704,562 and Baht 11,138,273) were included in 'cost of goods sold' and 'selling and administrative expenses', respectively.

The principal actuarial assumptions used were as follows:

	2013	2012
Discount rate	4.50%	4.25%
Future salary increase rate	6.00%	5.75%
Retirement ages	55 and 60 years	55 and 60 years

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2013

12 Share capital and premium on share capital

	Number of ordinary shares	Share capital Baht	Premium on share capital Baht
At 1 January 2012	7,400,000	74,000,000	92,000,000
Issue of shares	-	-	-
At 31 December 2012	7,400,000	74,000,000	92,000,000
Issue of shares	-	-	-
At 31 December 2013	<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 (2012: Baht 10 per share). All issued shares are fully paid.

13 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.

14 Expenses by nature

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

	2013 Baht	2012 Baht
Raw materials and supplies used	1,536,121,079	1,645,890,162
Changes in inventories of finished goods and work in progress	44,921,168	108,305,662
Staff costs	457,163,110	440,475,438
Depreciation (Note 8)	180,704,753	152,539,531
Impairment loss (Note 8)	1,657,163	44,634,391
Amortisation (Note 9)	775,594	654,209
Royalty fee (Note 23)	163,714,029	145,422,401
Management fee (Note 23)	142,467,845	139,288,702
Advertising and promotion expenses	68,181,829	69,182,356

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2013

15 Other income

	2013	2012
	Baht	Baht
Interest income	9,267,261	17,714,411
Others	6,733,330	11,089,432
	<u>16,000,591</u>	<u>28,803,843</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 certificate.

For the years ended 31 December 2013 and 2012, there was no revenue derived from BOI-promoted activities.

17 Deferred income taxes and income tax expenses

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

	2013	2012
	Baht	Baht
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	16,566,457	26,054,315
Deferred tax assets to be recovered after 12 months	31,397,172	33,979,953
	<u>47,963,629</u>	<u>60,034,268</u>
Deferred tax liabilities:		
Deferred tax liabilities to be settled within 12 months	-	-
Deferred tax liability to be settled after 12 months	(71,880,773)	(63,632,044)
	<u>(71,880,773)</u>	<u>(63,632,044)</u>
Net deferred income taxes	<u>(23,917,144)</u>	<u>(3,597,776)</u>

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2013

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

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

	2013	2012
	Baht	Baht
As at 1 January,		
Cumulative effect of adoption of accounting for deferred income taxes	(3,597,776)	77,005,997
Charged (credited) to profit or loss	<u>(20,319,368)</u>	<u>(80,603,773)</u>
As at 31 December	<u>(23,917,144)</u>	<u>(3,597,776)</u>

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

	Provisions	Depreciation	Others	Total
	Baht	Baht	Baht	Baht
Deferred tax assets				
At 1 January 2012	84,490,356	-	34,590,862	119,081,218
Charged (credited) to profit or loss	<u>(44,352,006)</u>	<u>-</u>	<u>(14,694,944)</u>	<u>(59,046,950)</u>
At 31 December 2012	40,138,350	-	19,895,918	60,034,268
Charged (credited) to profit or loss	<u>4,226,864</u>	<u>-</u>	<u>(16,297,503)</u>	<u>(12,070,639)</u>
At 31 December 2013	<u>44,365,214</u>	<u>-</u>	<u>3,598,415</u>	<u>47,963,629</u>
Deferred tax liabilities				
At 1 January 2012	-	(42,075,221)	-	(42,075,221)
Charged (credited) to profit or loss	<u>-</u>	<u>(20,016,218)</u>	<u>(1,540,605)</u>	<u>(21,556,823)</u>
At 31 December 2012	-	(62,091,439)	(1,540,605)	(63,632,044)
Charged (credited) to profit or loss	<u>-</u>	<u>(8,251,778)</u>	<u>3,049</u>	<u>(8,248,729)</u>
At 31 December 2013	<u>-</u>	<u>(70,343,217)</u>	<u>(1,537,556)</u>	<u>(71,880,773)</u>
Deferred income tax, net	<u>44,365,214</u>	<u>(70,343,217)</u>	<u>2,060,859</u>	<u>(23,917,144)</u>

The Company only recognised those deferred tax assets that in management's judgement is more likely that the deferred tax assets will be realised, due to the historical operating profits generated by the Company's operations. As at 31 December 2013, the Company had no the tax loss carry forwards.

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2013

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

Income tax

	2013	2012
	Baht	Baht
Current tax	54,769,917	154,487,586
Additional (reversal) of prior period income tax	(7,038,471)	5,249,299
Current tax, net	47,731,446	159,736,885
Deferred tax	20,319,368	80,603,773
Total tax expenses	<u>68,050,814</u>	<u>240,340,658</u>

The difference between income tax expenses computed at statutory tax rates 20% (2012: 23%) and income tax expenses provided is as follows:

	2013	2012
	Baht	Baht
Profit before income tax	397,144,627	1,051,412,317
Income tax at statutory tax rates	79,428,925	241,824,832
Temporary effects that are not deductible for tax purpose	(252,098)	(956,974)
Current year temporary effects not for deferred tax	(970,617)	(14,200,704)
Prior year temporary effects recognised for deferred tax	-	(4,208,731)
Utilisation of previously recognised Deferred tax assets	(3,116,925)	-
Impact of change in tax rate	-	12,632,936
Adjustment in respect of prior year	(7,038,471)	5,249,299
Income tax expenses	<u>68,050,814</u>	<u>240,340,658</u>

On 21 December 2011, the Royal Decree published a reduction of corporate tax from 30% to 23% for accounting period beginning on or after 1 January 2012 and 20% for two accounting periods beginning on or after 1 January 2013.

18 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.

	2013	2012
Net profit attributable to shareholders (Baht)	329,093,813	811,071,659
Weighted average of issued ordinary shares during the year (Shares)	7,400,000	7,400,000
Basic earnings per share (Baht)	44.47	109.60

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

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2013

19 Dividends paid

At the Annual General Meeting of the Shareholders held on 29 April 2013, dividends in respect of the operating results and retained earnings of 2012 of Baht 63 per share totalling Baht 466.2 million were declared and ratified. The interim dividends were paid at Baht 43 per share totalling Baht 318.2 million on 7 December 2012. The remaining dividends of Baht 20 per share, totalling Baht 148 million, were paid on 27 May 2013.

20 Cash flows from operating activities

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

	<u>Notes</u>	<u>2013</u> <u>Baht</u>	<u>2012</u> <u>Baht</u>
Net profit before income tax		397,144,627	1,051,412,317
Adjustments for:			
Depreciation	8	180,704,753	152,539,531
Amortisation	9	775,594	654,209
Impairment loss of assets (reversal)	8	(1,452,010)	44,634,391
Allowance for doubtful accounts		3,774,812	1,193,458
Provision for obsolescence		(11,307,468)	1,006,703
Loss on disposals of equipment		3,488,419	7,390,105
Write off equipment	8	7,371,638	6,596,401
Interest income	15	(9,267,261)	(17,714,411)
Unrealised (gains) losses on exchange rate		(37,423,419)	3,490,680
Changes in operating assets and liabilities:			
- trade and other receivables		349,311,326	(584,767,039)
- inventories		85,717,098	(171,457,496)
- refundable value added tax		(7,236,478)	32,746,791
- other current assets		15,247	(7,700,955)
- other non-current assets		(730,804)	1,436,902
- trade and other payables		(93,852,885)	(214,675,549)
- Withholding tax payable		(33,326,045)	38,359,057
- advance received from insurers		(23,964,706)	(294,094,219)
- other current liabilities		(1,583,948)	(10,411,372)
Reserves for savings fund and retirement benefits, net of payment		12,042,416	11,428,396
Cash generated from operations		820,200,906	52,067,900
Interest received		9,269,330	17,931,671
Income taxes paid		(161,257,220)	(1,101,366)
Cash flows from operating activities		<u>668,213,016</u>	<u>68,898,205</u>

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

The Company has no open forward exchange contracts at 31 December 2013.

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 in the Company's trade accounts receivable.

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

iv) Fair values

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

22 Commitments

Bank guarantees

As at 31 December 2013, the Company had commitments in respect of bank guarantees amounting to Baht 18.7 million and US Dollar 10,000 (2012: Baht 10.3 million).

Restricted short-term investment

As at 31 December 2013, the Company pledged its short-term investment to a bank in the form of savings accounts amounting to Baht 68.8 million (2012: Baht 65.0 million), in respect of banking facilities granted to third parties.

Capital commitments

As at 31 December 2013, the Company has outstanding capital commitments in respect of the investment of machinery and equipment totalling Baht 13.5 million (2012: Baht 8.6 million).

Operating lease commitments - where the Company is the lessee

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

	2013	2012
	Baht	Baht
Not later than 1 year	10,498,308	5,135,877
Later than 1 year and not later than 5 years	13,160,569	7,331,553
	<u>23,658,877</u>	<u>12,467,430</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.

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2013

23 Related party transactions (Cont'd)

The following material transactions were carried out with related parties:

i) Sales of goods

	2013	2012
	Baht	Baht
	<hr/>	<hr/>
Sales of finished goods:		
Parent company	314,624,847	344,233,715
Related parties - same common control	1,694,967,275	1,384,085,691
	<hr/>	<hr/>
	2,009,592,122	1,728,319,406
	<hr/>	<hr/>
Sales of assets and spare parts:		
Parent company	-	103,127
Related parties - same common control	55,218,710	105,469,432
	<hr/>	<hr/>
	55,218,710	105,572,559
	<hr/>	<hr/>

ii) Purchases of goods and services

	2013	2012
	Baht	Baht
	<hr/>	<hr/>
Purchases of raw materials and finished goods:		
Parent company	128,691,985	114,422,267
Related parties - same common control	272,000,409	383,712,025
	<hr/>	<hr/>
	400,692,394	498,134,292
	<hr/>	<hr/>
Purchases of machinery and spare parts:		
Parent company	32,500,801	118,847,224
Related parties - same common control	17,656,256	51,260,418
	<hr/>	<hr/>
	50,157,057	170,107,642
	<hr/>	<hr/>
Royalty fee:		
Parent company	163,714,029	145,422,401
	<hr/>	<hr/>
Production service fee:		
Parent company	18,569,258	20,133,743
	<hr/>	<hr/>
Management fee:		
Related parties - same common control	142,467,845	139,288,702
	<hr/>	<hr/>

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2013

23 Related party transactions (Cont'd)

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

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

	2013	2012
	Baht	Baht
Trade accounts receivables - related parties:		
Parent company	60,744,442	90,420,306
Related parties - same common control	391,482,284	331,928,674
	<u>452,226,726</u>	<u>422,348,980</u>
Amounts due from related parties:		
Parent company	551,790	351,883
Related parties - same common control	70,254,319	151,121,209
	<u>70,806,109</u>	<u>151,473,092</u>
Trade accounts payables - related parties:		
Parent company	11,463,838	21,948,522
Related parties - same common control	35,619,574	62,270,303
	<u>47,083,412</u>	<u>84,218,825</u>
Amounts due to related parties:		
Parent company	32,716,299	37,195,095
Related parties - same common control	19,688,789	13,154,674
	<u>52,405,088</u>	<u>50,349,769</u>

iv) Directors' and key management's compensation

	2013	2012
	Baht	Baht
Salaries and other short-term employee benefits	48,206,532	31,685,753
Retirement benefits	4,229,807	2,276,335
Other long-term benefits	2,544,386	2,290,368
	<u>54,980,725</u>	<u>36,252,456</u>

Goodyear (Thailand) Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2013

24 Segment information

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

Year ended 31 December 2013	Domestic sales Baht	Export sales Baht	Total Baht
Sales	<u>1,575,104,379</u>	<u>2,033,045,515</u>	<u>3,608,149,894</u>
Segment gross profit	<u>366,258,645</u>	<u>285,800,805</u>	652,059,450
Income from insurance claim (Note 25)			60,514,625
Unallocated costs/other income, net			<u>(315,429,448)</u>
Profit before income tax expense			<u>397,144,627</u>

Year ended 31 December 2012	Domestic sales Baht	Export sales Baht	Total Baht
Sales	<u>1,727,563,824</u>	<u>1,752,512,285</u>	<u>3,480,076,109</u>
Segment gross profit	<u>327,801,048</u>	<u>173,484,973</u>	501,286,021
Income from insurance claim			1,250,689,210
Other operating expenses due to flood and fire			(315,029,496)
Unallocated costs/other income, net			<u>(385,533,418)</u>
Profit before income tax expense			<u>1,051,412,317</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 Insurance claim

Regarding the damage from flood and damage from fire due to flood event in 2011, during the year ended 31 December 2013, the Company received letters from insurers confirming the compensation for the additional amount of the claim, amounting to Baht 60.51 million. This has been recognised as income for the year. The Company already received the full compensation in this year. The details of the claims are as follows:

	<u>Baht</u>
Opening balance as at 1 January 2013	
Accounts receivable - insurance company	307,153,243
Finalised compensation during the year	60,514,625
<u>Less</u> Remaining balance of advances receipt received	(23,964,706)
<u>Less</u> Compensation received during the year	<u>(343,703,162)</u>
Ending balance as at 31 December 2013	
Accounts receivable - insurance company	<u>-</u>

26 Event after reporting date

On 24 February 2014, the Board of Director's Meeting of the Company No. 1/2014 passed a resolution approving the proposed dividend payment from its operating results for 2013 at Baht 20 per share, totalling Baht 148 million. The dividend payment will be proposed for approval at the Annual General Meeting of the Company's shareholders on 28 April 2014.