



รายงานประจำปี 2559

ANNUAL REPORT

2016



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THE BOARD OF DIRECTORS



From left to right

Mr. Oliver Gloe

Mr. Phiphat Vorapipat

Mr. Yeap Swee Chuan

Mr. Finbarr O'Connor

Dr. Dhiraphorn Srifuengfung (Chairman)

Mr. Christopher Delaney

Ms. Chanapun Juengrungruangkit

Mr. Wee Hong Kek

Mr. Athaporn Khaimarn

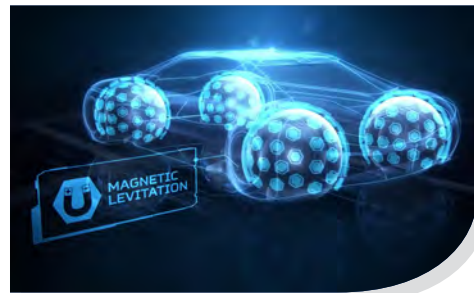
MESSAGE FROM THE CHAIRMAN

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



“ There are many reasons in 2016 for us to celebrate the 48th anniversary of Goodyear’s entry to Thailand. ”

First, The Goodyear Tire & Rubber Company was recognized as the world’s most admired tiremaker by Fortune magazine for the fifth year in a row, whilst TIME magazine named Goodyear’s Eagle-360 concept tires as one of the best inventions of 2016 that is “making the world better, smarter and — in some cases — a little more fun.” These are all achievements that we all can be proud of.



Goodyear’s Eagle-360

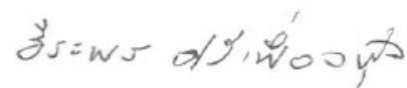
Having consistently delivered high standards in passenger and commercial tires in Thailand, Goodyear has always been regarded as one of the top tire brands in the automobile industry.

The aviation tire business is another key focus area that contributes to the success of Goodyear Thailand. We expect a steady growth alongside the booming aviation industry in the Asia-Pacific region. With a long-term vision, our shareholders approved the investment to construct a world-class radial aviation tire factory in Thailand on 17 November 2016. This decision provided us with a competitive edge to capture more market opportunities and further boosted our brand image as one of the world’s leading aviation tiremakers.

Moreover, it was with great pleasure that we announced Miss Chanapun Juangroongruangkit, who is currently the Vice President of Thai Summit Autoparts Industry Co., Ltd., as a new Independent Director and member of the Audit Committee. With her background in accounting and finance, and years of experience in the automobile industry, she will be a great contribution to the company.

Let us celebrate these proud achievements of 2016 as one Goodyear family. Thank you for your unwavering support and confidence in Goodyear Thailand all these years.

Sincerely,



Dr. Dhiraphorn Srifuengfung
Chairman

MESSAGE FROM THE MANAGING DIRECTOR

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

Goodyear Thailand delivered impressive results in 2016 despite challenging economic situations, and increase our ability to deliver sustainable revenue and profit growth while increasing our brand reputation. Our strategy outlines how we will win – with different stakeholders such as customers, associates, shareholders – and focus on innovation, sales and marketing excellence, and operational excellence.

In term of sales and marketing excellence, we have effectively grown our domestic margins and improved our position by expanding in profitable channels. We will continue to strengthen our brand and expand Goodyear's Autocare network across the nation.

We have also successfully launched the excellent and innovative “Wrangler TripleMax” tires, with superior braking performance for small to medium-sized SUVs, in order to meet the growing customer demands in this segment.

Furthermore, we will continue to work with the Thailand Automobile Tire Manufacturers Association to develop a global standard for the safest and best quality tires for consumers in Thailand.



“ To achieve operational excellence, we have relentlessly improved our quality and efficiency to deliver the right tire, to the right place, at the right time. ”

Thank you for your continued trust in Goodyear Thailand, which has put us in the best position to deliver sustainable growth to our shareholders, while enriching the lives of our consumers.

Sincerely,

Finbarr O'Connor
Managing Director

REPORT OF AUDIT COMMITTEE

The Audit Committee's roles and responsibilities are to perform duties and functions stated in the Best Practice Guidelines for the Audit Committee issued by the Stock Exchange of Thailand (SET), provisions of the Public Companies Limited Act of 1992 (B.E. 2535) and the Securities and Exchange Act of 1992 (B.E. 2535). To comply with the principles and the best practices set out by the SET's guidelines to the Audit Committee, the Audit Committee reviews financial statements of Goodyear (Thailand) Public Company Limited. The Audit Committee is pleased to report our audited results in 2016 to the Board and shareholders as follows:

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

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

2. The Audit Committee has full access to inspect and has received cooperation from the management of the Company. It was able to invite Directors or Executive Officers to attend its meetings as appropriate. In 2016, the Audit Committee Meeting was held seven times where Internal auditor, Financial Controller and Finance Director regularly attended the meetings together with the Company's external auditor, Pricewaterhouse Coopers ABAS Limited.

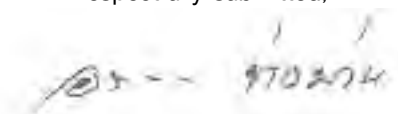
3. The Audit Committee received the cooperation from others as requested, which enabled it to perform its functions properly.

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

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

Based on the foregoing, Goodyear (Thailand) Public Company Limited's operation in Fiscal Year 2016 was found by the Audit Committee to have complied with the Committee's guidelines and as required by the applicable laws and regulations of Thailand.

Respectfully submitted,



Mr. Athaporn Khaimarn
Chairman of the Audit Committee

1 POLICY AND OVERALL BUSINESS OPERATIONS

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



The Company made an agreement with The Goodyear Tire & Rubber Company, USA, with respect to the cooperation of manufacturing technology and management.

The shares of the Company were offered to the public and listed in the Stock Exchange of Thailand.

During the Extraordinary General Shareholders' Meeting No. 2/1990 on 28 March 1990, the Shareholders of the Company approved the Company to increase its registered capital from 60 million Baht to 74 million Baht.

The share par value of the Company transformed from 20 Baht to 10 Baht, as approved by the Extraordinary General Shareholders Meeting.

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

in
1969

The Company obtained its investment promotion from the Board of Investment for a period of 15 years. The Company obtained the tax exemption for manufacturing and retreading of aviation tires thereof.

in
1970

30 June
1978

The Company changed its shares par value from 100 Baht to 20 Baht with Department of Commercial Registration (now known as the Department of Business Development), the Ministry of Commerce.

6 Jan
1983

28 Mar
1990

20 Apr
1994

20 Nov
1995

The Company transformed from a private company under the Civil and Commercial Code to a public company under the Public Companies Act of 1992. During that year, the Company received the TIS/ISO 9000 Certificate from the Thai Industrial Standard Institute and was the first company in the tire manufacturing industry to obtain this certificate.

1.1 PURPOSE, GOALS AND VALUES

THE GOODYEAR STRATEGY ROADMAP

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

How We'll Win

- **Innovation Excellence**

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

- **Sales & Marketing Excellence**

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

- **Operational Excellence**

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

Where We'll Focus

- **Consumer experience**

Make Goodyear easy to buy, own, and recommend

- **Customer service**

Collaborate with customers to be a great supplier

- **Quality**

Deliver industry best products, processes, and programs

- **High-value segments**

Compete where we capture the full value of our brand

- **Mastering complexity**

Manage the necessary; eliminate the unneeded

How We'll Work

- **Act with integrity**

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

- **Energize the team**

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

- **Promote Collaboration**

Connect associates globally and encourage open discussion to meet objectives

- **Be agile**

Embrace change and act with speed and purpose

- **Deliver results**

Anticipate challenges, seize opportunities and make courageous decisions

Business Strategy of Goodyear Thailand

Business Strategy of Goodyear Thailand are

- (1) Focus on our customer's requirements. Our products are developed by market-back innovation.
- (2) Maintain and enhance the production process in order to deliver the best quality products to both customers and consumers.
- (3) Focus on expanding distribution channel, especially our branded store "Goodyear Autocare" to cover all regions in Thailand. In Bangkok, most of Goodyear's Autocare stores are renovated from the existing Goodyear Eagle Store.
- (4) Build the capability of our associates who are key contributors to the growth of our business. This is also to build the best Goodyear team within the region in which Goodyear Thailand is operating.

“**GOODYEAR. ONE TEAM**
Driving Performance
on the road, in the marketplace,
and throughout the company.”

1.2 SIGNIFICANT CHANGE AND DEVELOPMENT

(1) Aviation Tire Factory Expansion



The world's aviation fleet continues to grow and is projected to double in size over the next 20 years. The fastest growth is seen in the Asia Pacific region. With this expansion, Goodyear, a global leader in aviation tires, will be ideally positioned to capture this growth in demand for radial tires.

On 17 November 2016, the Company's Extraordinary General Meeting of Shareholders No. 1/2016 of Goodyear (Thailand) Public Company Limited has approved an investment in the construction of a radial aviation tire factory to produce radial aviation tires on the land in Pathumthani province on which the existing factory is located ("Investment"). The Investment cost is expected to be about USD 162 million or approximately THB 5,633 million (the exchange rate as of the approval of investment is THB 34.82 per USD for figures in THB). The Investment and operations will be divided into phases with the approximate implementation timing as follows, with phases 2 and 3 subject to Board of Directors' approval:

	Construction/ Industrialization	Operations
Phase 1	2016 to 2018	From 2018 onwards
Phase 2	2018 to 2022	From 2020 onwards
Phase 3	2023 to 2025	From 2023 onwards

The phase 1 will be implemented first for the Company to evaluate whether it helps increase the Company's capacity and generate reasonable profit, the Company may consider further expansion of the manufacturing capacity. The Company's Board of Directors will consider whether to proceed with phase 2 and phase 3 of the Investment, based on the following criteria:

- (i) Previous phase's performance: The performance of the previous phases of the Investment will be evaluated based on its profitability.
- (ii) The appropriateness of each phase of the Investment
 - a. Market conditions: Prior to proceeding with phase 2 and phase 3, the Company will compare market demand with its existing capacity to ensure there is sufficient demand to support its increasing capacity. Furthermore, market conditions including key changes in the industry trend will be analyzed for possible impact on the Investment.
 - b. Construction costs: Since the Investment is capital intensive, the Company will analyze whether there are significant changes in construction costs that will affect the Investment.
 - c. Funding: The Company will ensure that there is an adequate amount of capital to fund the Investment in phase 2 and phase 3.
 - d. Changes in regulation: The Company will investigate whether there are regulatory changes that could have a material impact on the Investment.
- (iii) Other relevant factors that may impact the Investment

(2) New Product Launch



Goodyear is known for creating a culture of safety innovations that stay ahead of the competition. Road conditions in Thailand calls for a tire that delivers on all fronts.

In May 2016, we launched our latest high performance tire, the Goodyear Wrangler TripleMax, which delivers superior braking performance, shorter wet braking and road hazard resistant features, for mid-size SUVs.



The tire was developed using an enhanced version of our proprietary HYDROGRIP Technology® with innovative tread design, optimized carcass and high grip compound. The tread and cavity design of the new Wrangler TripleMax, with its larger surface area contact patch, ensures an enhanced braking ability through biting edges and large block elements. With these unique features, the Goodyear Wrangler TripleMax delivers shorter wet braking performance and offers a safer and fun driving experience in all weather conditions.

The launch was followed by a nationwide roadshow, which involved the participation of more than 170 dealers. During the roadshow, dealers and technicians were educated on

the core performance and safety features of the Wrangler TripleMax, which were presented in Goodyear caravans parked at the event venue. The launch was well received by dealers and consumers across the country and successfully captured the growth of the middle SUV segment.

The new Wrangler TripleMax delivers Goodyear's promise of a safer and more comfortable ride for drivers and their families with its superior braking performance on wet and dry roads.

(3) Expansion of Goodyear Autocare Store Network



In 2016, Goodyear Thailand opened seven additional Autocare stores, bringing the total number to 68, located in areas with high concentration of motorists across the country.

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

(4) Worry Free Assurance Program Online Registration



In April, we launched our microsite for the Worry Free Assurance program to provide customers with efficient and mobile-friendly access to a broad range of benefits, including road hazard protection and emergency roadside assistance, 0% interest, 5-year limited warranty, and 14-day satisfaction assured program.

With high rates of internet and mobile devices penetration, Thailand has proven a great success for this pilot program, increasing the number of registered customers by more than 40%. Soon the program will be rolled out in other ASEAN countries as well.

(5) Technical Training Program



Goodyear Thailand, in partnership with the Samutprakarn Institute for Skills Development, organized its fourth Technical Training Program for 2016 from 26 to 30 September. Last year, The Level 3 Goodyear Autocare Technical Training Program was conducted to reinforce technical skills development among Goodyear's aligned dealers and technical service staff. Goodyear's mandate for skills

development is strategically aligned with the everchanging evolution of advanced technologies and the requirements of labor markets to support future economic growth.

In addition, the two organizations have agreed to detailed terms and conditions as part of cooperative dialogue titled "The Level 2, 3 and 4 Goodyear Autocare Technical Training Program" to further advance professional skills among automotive technicians.

We are committed to further expand our Goodyear Autocare network with a team of in-house experts who can offer all customers the best advice and ongoing support. These training programs are very comprehensive and are organized to provide extensive education and insight to our aligned dealers and technicians about sales, operations, technical services and automotive maintenance.

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

1.3 COMPANY'S STRUCTURE

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

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

The Goodyear Tire & Rubber Company is one of the world's leading manufacturers of tires, engaging in operations in most regions of the world. Together with its U.S. and international subsidiaries, it develops, manufactures, markets and distributes tires for most applications. It also manufactures and markets rubber-related chemicals for various applications. It is one of the world's largest operators of commercial truck service and tire retreading centers. It manufactures products in 48 manufacturing facilities in 21 countries, and have marketing operations in almost every country around the world. It employs approximately 66,000 full-time and temporary associates worldwide.

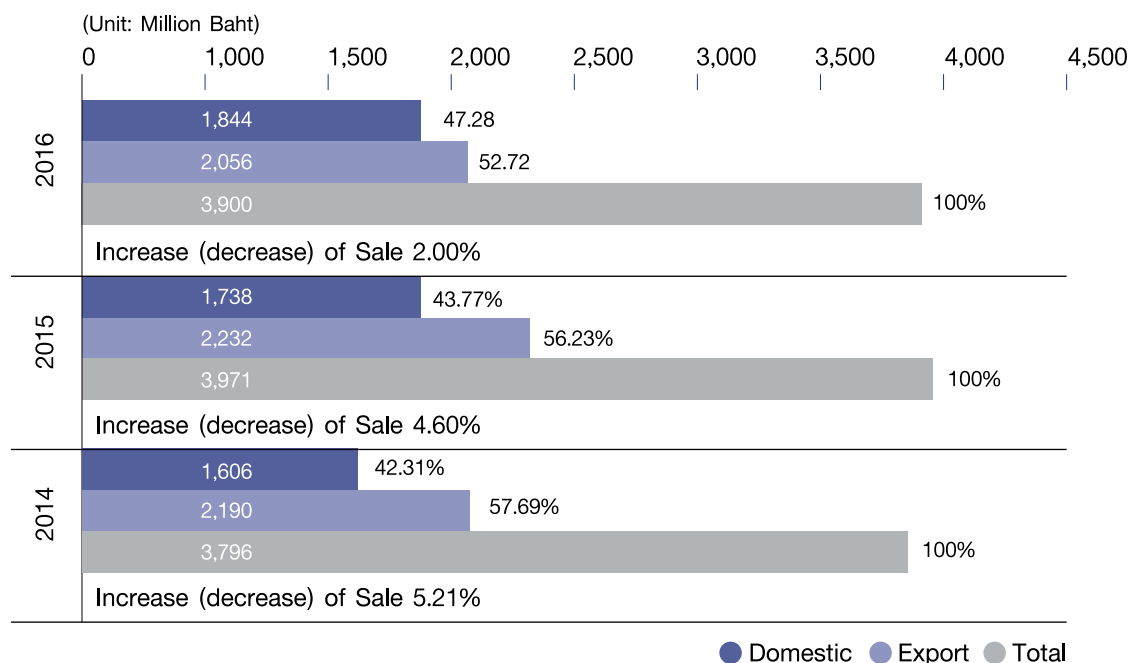
1.4 Business related with the major shareholders

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

2 OVERVIEW OF BUSINESS OPERATION

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

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



2.1 PRODUCTS OR SERVICES

Goodyear has two main products namely:

Ground Tires

Goodyear manufactures high quality and technology ground tires with a commitment to innovation and safety.

Here are the product segments of ground tires:

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

Aviation Tires

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



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

- General Aviation Tires
- Business Jet Tires
- Commercial Aviation Tires
- Military Aviation Tires

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

2.2 MARKETING AND COMPETITION

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



(1) Ground Tires

Marketing of Ground Tires

The key marketing plans for Ground Tires in 2016 were as follows:

The expansion of the branded retail network, Goodyear Autocare, remains the key strategy to increase Goodyear's brand awareness, growth and market share. In 2016, there were 68 Goodyear Autocare stores in Thailand, all located in areas with a high population of motorists. The new Goodyear Autocare design was implemented to enhance Goodyear's brand identity, modernize the store's ambience, and better utilize selling zones to maximize the consumer experience and generate more sales.

Digital marketing has become increasingly important in Thailand due to high internet penetration and activity. It is also effective in reaching out to young families who are looking to buy a new vehicle. Strategic placement of Goodyear's banners on popular automobile websites led to an increase in Goodyear's online presence. Moreover, regular updates on the company's website and Facebook page attracted a steady flow of online traffic.

The newly launched microsite was also an additional registration channel for the Worry Free Assurance Program which made registration more convenient and hassle-free. Consequently, registration increased by an impressive 40 percent, which helped to boost customer confidence in our brand.



Goodyear Thailand's annual dealer conference in Bangkok not only reinforced the company's 2016 business strategic direction but also allowed Goodyear Thailand to express its appreciation to its dealers for their support.

The theme "Goodyear Dragon Family Party" celebrated the growth of Goodyear Thailand and its dealers in the past years. The theme was dedicated to the founding pioneers of the dealers, often family businesses, who were regarded as the "dragon" of the family.

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

Company's distribution channel

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

Replacement Market:

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

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

Original Equipment Market (OEM)

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

Export Market

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

Segment Information

Please find the Revenue Structure in Section 2 above.

Competition Status

In 2016, the competition in the replacement market remained highly competitive due to the price competition from lower-tier brands. The overall market grew constantly due to the positive growth trend of Gross Domestic Product (GDP), consumer confidence index and industry sentiment index. Goodyear made satisfactory gain in the market as planned. The successful launch of the Wrangler TripleMax captured the growth in the SUV market, which outpaced other segments. The government tax break scheme for New Year spending also boosted sales in the last quarter.

We also delivered positive growth of the OE business unit thanks to the increased number of automobiles manufactured.

(2) Aviation Tires

The key marketing plan for Aviation Tires in 2015

Goodyear's marketing plan for 2016 focused on communicating our statement of quality and excellent customer service, while introducing products that best meet our customers' requirements.

Customer and Distribution Channel

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

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

Competition Status

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

Segment Information

Please find the Revenue Structure in Section 2 above.

2.3 PRODUCT SOURCING

(1) Product Sourcing Procedures

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

Raw Materials Sourcing

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

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

Goodyear has policies to procure such raw materials from quality control suppliers based on price and availability of supply. In 2016 the Company procured 47 percent of raw materials from domestic sources and imported 53 percent of raw materials as some materials could not be procured in Thailand.

Domestic/Importation	Raw Materials	Ratio (%)
Domestic Sourcing	Natural Rubber	20
	Carbon Black	4
	Nylon Fabric	15
	Chemical, Oil Pigment	8
Total Ratio of Domestic Sourcing		47
Importation	Bead Wire	2
	Polyester	5
	Carbon Black	6
	Nylon Fabric	4
	Chemical, Oil Pigment	10
	Synthetic Rubber	22
	Tire Wire Creel	4
Total Ratio of Importation		53
Total ratio of raw materials sourcing		100

(2) Environment Matters

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

(a) Waste from the manufacturing process

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

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

(b) Monitoring waste water from the manufacturing process

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

(c) Monitoring air condition emitted from the plant

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

Environmental Disputes in the past three years

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

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

-None-

3 RISK FACTORS

(1) Financial Risks

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

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

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

(2) Raw material risks

The Company purchases raw material for its production both from overseas and the local market. Major raw materials for production are natural rubber, synthetic rubber, carbon black, steel cord and chemicals. Each raw material can be sought from various suppliers both locally and from overseas. The Company purchases raw materials in a systematic way with contingency plans in case of shortages in raw materials and the fluctuations of raw material prices. The Company cooperates with other Goodyear companies in ASEAN to mitigate the risks from the shortage of raw material and the fluctuation of prices of raw material. From this planning and cooperation, it can ensure that there will be prompt responses in the event of shortage of raw materials, which will help to reduce any negative impact that may occur to the production of the Company.

(3) Market Risk

Ground Tires market has 2 key markets namely:

(a) ORIGINAL EQUIPMENT MARKET (OEM)

The key risk of the OEM is that demand for tires will vary by the fluctuation of vehicle production of which variable to domestic and export vehicle demand. The OEM business is strategically important to Goodyear Thailand OEM sales have direct contribution towards the Replacement Market. A large number of consumers tend to replace their tires with the same type and brand as tires originally attached with the vehicles. Due to the uncertainty of global economic conditions, domestic sales volume in 2017 may be affected by the overall demand of the automobile market. Goodyear has assessed these risks and is managing them by increasing sales volume in the alternative segments, in addition to targeting additional OEM accounts and fitments.

(b) REPLACEMENT MARKET RISK

The demand for tires in the replacement market depends on the number of existing vehicles which continues to increase.

However, the competition in the replacement market has become more intense. There are an increasing number of manufacturers and dealers in the Thailand market, primarily low tier brands with price competition strategy. Moreover, the price of natural rubber is another key indicator that determine the retail price of tire in Thailand.

To maintain and build relationships with existing and new customers, and to improve Company's competitiveness in the replacement market, Goodyear will focus on reinforcing the value of the Goodyear's brand and products, particularly, our focus on quality, innovation and safety. In the light of this, Goodyear launched new products, enhanced communication with the consumers and dealers and offered improved sales promotions. The Company has also determined that the high quality of our products needs to be matched by high quality services to ultimately improve overall customer satisfaction. To manage this risk, the Company will focus on expanding Goodyear Autocare retail network where majority sales will be Goodyear products. At the same

time, the Company will continue to grow its distribution penetration in other channels to increase Goodyear availability and sales throughout Thailand.

Aviation Tires

The important risks for aviation tires are linked to the economic downturn in Europe and America which may impact global flight volumes. This will directly impact the usage volume of aviation tires. However, the airline business in Asia has continued its growth which has resulted in the expansion of airline fleets in the region. This volume will offset other export declines. For the domestic market, there is an increasing demand for radial aviation tires from the market. For the time being, the Company manages this demand by importing radial tires from other Goodyear affiliates to fulfill the customer's need.

(4) Risks from the flood that may affect the assets and operations of the Company

After the Company's assets and operations were affected by the great flood in 2011, a flood wall has been built surrounding the factory and office to help protect the facilities from a future flood crisis. In addition, the company has taken an insurance policy that covers all damage caused to the building, machines, equipment and inventories, as well as the damage that may be caused by disruption of business.

INVESTOR RISKS

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

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

4 GENERAL INFORMATION

4.1 General information

Company. Name:	Goodyear (Thailand) Public Company Limit
Company's Registration:	010753700118 (Formerly BorMorJor 365)
Head Office:	50/9 Paholyothin Road Km. 36, Tambol Khlong Nueng, Amphoe Khlongluang, Pathumthani 12120, THAILAND Tel: 0 2909-8080 Fax: 0 2909-8097
Number of Employees:	841 employees (as of December 31, 2016)
Business Operation:	Manufacture and distribution of ground tires, aviation tires and aviation retreads
Registered Capital:	74,000,000 Baht (as of December 31, 2015)
Number of Shares:	7,400,000 Shares
Par Value:	10 Baht each (Ten Baht)
Other company that Goodyear held shares up to 10% -None-	

Reference

Securities Registrar:	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: 0-2229-2800 Fax: 0-2359-1259
Auditor:	Ms.Sukhumaporn Wong-ariyaporn, CPA No. 4843 PricewaterhouseCoopers ABAS Limited 179/74-80 South Sathorn RoadThungmahamek, Sathorn Bangkok 10120 Tel: 0-2344-1000 or 0-2286-9999 Fax: 0-2286-5050
Legal Advisor:	Tilleke&Gibbins International Ltd. Address: Supalai Grand Tower, 26th Floor, 1011 Rama 3 Road, Chongnonsi, Yannawa, Bangkok 10120 Tel: 02 653 5555 Fax: 02 653 5678

4.2 Other significant information

-None-

5 SHAREHOLDING STRUCTURE AND MANAGEMENT

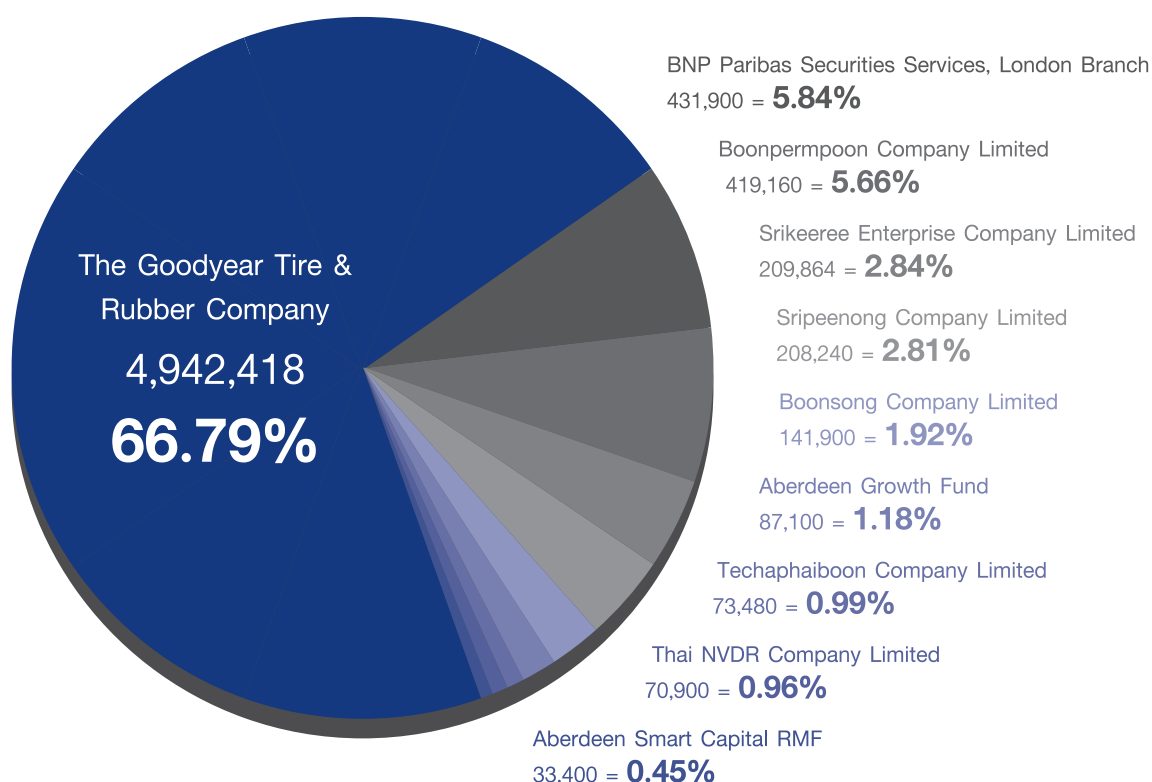
5.1 Registered shares and paid up capital

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

5.2 Major Shareholders

Major shareholders as of the recent book closing date 20 September 2016

Major Shareholders



Note : Company Depository for Securities (Thailand) Public Company Limited for Depositors and Thailand Securities Depository Company Limited for Depositors are held by the investor through a depositor who is a member of the Depository for Securities (Thailand) Co., Ltd. under the Securities and Exchange Commission on May . Prof. 2535 Section 225 to Section 228.

5.3 Other Issued Security

-None-

6 DIVIDEND POLICY

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

Paid Dividend History

Item	2016	2015	2014
Net profit (MTB)	280	385	238
Net profit/share (Baht)	37.77	52.09	32.05
Dividend per share	20	20	20
Dividend yield	4.85%	4.65%	4.63%
Dividend payout ratio	53%	38%	62%
Total payment (MTB)	148	148	148

7 MANAGEMENT OF THE COMPANY

The Company has four committees; namely, the Board of Directors, the Audit Committee, the Nomination and Corporate Governance Committee and the Executive Directors:

7.1 THE BOARD OF DIRECTORS

Composition of the Board of Directors as of 31 December 2016 shall be as follows:

Name	Position
1. Dr. Dhiraphorn Srifuengfung	Chairman of the Board
	Nomination and Corporate Governance Committee member
2. Mr. Finbarr O'Connor	Executive Director
3. Mr. Phiphat Vorapipat	Executive Director
	Nomination and Corporate Governance Committee member
4. Mr. Christopher Delaney (Appointed on 25 April 2016, The Board of Directors' Meeting no.3/2016)	Director
5. Mr. Oliver Gloe (Appointed on 25 April 2016, The Board of Directors' Meeting no.3/2016)	Director
6. Mr. Wee Hong Kek (Appointed on 25 April 2016, The Board of Directors' Meeting no.3/2016)	Director
7. Mr. Athaporn Khaimarn	Independent Director
	Chairman of the Audit Committee
8. Mr. Yeap Swee Chuan	Independent Director
	Audit Committee Member
	The Chairma Nomination and Corporate Governance Committee
9. Ms. Chanapun Juengrungruangkit (Appointed on 26 April 2016, The no.48th AGM)	In dependent Director Audit Committee Member Nomination and Corporate Governance Committee

Remarks:

1. Qualification of the Board of Directors as described in the Attachment no. 1

(1) Authorized Directors

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

(2) Structure of the Board and management

(A) Company has three Independent Directors which equal to one-third of the Board of Directors. Name of Independent Directors as of 31 December 2016 were as follows:

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

(B) The Audit Committee

Company has three Audit Committee members which equal to one-third of the Board of Directors. Name of the Audit Committee as of 31 December 2016 were as follows:

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

(C) The Nomination and Corporate Governance Committee

Compositions of the Nomination and Corporate Governance Committee as of 31 December 2016 were as follows:

- | | |
|----------------------------------|---------------------------|
| 1. Mr. Yeap Swee Chuan | Chairman of the Committee |
| 2. Mr. Phiphat Vorapipat | Member of the Committee |
| 3. Dr. Dhiraphorn Srifuengfung | Member of the Committee |
| 4. Ms.Chanapun Juengrungruangkit | Member of the Committee |

7.2 EXECUTIVE DIRECTORS

As of 31 December 2016, Executive Directors were

1. Mr. Finbarr O'Connor	Managing Director
2. Mr. Phiphat Vorapipat	General Manager Aviation Tires

7.3 COMPANY SECRETARY

A Company Secretary is Ms. Napat Tanyakulsajja, who has performed her duties since 11 November 2013. Her responsibilities and qualifications are as described in Attachment no. 1.

7.4 REMUNERATIONS OF DIRECTORS AND EXECUTIVES DIRECTORS

Only resident Directors who do not receive a salary from the Company are eligible to receive Directors' fees. Determination of remuneration for the Directors of the Company is carefully considered through a comparison against industry standards, taking into account the business expansion, market norms and profit growth of the Company.

(1) The Directors' remunerations of year 2016 were as follows:

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

These fees included salary, meeting fee and other remunerations and were approved by the 48th Annual General Meeting on 26 April 2016.

(2) Other remunerations:

-None-

7.5 EMPLOYEES

As of 31 December 2016

(1) Total employees:	841 persons
(2) Salary employees:	185 persons
Hourly employees:	656 persons
(3) Total employees 'compensation of the year 2016:	576 Million Baht ¹
(4) Capability Development	The Company emphasizes personal and professional capability development in all our associates. Top talents and teams are significant factors that will sustainably drive the organization and are a key part of Goodyear's strategy globally. The Company therefore supports and provides opportunities to associates to enhance their knowledge, skills and capabilities in order to improve their efficiency and effectiveness.

8 GOOD CORPORATE GOVERNANCE

8.1 GOOD CORPORATE GOVERNANCE POLICIES

Goodyear (Thailand) Public Company Limited operates business and has a Good Corporate Governance Policies in compliance with an announcement of the Stock Exchange of Thailand and the Security and Exchange Commission in 5 sections as follows:

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

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

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



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

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

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

(a) BOARD OF DIRECTORS

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

1. To lead and manage the Company based on the Company's vision and missions
2. To act in compliance with laws, regulations and resolutions of the Shareholders' Meeting
3. To consider and approve significant transaction such as a new investment project or an acquisition of asset which the value of transaction is significant pursuant to the Stock Exchange of Thailand regulations, The Securities Exchange Commission regulation and any applicable law
4. To monitor and conduct business operations in compliance with the Company's Business Conduct Manual and ethics.

5. To organize finance system, a reliable financial report and internal control and monitor the assessment of internal control and internal audit for its efficiency.

6. The Board of Directors have power and duty as follows:

- (1) To appoint and remove employees of the Company
- (2) To fix the payment of bonus to employees of the Company or to other persons working for Company temporary or permanent
- (3) To fix interim dividend to the shareholders
- (4) To transact any duty as assigned by the Board of Directors of the Company that may authorize to one or several directors or other persons to perform duties on behalf of directors in certain matters

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

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

Meeting of the Board of Directors

The Board scheduled the Board of Directors meeting through a whole year, at least every three months. The Board may schedule the extra Board of Directors meeting as necessary. To call the meeting, a Chairman of the Board considers and determines meeting agendas and call the meeting in accordance with the Company's Article of Association. Company delivers the notice calling of the meeting with agendas and all supporting documents to all Board members at least 7 days prior to the meeting so as to the Board will have sufficient time to review.

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

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

Conflict of Interest Report

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

Director Orientation

The Company provides orientation of the Company business and regulations to the new director to ensure that the new director will obtain sufficient information for performing his/her duties. The Board also encourage all directors to develop their knowledge and recommend that each director should attend the course at the Thai Institute of Directors at least 1 fundamental course.

Board Assessment and Director Assessment

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

Section 1 Director Self-assessment

Section 2 The Board assessment

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

(b) THE AUDIT COMMITTEE

Details of the Audit Committee please find in Section 7.1

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

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

- (a) Opinion on the accuracy, completeness and creditability of the Company's financial report;
- (b) Opinion on an adequacy of the Company's internal control system;
- (c) Opinion on the Company's compliance with the law on securities and exchange, the SET's regulations or the laws relating to the Company's business;
- (d) Opinion on the creditworthiness of an auditor;
- (e) Opinion on transactions with possible conflict of interests;
- (f) A number of the Audit Committee meetings and the number of attendance of each committee member;
- (g) Opinion or an overview comment received by the Audit Committee in regard to its performance in accordance with the charter; and
- (h) Other transactions which, according to the Audit Committee's opinion, should be known to shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.

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

(c) THE NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

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

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

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

8. Review and make recommendations pursuant to the corporate governance issues prevailing from time to time.
9. Review disclosures of information relating to statements in the Annual Reports detailing the Committee's activities
10. Perform other duties and responsibilities relating to the Committee as delegated by the Board from time to time

(d) EXECUTIVE DIRECTORS

Executive Directors have duties to operate and manage the Company to achieve the goals set up each year. The Company appoints the Managing Director and other Directors as Executive Directors. Executive directors as of 31 December 2016 were:

1. Mr. Finbarr O'Connor	Managing Director
2. Mr. Phiphat Vorapipat	General Manager Aviation Tires-Asia Pacific

8.3 ELECTION OF NOMINATION OF DIRECTORS AND EXECUTIVE DIRECTORS

(1) INDEPENDENT DIRECTORS

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

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

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

1. Independent Directors shall not have any business relationship or work with any company that may affect an independent decision of them.

2. Independent Directors shall not hold more than 0.5 per cent of the paid-up capital of the Company, its affiliated company or related company. Shares held by independent directors shall include those held by their connected persons.

3. Independent Directors shall not be involved in any management of the Company and its affiliated company, related company or connected company or in major shareholders of the Company. Independent Directors shall not be any consultant giving advice for a fixed income of the Company and its affiliated company, related company or connected company or major shareholder of the Company.

4. Independent Directors shall not have stakes or hold stake either directly or indirectly in the finance and management of the Company or its affiliated company, related company or connected company or the major shareholder of the Company.

5. Independent Directors shall not be related to or be a relative of senior management or major shareholders of the Company.

6. Independent Directors must pass a procedure of selection of the Board of Directors.

(2) ELECTION OF DIRECTORS

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

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

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

The company specified the procedure to serve equitable treatments of shareholders whereby invite to Shareholders to propose the Annual General Shareholder's Meeting agenda and Names of Director Nominees in advance which published in company website: www.goodyear.co.th and SET website.

ELECTING SENIOR MANAGEMENT

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

8.4 Governance of affiliated companies

-Nil-

8.5 Insider Information Control

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

The Company's associates at the level who need to know and/or can access such information carefully use the Company's insider information and not to disclose such information to any third party. Directors, the management and associates of the Company are prohibited to public disclose or use the Company's material insider information for individual benefit.

The Company's information should be disclosed to the people who are under need-to-know basis only for example

the auditor and Legal Counsel. Material information will be disclosed to shareholders in accordance with SET regulations.

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

- Directors, associates and their family members are prohibited from using insider information or disclosing any material information about Goodyear that has not yet been made available to the general public.
- Directors, associates and their family members are prohibited from using insider information for their financial gain or disclosing it to others for their financial gain.
- Directors, associates and their family members must not buy or sell or recommend others to buy or sell in their name of Goodyear stock or those securities within 1 month until the material information such as quarterly or annually financial statements has been released to the public.

8.6 AUDIT FEE

The Audit Committee approved these auditors from PricewaterhouseCoopers ABS Limited as listed below, provided that any one of the following auditors can act as the auditor and express their opinion to the company's financial statements. The Audit Committee approved by considering their performance and independence of the auditors and the audit fee in the no. 1/2016 Audit Committee Meeting

1. Mr. Prasit Yuengsrikul, Certified Public Auditor No. 4174 (had been a person affixing his signature on the Company's financial statement for 2009 - 2011).
2. Mr. Wichian Kingmontri, Certified Public Auditor No. 3977 (not being a person previously affixing his signature on the Company's financial statement).
3. Ms. Sukhumaporn Wong-ariyaporn, Certified Public Auditor No. 4843 (had been a person previously affixing her signature on the Company's financial statement for 2013-2015).

Auditor's fee	Year 2016
Audit fee	1,700,000 Baht
Other service fees	None

8.7 Other Company's activities following Good Corporate Governance rules

(1) DETAILS OF ATTENDANCE

Detailed of attendance of the Audit Committee and the Nomination and Corporate Governance Committee in 2016 was below:

Name	The Board of Directors Meeting No. of attendance/No. of Meetings	The Audit Committee Number of attendance /Number of Meetings	The Nomination and Corporate Governance Committee Number of attendance /Number of Meetings	AGM no. 48th No. of attendance/No. of Meetings	EGM no.1/2016 No. of attendance/No. of Meetings
Dr. Dhiraphorn Srfuengfung	8/8	-	5/5	1/1	1/1
Mr. Finbarr O'Connor	8/8			1/1	1/1
Mr. Phiphat Vorapipat	8/8	-	5/5	1/1	1/1
Mr. Christopher Delaney*	5/8			1/1	1/1
Mr. Oliver Gloe**	7/8			1/1	1/1
Mr. Wee Hong Kek***	7/8			1/1	1/1
Mr. Athaporn Khaimarn	8/8	7/7	-	1/1	1/1
Mr. Yeap Swee Chuan****	7/8	6/7	4/5	1/1	1/1
Ms. Chanapun Juengrungruangkit*****	5/8	4/7	3/5	1/1	1/1

Remarks:

*Mr. Christopher Delaney was appointed on 25 April 2016 the Board of Directors' Meeting no. 3/2016 in replacement of Mr. Mark Chandran Ravunni. Mr. Christopher Delaney absent with apologies from the Board of Directors' Meeting no. 8/2016 due to the urgent business meeting.

**Mr. Oliver Gloe was appointed on 25 April 2016 the Board of Directors' Meeting no. 3/2016 in replacement of Mr. Leandro Argibay.

***Mr. Wee Hong Kek was appointed on 25 April 2016 the Board of Directors' Meeting no. 3/2016 in replacement of Mr. Quek Khai Whatt.

****Mr. Yeap Swee Chuan absent with apologies from the Board of Directors' Meeting no. 4/2016.due to the urgent business meeting.

*****Ms. Chanapun Juengrungruangkit was appointed on 26 April 2016 in the No.48th AGM.

(2) Reported on good corporate governance activities in 2016 to follow Good Corporate Governance in 5 areas in accordance with the announcement of the Stock Exchange of Thailand

• RIGHTS OF SHAREHOLDERS

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

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

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

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

• EQUITABLE TREATMENT OF SHAREHOLDERS

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

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

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

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

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

• ROLE OF STAKEHOLDERS

The Company has policies that outlines the roles of stakeholders in the Business Conduct Manual:

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

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

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

- The Company provide an integrity hotline that stakeholders can contact to, report conflict of interest or violation of business ethics

(Please find more information at <http://www.goodyear.com/businessconductmanual/#/8/>

or contact Company Secretary at the address in http://www.goodyear.co.th/about/investor_relations.asp).

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

• DISCLOSURE AND TRANSPARENCY

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

• RESPONSIBILITIES OF THE BOARD

The Board of Director has acknowledged their responsibilities relating to conflicts of interest and related transaction matters.

The Board considered with due care, and in compliance with the rules and regulations of SET transactions, third party transactions. Every transaction disclosed the related details, amounts, parties, reasons and necessity to the SET and Shareholders as appropriate.

The Company has a Business Conduct Manual which helps all associates understand and follow the highest ethical and standards in doing business, which includes making a report when finding suspected or known conflict behavior or violation of this Manual. The Company published the Business Conduct Manual at <http://www.goodyear.com/businessconductmanual/#/8/>. The Company also conducted an annual online training course to highlight to all associates and management the importance of complying with this Manual.

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

9 CORPORATE SOCIAL RESPONSIBILITY

9.1 CSR OVERVIEW

The Company is constantly evolving as we improve our overall performance and strive to be a leader in industry. This helps to benefit our associates, customers, shareholders, suppliers, communities and the environment. The Company's concerns about Corporate Social Responsibility following SEC announcement in 8 practices namely

- 1) Fair practice in doing business
- 2) Anti-Corruption
- 3) Human Rights
- 4) Fair labour practice
- 5) Responsibilities to consumers
- 6) Environmental friendly
- 7) Community
- 8) Innovation and publication.

The Company does this across four key areas:

People

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

Products

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



Environment

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

Communities

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

9.2 CSR activities in year 2016

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

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

(2) CSR IN PROCESS

Environmental, Health, and Safety

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

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

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

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

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

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

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

- Publicly report annual EHS goals and accomplishments.

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



Human Rights

- Discrimination

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

- Voluntary employment

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

- Child labor

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



- Freedom of association

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

- Work hours and wages

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

- Safe and secure workplace

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

- Suppliers

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

Commitment to integrity

● Corporate Compliance and Ethics Policies

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

● Business Conduct Manual

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

● Supplier Code of Conduct

In addition, everyone doing business with Goodyear, including suppliers, contractors, organizations and others, is directed to the company's website so that they may read the Business Conduct Manual and be aware of our obligations and requirements. Goodyear's Supplier Code of Conduct demands raw material suppliers to certify to a standard code of conduct. The Supplier Code of Conduct contains our expectations on various topics including environment, conflict minerals, health and safety, gifts, child labor and human trafficking.

● Compliance and Ethics Training

Goodyear continued its online Compliance and Ethics training in 2016 with salaried associates around the globe. A training focus for the Compliance and Ethics Office was our Anti-Bribery Policy training which was delivered to many employee groups around the world, with special emphasis on due diligence of third parties with whom we do business.

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

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

9.3 BUSINESS OPERATIONS IMPACT TO CSR

Goodyear does not have any claims from nearby community regarding environment issue in 2016. The Company obtained confirmation from Provincial Industrial Office, Pathumthani and Klongluang Municipality.



9.4 CSR AFTER PROCESS

The Company operates its business with consideration of the CSR compliance requirements of the eight rules of the SET. The Company has a working group handling CSR activities. In 2016, Goodyear conducted the following CSR activities:

Goodyear Thailand, in collaboration with the Ministry of Transport and the Don't Drive Drunk Foundation, has further extended its support for a nationwide effort to reduce car accident fatalities and injuries with a road safety campaign during the New Year.

Goodyear Thailand provided 3,000 bottles of water to the Don't Drive Drunk Foundation, which were offered to motorists to encourage them to drive safely during their car trips. Goodyear had previously unveiled a similar program during the Songkran holidays and donated car checkup kits to the Faculty of Engineering and Technology, King Mongkut's University of Technology North Bangkok Rayong Campus.

Another CSR collaboration example was when Goodyear Thailand gave a lecture on Risk Assessment in Manufacturing area and Professional Safety Leader Technique to 4th year students of Srinakharinwirot University in November 2016. Aligned with Goodyear's core values of safety, the lecture effectively inculcated the lesson of safety among young adults. Goodyear's Shared Values from our global mission highlights our commitment to facilitating wellness and safety, as well as caring for communities of all sizes, regardless of where we live or work in Thailand.

We are proud of our collaboration with many other Thai government departments that are dedicated to helping reduce impaired and reckless driving and increase road safety in Thailand. Goodyear is committed to promoting road safety awareness on various levels throughout our organization. In our core business activities, our community and philanthropic work, and through our engagement with public policy issues, Goodyear is at the forefront of instilling more awareness about road safety among all motorists in Thailand.

In addition to these campaigns, Goodyear's customer-facing teams of experts, including sales representatives and technicians, continually communicate with customers on tire maintenance and proper tire use.

9.5 Anti-Corruption Policy

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

The Company has a Business Conduct Manual which helps all associates to understand and follow the highest ethical and standards in doing business including making a report when found suspected or known conflict behavior or violation of this Manual. The Business Conduct Manual of the Company is published at <http://www.goodyear.com/businessconductmanual/#/8/>.

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

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

The Board of Directors has a duty to ensure that the Company conducts businesses in compliance with the said policy and authorizes the Audit Committee to be responsible for reviewing the internal control process, the internal auditor report and external auditor report. In 2016, the internal auditor reviewed various areas such as travel and expense report, payroll, questionnaires regarding Sarbanes Oxley Act (SOX), USA and compliance audit of the Company.

10 | INTERNAL CONTROL AND RISK MANAGEMENT

10.1 OPINION OF THE BOARD OF DIRECTORS REGARDING THE INTERNAL CONTROL

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

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

For the above reasons, the Board of Directors has appointed the Audit Committee, made up of Independent Directors, to review and monitor the quality of our financial statements and internal control process, and provide the Audit Committee a report. The Board members considered that the internal control of the Company has satisfactorily met its criteria and has been designed to ensure the reliability of its financial statements as of 31 December 2016. The Company realizes that its financial and non-financial statements would aid in the decision-making process of investors or interested parties. For this reason, our management has attempted to disclose sufficient, reliable and complete information in a timely manner for investors to make prudent decisions.

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

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

-None-

10.3 INTERNAL AUDITOR INFORMATION

Company's internal auditor is Ms. Maxine Mae J. Escoto as described in Attachment no.2.

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

11 RELATED PARTIES TRANSACTION

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

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

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

The following material transactions were carried out with related parties:

i) Sales of goods

	2016 Baht	2015 Baht
Sales of finished goods:		
Parent company	406,423,492	400,113,547
Related parties - same common control	1,642,592,056	1,837,691,655
	2,049,015,548	2,237,805,202
Sales of assets and spare parts:		
Related parties - same common control	4,267,109	6,726,178
	4,267,109	6,726,178

ii) Purchases of goods and services

	2016 Baht	2015 Baht
Purchases of raw materials and finished goods:		
Parent company	132,144,468	114,326,704
Related parties - same common control	361,907,849	250,559,418
	494,052,317	364,886,122
Purchases of machinery and spare parts:		
Parent company	22,544,473	11,042,677
Related parties - same common control	9,509,164	81,741,868
	32,053,637	92,784,545
Royalty fee:		
Parent company	171,300,561	180,833,071
Production service fee:		
Parent company	31,096,444	36,198,914
Management fee:		
Related parties - same common control	199,805,082	183,385,054

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

	2016 Baht	2015 Baht
Trade accounts receivables - related parties:		
Parent company	138,563,852	102,605,672
Related parties - same common control	375,219,844	458,163,396
	513,783,696	560,769,068
Amounts due from related parties:		
Parent company	1,382,208	1,265,895
Related parties - same common control	34,851,840	19,765,220
	36,234,048	21,031,115
Trade accounts payables - related parties:		
Parent company	30,510,245	16,238,451
Related parties - same common control	49,649,162	100,723,704
	80,159,407	116,962,155
Amounts due to related parties:		
Parent company	41,123,209	37,621,411
Related parties - same common control	32,405,753	25,820,513
	73,528,962	63,441,924

iv) Directors' and key management's compensation

	2016 Baht	2015 Baht
Salaries and other short-term employee benefits	37,966,451	38,503,768
Savings fund and retirement benefits	9,940,881	8,231,469
	47,907,332	364,886,122

(Unit: Thousand Baht)

Item	Year 2016	Year 2015	Year 2014
Cash and cash equivalent	1,011,225	1,268,169	1,127,220
Restricted short term investment	65,000	82,000	76,865
Trade and other receivables	832,505	893,048	760,169
Current position of loan to a related party	0	0	-
Inventories, net	748,572	616,513	679,648
Refundable Value Added Tax	159,539	102,934	58,534
Loan to related party	7,195	7,885	11,459
Other current assets	0	0	0
Property, plant and equipment, net	2,456,845	2,185,195	1,983,502
Computer software, net	676	1,195	2,061
Other non-current assets	3,088	3,191	3,704
Total assets	5,284,645	5,160,131	4,703,162
Trade and other payables	1,000,747	1,013,620	805,479
Accrued withholding tax	18,490	9,422	19,240
Current income tax payable	51,366	62,396	45,739
Advance received from insurers	0	0	-
Other current liabilities	6,396	4,457	12,108
Total current liabilities	1,076,999	1,089,894	882,567
Deferred tax liabilities	2,145	9,537	10,293
Reserves for saving fund and employee retirement benefits	181,875	155,489	156,998
Total non-current liabilities	184,021	165,027	167,291
Total liabilities	1,261,020	1,254,921	1,049,857

Share capital - authorized, issued and fully paid up	74,000	74,000	74,000
Premium on share capital	92,000	92,000	92,000
Retained earnings			
-Appropriated -legal reserve	7,400	7,400	7,400
-Unappropriated	3,850,225	3,731,811	3,479,905
Total shareholders' s equity	4,023,625	3,905,211	3,653,305
Sales	3,898,203	3,970,576	3,796,131
Cost of sale	(3,005,131)	(3,108,505)	(3,048,198)
Selling and administrative expenses	(553,545)	(391,796)	(465,253)
Other operating expenses	0	0	0
Other income	16,327	12,854	15,290
Income from insurance reimbursement	0	0	0
Income tax expenses	(76,341)	(97,645)	(59,814)
Net profit (loss) for the year	279,514	385,485	238,158
Basic earnings per share	37.77	52.09	32.05
Total comprehensive income for the year	266,414	399,906	229,079

SIGNIFICANT FINANCIAL RATIOS

FINANCIAL RATIO

	Year 2016	Year 2015	Year 2014	
Liquidity ratio	2.62	2.73	3.08	time
Quick ratio	1.63	1.91	2.04	time
Cash ratio	0.26	0.59	0.37	time
Account receivable turnover	5.01	5.36	5.92	time
Average collection period	71.85	67.20	60.79	days
Inventory turnover	4.40	4.80	4.95	time
Average sales days	81.77	75.06	72.78	days
Accounts Payable Turnover	3.54	4.01	4.77	days
Payment days	101.84	89.70	75.49	days
Cash Cycle	51.78	52.56	58.09	days

PROFITABILITY RATIO

	Year 2016	Year 2015	Year 2014	
Gross margin ratio	22.9	21.71	19.69	percent
Net profit (loss) ratio	7.2	9.71	6.27	percent
Return on shareholders	7.1	10.20	6.59	percent
Return on asset ratio	5.4	7.82	5.19	percent
Return to fixed assets ratio	21.1	28.5	21.8	percent
Total asset turnover	0.75	0.81	0.83	time

FINANCIAL POLICY RATIO

	Year 2016	Year 2015	Year 2014	
Debts to Shareholders	0.31	0.32	0.29	time
Dividend (loss)	52.9	38.4	62.1	percent

13 | MANAGEMENT DISCUSSION AND ANALYSIS

13. MANAGEMENT DISCUSSION AND ANALYSIS

13.1 Overall Business Review

In 2016, despite continue intense competition from low tier brands in the replacement market, Goodyear was able to achieve our growth target.

For the original equipment market (OEM), Goodyear's sales increased in accordance with the increase in the number of manufactured cars.

Goodyear opened seven Goodyear Autocare stores more, bringing the total number to 68 stores. All those stores were opened in every part of Thailand to serve the motorists in the areas. These branded retail stores are major sources for Goodyear Thailand revenue and significantly increase Goodyear's brand exposure to the consumers. Besides, we launched our new product, Goodyear Wrangler TripleMax in May which was well received by customers.

In the Extraordinary General Meeting on November 17, 2016 the company's shareholders approved the plan to invest in construction of a radial aviation tire factory in Pathumthani Province to meet the growing demands in radial aviation tires. The first phase of the three-phase expansion is expected to be operational by 2018 to meet market demand as commercial airlines are rapidly converting their fleets from bias to radial tires.

Internally, Goodyear's operation relentlessly continues to pursuing plant optimization while building a culture of quality and safety among employees. The success can be seen in the team's ability to respond to the fluctuation in market demands and still maintain Goodyear high service level to all customers.

On the other hand, the Human Resources Department also play an important role in providing capacity-building trainings and team-building activities to strengthen teamwork across all departments, as well as responding to the needs of employees. As a result, the retention rate was significantly higher than industry average.

The Company's net sales for the year ended 31 December 2016 were Baht 3,898 Million, a decrease when compared to the same period of 2015 of Baht 72 Million, or 2%. This was due to decrease of export sales and increase of domestic sales.

The Company's net profit for the year ended 31 December 2016 was Baht 280 Million, a decrease when compared to the same period of 2015 of Baht 106 Million, or 27%. This was due to decrease of export sales volume, an increase of selling and administrative expenses and an impact of foreign currency transaction.

In summary, the production and sales of rubber industry of year 2016 especially in Ground Tires grew well despite intense competition. Meanwhile, the Aviation Tires business continued its steady growth in tandem with the expansion of airline business in Asia Pacific due to the expansion of airline fleet in the region.

13.2 Financial Analysis

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

(1) Liquidity

In 2016, liquidity ratio decreased from 2015 because the Company gained lower cash flow from business activities. The average collection period in 2016 (71.85 days) increased from 2015 (67.20 days) due to economic impact. The average sales days in 2015 (81.77 days) increased as compared to 2016 (75.06 days) because of the rise in sales volume. In addition, the overall cash cycle of 2016 (51.78 days) decreased from 2015 (52.56 days) as a result of sales volume increment.

(2) Profitability Ratio

The gross margin ratio in 2016 (22.9 percent) increased from 2015 (21.7 percent) due to the improved efficiency of the Company's production process, sales channel management and an increase of domestic sales.

(3) Efficiency in operation

The Return on Asset (ROA) ratio and a Return to Fixed Asset (ROFA) ratio of the year 2016 decreased when compared with year 2015 because of Company's inventories increased to support higher sales volume.

(4) Financial Policy

Our debt to equity ratio slightly decrease from 0.32 times in 2015 to 0.31 times in 2016 due to the decrease in shareholder's equity from current year net profit.

(5) Summary

The Company's net sales for the year ended 31 December 2016 were Baht 3,898 Million, a decrease when compared to the same period of 2015 of Baht 72 Million, or 2%. This was due to decrease of export sales and increase of domestic sales.

13.3 Impact Factor to the future business operations

For the year 2016, the tires market is foreseen to grow up in line with the growth of automobile industry. For the business growth of Aviation Tires, it was continually growth in compatible with the continuity growth of airline business in Asia which results to the expansion of airline fleet in China, Indonesia and India. However, in year 2016, the other risk factors which may be affected to economic and the expansion of the Market as follows:

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

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

Attachment 1

1. Details of the Board of Directors and Company Secretary

1.1 Details of the Board of Directors

Name/Position	Age (Years)	Education background	Share- holding in GYT (%)	Family relationship among directors/ management	Professional Experience in the past 5 years		
					ช่วงเวลา	ตำแหน่ง	ชื่อหน่วยงาน/บริษัท/ประเภทธุรกิจ
1. Dr. Dhiraphorn Srifuengfong Chairman of the Board of Directors Nomination and Corporate Governance Committee	69	Ph.D. (Civil Engineering) University of Missouri, U.S.A.	-	-	2013 – Present	Chairman of the Board of Directors	Goodyear (Thailand) Public Company Limited
					1993 – Present	Managing Director	Pimai Salt Company Limited Krung Thai Panich Insurance Co., Ltd. Aekachai Eagle Co., Ltd. Aekachai Export and Import Co., Ltd.
2. Mr. Finbarr O'Connor Managing Director Executive Director	58	Bachelor of Business - University of Southern Queensland, Australia Master of Marketing - Melbourne Business School (Melbourne Univer- sity), Australia Director Training: DCP (182/2013), Thai IOD	-	-	2013 – Present	Managing Director	Goodyear (Thailand) Public Company Limited
					2011 - 2013	Consumer Business Unit & OE Director -ASEAN, Korea and Taiwan	Goodyear (Thailand) Public Company Limited
					2007-2010	Consumer Marketing Director, Asia Pacific and Africa	Ford Motor Company, Asia Pacific

3. Mr. Phiphat Vorapipat Executive Director Nomination and Corporate Governance Committee	38	MSIT and IMBA, University of Denver, USA Bachelor of Business Administration, Kasetsart University	-	-	2012 – Present 2012 2011-2012	General Manager Aviation Tires -Asia Pacific Asia Pacific Aviation PBU Supply Chain Director Product Supply Chain Director - ASEAN	Goodyear (Thailand) Public Company Limited Goodyear (Thailand) Public Company Limited Goodyear (Thailand) Public Company Limited
4. Mr. Christopher Delaney Director	55	BA (History) – Trinity College, Hartford, Conn. USA (1983) Australian Institute of Company Directors (2009) Goodman Fielder Directors Training (2008 -2011)	-	-	2016 – Present 2011 – 2016	President Asia Pacific (Shanghai) Managing Director and CEO (Sydney)	The Goodyear Tier&Rubber Company Goodman Fielder Limited
5. Mr.Oliver Gloe Director	42	Bachelor's Degree, European University, Switzerland MBA in International Management, Thunderbird	-	-	2016 – Present 2013 – 2016 2010 – 2013	Vice President Finance, Asia Pacific Director, Finance Planning & Analysis and Strategy, EMEA Chief Finance Officer, Europe and Mediterranean	The Goodyear Tier&Rubber Company The Goodyear Tier&Rubber Company General Cable

6. Mr. Wee Hong Kek Director	49	LL.B. (Hons) National University of Singapore	-	-	2013-Present	Senior Counsel, ASEAN	Goodyear Orient Company (Private) Limited
7. Mr. Athaporn Khaimarn Independent Director The Chairman of the Audit Committee	73	Former Associate Member of The Institute of Chartered Accountants in Australia Associateship in Account- ing Western Australia Institute of Technology, (Now - Curtin University of Technology) Director Training: DCP & DAP Certificate, Thai IOD	-	-	2001 – Present 1999 – Present 1992 - 1996	Independent Director/ Chairman of the Audit Committee Independent Director/ Chairman of the Audit Committee Managing Director	Goodyear (Thailand) Public Company Limited Siam Makro Public Company Limited Price Waterhouse, Bangkok
8. Mr. Yeap Swee Chuan Independent Director Audit Committee Chairman of the Nomination and Corporate Governance Committee	68	Bachelor Degree (Industrial Management and Engineering), Massey University, New Zealand Director Training: DCP Certificate, Thai IOD	-	-	1996-Present	President and Chief Executive Officer	AAPICO Hitech Public Company Limited

9. Ms.Chanapun Juengrungruangkit Independent Director Audit Committee Nomination and Corporate Governance Committee	41	MBA with an emphasis in Finance – Webster University Bangkok campus, Bangkok Bachelor of Business – Kasetsart University, Bangkok Diploma of Japanese language – Bunka Institute of College, Tokyo, Japan DCP, Thai Institute of Directors (2548) DAP, Thai Institute of Directors (2548)	-	-	2004 – Present	Vice President	Thai Summit Autoparts Industry Co.,Ltd.
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Company Secretary							
Ms. Napat Tanyakulsajja	36	Master's degree in Law, Major in Private and Business Law, Chulalongkorn University Bachelor's Degree in Law, Thammasat University Thai barrister-at-law, The Thai bar Association Company Secretary Training: CSP (2013), Thai IOD EMT (2013), Thai IOD CRP (2013), Thai IOD	-	-	2013 – Present 2010 – 2013 2004 – 2007	Company Secretary & Legal Counsel, Thailand Contract Officer Legal Officer	Goodyear (Thailand) Public Company Limited PTT Exploration and Production Public Company Limited Berli Jucker Public Company Limited

Roles and responsibilities of Company Secretary

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

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

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

Attachment 2

Details and biography of Company's internal auditor

Name	Maxine Mae J. Escoto
Position	Internal Audit Manager, APAC
Age	30
Educational background	Bachelor of Science in Accountancy, De La Salle University – Manila
Professional training/Certificate	Certified Public Accountant (CPA), Certified Information Systems Auditor (CISA)
Experience	8 and a half years in the Advisory Practice of Ernst & Young Philippines – experience in assurance and advisory engagements with a focus on financial statement audit support, internal audit support, SOX, third party reporting, business process analysis, and application controls and security.
Date of appointment as Company's internal auditor	March 1, 2016

GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2016



Independent Auditor's Report

To the shareholders of Goodyear (Thailand) Public Company Limited

My opinion

In my opinion, the financial statements of Goodyear (Thailand) Public Company Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

I have audited the accompanying financial statements of the Company, which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Basis for opinion

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



Key audit matters

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

Key audit matter	How my audit addressed the key audit matter
Recoverable amount of machinery and equipment Refer to the accounting policies note 2.8 and note 7 to financial statements, Property, Plant and Equipment had carried net book value of Baht 2,457 million as at 31 December 2016 which included machinery and equipment at carrying amount of Baht 1,031 million. The recoverable amount of machinery and equipment is considered as Key Audit Matter because the value of machinery and equipment is significant to the financial statements. The Company has possessed a lot of machinery and equipment. There was possibility of unused machinery and equipment which management needed to consider the future plan and assessed for impairment.	 In assessing whether there were any indications that the value of machinery and equipment might not be recovered or should be impaired, I considered both external and internal factors. I discussed with management about the assessment of internal and external indicators of impairment. I also attended the physical inspection of machinery and equipment, performed checking that the accounting recorded reflected physical count. I also looked at idle assets, if any, and discussed with management about the production plan to assess whether allowance for impairment is required. I did not find any exceptions.

Other information

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

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

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

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



Responsibilities of Management for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



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

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

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

PricewaterhouseCoopers ABAS Ltd.

S. Wong-ariyaporn

Sukhumaporn Wong-ariyaporn
Certified Public Accountant (Thailand) No. 4843
Bangkok
27 February 2017

Goodyear (Thailand) Public Company Limited
Statements of Financial Position
As at 31 December 2016

		31 December 2016 Baht	31 December 2015 Baht
	Notes		
Assets			
Current assets			
Cash and cash equivalents	4	1,011,225,314	1,268,168,967
Restricted short-term investment	21	65,000,000	82,000,000
Trade and other receivables, net	5	832,505,255	893,048,374
Inventories, net	6	748,571,600	616,513,152
Refundable value added tax		159,538,893	102,934,449
Other current assets		<u>7,195,210</u>	<u>7,884,872</u>
Total current assets		<u>2,824,036,272</u>	<u>2,970,549,814</u>
Non-current assets			
Property, plant and equipment, net	7	2,456,844,867	2,185,195,455
Computer software, net	8	676,257	1,195,272
Other non-current assets		<u>3,087,709</u>	<u>3,190,871</u>
Total non-current assets		<u>2,460,608,833</u>	<u>2,189,581,598</u>
Total assets		<u><u>5,284,645,105</u></u>	<u><u>5,160,131,412</u></u>

Director

Director

GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

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

Goodyear (Thailand) Public Company Limited
Statements of Financial Position
As at 31 December 2016

		31 December 2016 Baht	31 December 2015 Baht
	Notes		
Liabilities and equity			
Current liabilities			
Trade and other payables	9	1,000,747,173	1,013,619,904
Accrued withholding tax		18,490,214	9,421,703
Current income tax payable		51,366,315	62,395,785
Other current liabilities		6,395,470	4,456,621
Total current liabilities		1,076,999,172	1,089,894,013
Non-current liabilities			
Deferred tax liabilities	16	2,145,243	9,537,265
Reserves for savings fund and employee retirement benefits	10	181,875,392	155,489,255
Total non-current liabilities		184,020,635	165,026,520
Total liabilities		1,261,019,807	1,254,920,533
Equity			
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	11	74,000,000	74,000,000
Premium on share capital	11	92,000,000	92,000,000
Retained earnings			
Appropriated - Legal reserve	12	7,400,000	7,400,000
Unappropriated		3,850,225,298	3,731,810,879
Total equity		4,023,625,298	3,905,210,879
Total liabilities and equity		5,284,645,105	5,160,131,412

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

Goodyear (Thailand) Public Company Limited
 Statements of Income
 For the year ended 31 December 2016

	Notes	2016 Baht	2015 Baht
Sales	23	3,898,203,357	3,970,576,030
Cost of sales		<u>(3,005,130,653)</u>	<u>(3,108,504,581)</u>
Gross profit		893,072,704	862,071,449
Other income	14	16,327,211	12,854,402
Other gains - net		1,784,914	107,359,140
Selling expenses		(397,255,798)	(347,063,101)
Administrative expenses		<u>(158,074,195)</u>	<u>(152,092,084)</u>
Profit before income tax expense		355,854,836	483,129,806
Income tax expense	16	<u>(76,340,499)</u>	<u>(97,645,210)</u>
Net profit for the year		<u><u>279,514,337</u></u>	<u><u>385,484,596</u></u>
Basic earnings per share (Baht)	17		
Net profit for the year		<u><u>37.77</u></u>	<u><u>52.09</u></u>



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

GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

Goodyear (Thailand) Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2016

	<u>Notes</u>	<u>2016 Baht</u>	<u>2015 Baht</u>
Net profit for the year		279,514,337	385,484,596
Item that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations	10	(16,374,897)	18,026,681
Income tax on item that will not be reclassified to profit or loss	16	<u>3,274,979</u>	<u>(3,605,336)</u>
Total comprehensive income for the year		<u><u>266,414,419</u></u>	<u><u>399,905,941</u></u>



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

Goodyear (Thailand) Public Company Limited
Statements of Changes in Equity
For the year ended 31 December 2016

	Note	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 2015		74,000,000	92,000,000	7,400,000	3,479,904,938	3,653,304,938
Changes in equity for the year						
Total comprehensive income for the year		-	-	-	399,905,941	399,905,941
Dividends paid	18	-	-	-	(148,000,000)	(148,000,000)
Ending balance as at 31 December 2015		<u>74,000,000</u>	<u>92,000,000</u>	<u>7,400,000</u>	<u>3,731,810,879</u>	<u>3,905,210,879</u>
Beginning balance as at 1 January 2016		74,000,000	92,000,000	7,400,000	3,731,810,879	3,905,210,879
Changes in equity for the year						
Total comprehensive income for the year		-	-	-	266,414,419	266,414,419
Dividends paid	18	-	-	-	(148,000,000)	(148,000,000)
Ending balance as at 31 December 2016		<u>74,000,000</u>	<u>92,000,000</u>	<u>7,400,000</u>	<u>3,850,225,298</u>	<u>4,023,625,298</u>



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

Goodyear (Thailand) Public Company Limited
Statements of Cash Flows
For the year ended 31 December 2016

	Notes	2016 Baht	2015 Baht
Cash flows generated from operating activities	19	<u>265,586,340</u>	<u>589,783,966</u>
Cash flows from investing activities			
Restricted short-term investment		17,000,000	(5,134,560)
Purchases of plant and equipment		(407,671,692)	(363,893,032)
Purchases of computer software	8	(120,000)	-
Proceeds from disposals of equipment		<u>1,738,200</u>	<u>3,474,682</u>
Net cash used in investing activities		<u>(389,053,492)</u>	<u>(365,552,910)</u>
Cash flows from financing activities			
Dividends paid to shareholders	18	<u>(148,000,000)</u>	<u>(148,000,000)</u>
Net cash used in financing activities		<u>(148,000,000)</u>	<u>(148,000,000)</u>
Net increase (decrease) in cash and cash equivalents		(271,467,152)	76,231,056
Cash and cash equivalents at the beginning of the year		1,268,168,967	1,127,220,150
Exchange gains on cash and cash equivalents		<u>14,523,499</u>	<u>64,717,761</u>
Cash and cash equivalents at the end of the year	4	<u><u>1,011,225,314</u></u>	<u><u>1,268,168,967</u></u>

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2016 and 2015 are as follows:

Unpaid liabilities for purchases of plant and equipment	180,635,074	102,974,306
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The accompanying notes on pages 11 to 31 are an integral part of these financial statements.

1 General information

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

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

The Company is listed on the Stock Exchange of Thailand.

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

These financial statements were authorised for issue by the Board of Directors on 27 February 2017.

2 Accounting policies

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

2.1 Basis for preparation

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

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

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

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

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

New Thai Financial Reporting Standards and revised accounting standards, revised Thai Financial Reporting Standards are effective on 1 January 2016. These standards are relevant to the Company are:

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of judgments made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker. This standard has no impact to the Company.

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. This standard has no impact to the Company.

2 Accounting policies (Cont'd)

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

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. This standard has no impact to the Company.

Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. Standards which are relevant to the Company and have not yet been early adopted are:

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

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

2.3 Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

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

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

2.4 Financial instruments

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

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

2 Accounting policies (Cont'd)

2.5 Cash and cash equivalents

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

2.6 Trade accounts receivable

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

2.7 Inventories

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

2.8 Property, plant and equipment

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

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

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

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

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

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

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

2 Accounting policies (Cont'd)

2.9 Computer software

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

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

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

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

2.10 Impairment of assets

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

2.11 Accounting for leases - where the Company is the lessee

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

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

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



Handwritten signature and stamp of Goodyear (Thailand) Public Company Limited.

2 Accounting policies (Cont'd)

2.12 Current and deferred income taxes

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

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

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

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

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

2.13 Employee benefits

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

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

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

2 Accounting policies (Cont'd)

2.14 Provisions

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

2.15 Revenue recognition

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

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

2.16 Dividends paid

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

2.17 Segment reporting

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

3 Critical accounting estimates, assumption, judgments

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

Carrying value of property, plant and equipment

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

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

3 Critical accounting estimates, assumption, judgments (Cont'd)

Employee benefit obligations

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

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

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

4 Cash and cash equivalents

	2016 Baht	2015 Baht
Cash on hand	250,000	250,000
Deposits held at banks - current accounts	94,308,750	71,466,724
- savings accounts	916,666,564	1,196,452,243
	<u>1,011,225,314</u>	<u>1,268,168,967</u>

As at 31 December 2016, the weighted average interest rate of savings accounts was 0.36% per annum (2015 : 0.36% per annum).

5 Trade and other receivables, net

	2016 Baht	2015 Baht
Trade accounts receivable - third parties	252,112,864	274,439,712
<u>Less</u> Allowance for doubtful accounts	<u>(23,246,193)</u>	<u>(21,764,193)</u>
	228,866,671	252,675,519
Trade accounts receivable - related parties (Note 22)	513,783,696	560,769,068
Amounts due from related parties (Note 22)	36,234,048	21,031,115
Prepayments	5,970,519	6,737,033
Advances	6,132,551	5,025,784
Other receivables	41,517,770	46,809,855
	<u>832,505,255</u>	<u>893,048,374</u>
Total trade and other receivables, net		

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

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

	2016 Baht	2015 Baht
Current	221,892,471	235,155,357
Overdue:		
1 - 3 months	2,378,322	16,186,604
4 - 12 months	5,671,208	668,110
Over 12 months	22,170,863	22,429,641
	252,112,864	274,439,712
<u>Less</u> Allowance for doubtful accounts	(23,246,193)	(21,764,193)
	<u>228,866,671</u>	<u>252,675,519</u>

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

	2016 Baht	2015 Baht
Current	489,591,100	518,351,381
Overdue:		
1 - 3 months	24,167,709	38,184,661
4 - 12 months	-	4,233,026
Over 12 months	24,887	-
	513,783,696	560,769,068
<u>Less</u> Allowance for doubtful accounts	-	-
	<u>513,783,696</u>	<u>560,769,068</u>

6 Inventories, net

	2016 Baht	2015 Baht
Raw materials	163,525,732	158,718,582
Spare parts	205,419,894	170,206,372
Work in progress	55,549,475	38,205,254
Finished goods	248,806,255	181,799,690
Goods in transit	8,112,222	80,046,062
	713,213,578	628,975,960
<u>Less</u> Allowance for obsolete and defective inventories		
- spare parts	(48,692)	(8,056,774)
- finished goods	(4,612,286)	(4,406,034)
Total inventories, net	<u>748,571,600</u>	<u>616,513,152</u>

The cost of inventories recognised as expense and included in 'cost of sales' amounted to Baht 3,013,014,034 (2015 : Baht 3,117,510,786).

Goodyear (Thailand) Public Company Limited
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For the year ended 31 December 2016

7 Property, plant and equipment, net

	Land, land improvements and building Baht	Machinery and equipment Baht	Furniture, fixtures and office equipment Baht	Motor vehicles Baht	Assets under Installation Baht	Total Baht
As at 1 January 2015						
Cost	1,086,719,231	4,953,956,316	105,802,017	11,599,972	210,277,250	6,368,354,786
Less Accumulated depreciation	(463,067,889)	(3,810,541,805)	(83,494,725)	(6,889,052)	-	(4,363,993,471)
Allowance for impairment loss	-	(17,965,744)	(26,330)	-	-	(17,992,074)
Allowance for assets written off	(960,379)	(1,143,944)	(763,299)	-	-	(2,867,622)
Net book amount	622,690,963	1,124,304,823	21,517,663	4,710,920	210,277,250	1,983,501,619
For the year ended 31 December 2015						
Opening net book amount	622,690,963	1,124,304,823	21,517,663	4,710,920	210,277,250	1,983,501,619
Additions	-	1,590,498	3,515,512	4,070,822	401,998,898	411,175,730
Transfers	17,668,722	107,592,759	-	-	(125,261,481)	-
Disposals, net	-	-	-	-	(4,214,890)	(4,214,890)
Write off, net	(486,640)	(637,041)	(479,063)	(5,995)	-	(1,608,739)
Depreciation charges (Note 13)	(25,713,615)	(174,686,736)	(6,701,633)	(1,023,559)	-	(208,125,543)
Reversal allowance for impairment loss	-	1,573,356	26,300	-	-	1,599,656
Reversal allowance for assets written off	960,379	1,143,944	763,299	-	-	2,867,622
Closing net book amount	615,119,809	1,060,881,603	18,642,078	7,752,188	482,799,777	2,185,195,455
As at 31 December 2015						
Cost	1,067,596,901	4,785,945,219	54,383,097	15,653,863	482,799,777	6,406,378,857
Less Accumulated depreciation	(452,477,092)	(3,708,671,228)	(35,740,989)	(7,901,675)	-	(4,204,790,984)
Allowance for impairment loss	-	(16,392,388)	(30)	-	-	(16,392,418)
Net book amount	615,119,809	1,060,881,603	18,642,078	7,752,188	482,799,777	2,185,195,455

Goodyear (Thailand) Public Company Limited
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For the year ended 31 December 2016

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

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

Depreciation expense of Baht 209,362,410 has been charged in 'cost of goods sold' of Baht 197,634,371 (2015 : Baht 201,671,736) and in 'selling expenses and administrative expenses' of Baht 11,728,039 (2015 : Baht 6,453,807).

8 Computer software, net

	Computer software Baht	Computer software under installation Baht	Total Baht
As at 1 January 2015			
Cost	194,813,244	92,625	194,905,869
<u>Less</u> Accumulated amortisation	<u>(192,845,224)</u>	<u>-</u>	<u>(192,845,224)</u>
Net book value	<u>1,968,020</u>	<u>92,625</u>	<u>2,060,645</u>
For the year ended 31 December 2015			
Opening net book amount	1,968,020	92,625	2,060,645
Write off, net	(24)	-	(24)
Amortisation charges (Note 13)	<u>(865,349)</u>	<u>-</u>	<u>(865,349)</u>
Closing net book amount	<u>1,102,647</u>	<u>92,625</u>	<u>1,195,272</u>
As at 31 December 2015			
Cost	148,611,858	92,625	148,704,483
<u>Less</u> Accumulated amortisation	<u>(147,509,211)</u>	<u>-</u>	<u>(147,509,211)</u>
Net book value	<u>1,102,647</u>	<u>92,625</u>	<u>1,195,272</u>
For the year ended 31 December 2016			
Opening net book amount	1,102,647	92,625	1,195,272
Transfer	212,625	(92,625)	120,000
Amortisation charges (Note 13)	<u>(639,015)</u>	<u>-</u>	<u>(639,015)</u>
Closing net book amount	<u>676,257</u>	<u>-</u>	<u>676,257</u>
As at 31 December 2016			
Cost	148,824,483	-	148,824,483
<u>Less</u> Accumulated amortisation	<u>(148,148,226)</u>	<u>-</u>	<u>(148,148,226)</u>
Net book value	<u>676,257</u>	<u>-</u>	<u>676,257</u>

9 Trade and other payables

	2016 Baht	2015 Baht
Trade accounts payable - third parties	557,014,610	580,848,762
Trade accounts payable - related parties (Note 22)	80,159,407	116,962,155
Other payables	128,222,341	100,016,137
Amounts due to related parties (Note 22)	73,528,962	63,441,924
Accrued expenses	161,821,853	152,350,926
Total trade and other payables	<u>1,000,747,173</u>	<u>1,013,619,904</u>

10 Reserves for savings fund and retirement benefits

	2016 Baht	2015 Baht
Statements of financial position		
Reserve for savings fund	75,339,527	63,735,185
Reserve for retirement benefits	106,535,865	91,754,070
	<u>181,875,392</u>	<u>155,489,255</u>
Statements of income		
Savings fund	14,716,798	13,365,781
Retirement benefits	9,753,944	13,715,149
	<u>24,470,742</u>	<u>27,080,930</u>

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

	2016 Baht	2015 Baht
At 1 January	155,489,255	156,997,976
Current service cost	20,835,548	21,349,200
Interest cost	3,635,194	5,731,730
Remeasurements:		
(Gain) loss from change in financial assumption	16,374,897	(18,026,681)
Benefits paid	(14,459,502)	(10,562,970)
At 31 December	<u>181,875,392</u>	<u>155,489,255</u>

Of the total charge during the year, Baht 9,118,623 and Baht 15,352,119 (2015 : Baht 10,448,867 and Baht 16,632,063) were included in 'cost of goods sold' and 'selling expenses and administrative expenses', respectively.

The principal of actuarial assumptions used was as follows:

	2016	2015
Discount rate	2.50%	2.50%
Future salary increase rate	3.00%	3.00%
Retirement ages	55 and 60 years	55 and 60 years

	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	2016	2015	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Discount rate	0.50%	0.50%	Decrease by 7,546,204	Decrease by 7,112,860	Increase by 7,845,670	Increase by 7,039,474
Salary growth rate	0.50%	0.50%	Increase by 5,181,844	Increase by 4,726,931	Decrease by 5,160,302	Decrease by 5,046,240

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

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

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

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

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

The weighted average duration of the defined benefit obligation is 10 years (2015: 10 years).

Expected maturity analysis of undiscounted retirement:

	2016 Baht	2015 Baht
Less than a year	34,172,056	20,163,292
Between 1-2 years	6,517,274	18,222,074
Between 2-5 years	33,630,968	29,701,811
Over 5 years	94,498,228	73,838,026
Total	168,818,526	141,925,203

11 Share capital and premium on share capital

	Number of ordinary shares	Share capital Baht	Premium on share capital Baht
At 1 January 2015	7,400,000	74,000,000	92,000,000
Issue of shares	-	-	-
At 31 December 2015	7,400,000	74,000,000	92,000,000
Issue of shares	-	-	-
At 31 December 2016	7,400,000	74,000,000	92,000,000

Share capital represents authorised ordinary shares with a par value of Baht 10 per share (2015 : Baht 10 per share). All issued shares are fully paid.

12 Legal reserve

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



13 Expenses by nature

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

	2016	2015
	Baht	Baht
Raw materials and supplies used	1,420,976,052	1,565,270,502
Changes in inventories of finished goods and work in progress	92,029,694	40,879,407
Staff costs	576,419,253	527,073,688
Depreciation (Note 7)	209,362,410	208,125,543
Amortisation (Note 8)	639,015	865,349
Royalty fee (Note 22)	171,300,561	180,833,071
Management fee (Note 22)	199,805,082	183,385,054
Advertising and promotion expenses	68,273,022	56,909,239

14 Other income

	2016	2015
	Baht	Baht
Interest income	3,403,565	4,249,910
Others	12,923,646	8,604,492
	<u>16,327,211</u>	<u>12,854,402</u>

15 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 2016 and 2015, there was no revenue derived from BOI-promoted activities.



16 Deferred income taxes and income tax expenses

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

	2016 Baht	2015 Baht
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	11,820,080	14,196,586
Deferred tax assets to be recovered after 12 months	45,252,490	39,393,112
	<u>57,072,570</u>	<u>53,589,698</u>
Deferred tax liabilities:		
Deferred tax liabilities to be settled within 12 months	-	-
Deferred tax liabilities to be settled after 12 months	(59,217,813)	(63,126,963)
	<u>(59,217,813)</u>	<u>(63,126,963)</u>
Net deferred income taxes	<u>(2,145,243)</u>	<u>(9,537,265)</u>

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

	2016 Baht	2015 Baht
As at 1 January	(9,537,265)	(10,292,752)
Charged (credited) to profit or loss	4,117,043	4,360,823
Charged (credited) relation to components of other comprehensive income	3,274,979	(3,605,336)
As at 31 December	<u>(2,145,243)</u>	<u>(9,537,265)</u>

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

	Provisions Baht	Depreciation Baht	Others Baht	Total Baht
Deferred tax assets				
At 1 January 2015	52,064,023	-	4,171,939	56,235,962
Charged (credited) to				
- profit or loss	1,852,527	-	(893,455)	959,072
- other comprehensive income	(3,605,336)	-	-	(3,605,336)
At 31 December 2015	50,311,214	-	3,278,484	53,589,698
Charged (credited) to				
- profit or loss	207,893	-	-	207,893
- other comprehensive income	3,274,979	-	-	3,274,979
At 31 December 2016	<u>53,794,086</u>	<u>-</u>	<u>3,278,484</u>	<u>57,072,570</u>
Deferred tax liabilities				
At 1 January 2015	-	(66,528,714)	-	(66,528,714)
Charged (credited) to				
profit or loss	-	3,401,751	-	3,401,751
At 31 December 2015	-	(63,126,963)	-	(63,126,963)
Charged (credited) to				
profit or loss	-	3,909,150	-	3,909,150
At 31 December 2016	<u>-</u>	<u>(59,217,813)</u>	<u>-</u>	<u>(59,217,813)</u>
Deferred income tax, net	<u>53,794,086</u>	<u>(59,217,813)</u>	<u>3,278,484</u>	<u>(2,145,243)</u>

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

The Company only recognised those deferred tax assets that in management's judgment is more likely that the deferred tax assets will be realised, due to the operating profits generated by the Company's operations. As at 31 December 2016, the Company had no tax loss carry forwards.

Income tax

	2016	2015
	Baht	Baht
Current tax	80,457,542	102,006,033
Deferred tax	(4,117,043)	(4,360,823)
Total tax expenses	76,340,499	97,645,210

The difference between income tax expenses computed at statutory tax rates 20% (2015 : 20%) and income tax expenses provided is as follows:

	2016	2015
	Baht	Baht
Profit before income tax	355,854,836	483,129,806
Income tax at statutory tax rates	71,170,967	96,625,961
Expenses not deductible for tax purposes	683,760	751,134
Current year temporary effects not for deferred tax	2,850,204	(2,441,331)
Adjustment in respect of prior year	1,635,568	2,709,446
Income tax expenses	76,340,499	97,645,210

17 Basic earnings per share

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

	2016	2015
Net profit attributable to shareholders (Baht)	279,514,337	385,484,596
Weighted average of issued ordinary shares during the year (Shares)	7,400,000	7,400,000
Basic earnings per share (Baht)	37.77	52.09

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

18 Dividends paid

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

At the Annual General Meeting of the Shareholders held on 28 April 2015, dividends in respect of the operating results and retained earnings of 2014 were declared at Baht 20 per share, totalling Baht 148 million. The dividend payment was paid on 27 May 2015.

19 Cash flows from operating activities

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

	Notes	2016 Baht	2015 Baht
Net profit before income tax		355,854,836	483,129,806
Adjustments for:			
Allowance for doubtful accounts (reversal)	5	1,482,000	(1,335,025)
Allowance for defective inventories (reversal)	6	198,170	(2,978,401)
Depreciation	7	209,362,410	208,125,543
Gains on disposals of equipment		844,911	740,208
Write off equipment	7	1,737,527	1,608,739
Impairment loss of assets (reversal)	7	-	(4,467,278)
Write off computer software	8	-	24
Amortisation	8	639,015	865,349
Interest income	14	(3,403,565)	(4,249,910)
Unrealised (gains) loss on exchange rate		(17,492,707)	(60,846,963)
Changes in operating assets and liabilities:			
- trade and other receivables		66,926,286	(131,519,066)
- inventories		(132,256,618)	66,113,492
- refundable value added tax		(56,604,444)	(44,400,234)
- other current assets		689,662	3,574,412
- other non-current assets		103,162	513,161
- trade and other payables		(95,429,458)	156,961,356
- accrued withholding tax		9,068,511	(9,818,693)
- other current liabilities		1,938,849	(7,650,908)
- reserves for savings fund and retirement benefits, net of payment		10,011,240	16,517,960
Cash generated from operations		353,669,787	670,883,572
Interest received		3,403,565	4,249,910
Income taxes paid		(91,487,012)	(85,349,516)
Net cash generated from operating activities		265,586,340	589,783,966

20 Financial Instruments

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

i) Exchange rate risk

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

The Company has no open forward exchange contracts at 31 December 2016.



20 Financial Instruments (Cont'd)

ii) Interest rate risk

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

iii) Credit risk

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

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

iv) Fair values

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

v) Capital risk management

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

21 Commitments

Bank guarantees

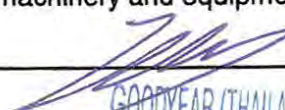
As at 31 December 2016, the Company had commitments in respect of bank guarantees amounting to Baht 18.7 million and US Dollar 10,000 (2015: Baht 18.7 million and US Dollar 10,000).

Restricted short-term investment

As at 31 December 2016, the Company pledged its short-term investment to a bank in the form of savings accounts amounting to Baht 65 million (2015: Baht 82 million), in respect of banking facilities related to sales of goods.

Capital commitments

As at 31 December 2016, the Company has outstanding capital commitments in respect of the investment of machinery and equipment totalling Baht 34.73 million (2015: Baht 43.79 million).



GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

21 Commitments (Cont'd)

Operating lease commitments - where the Company is the lessee

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

	2016 Baht	2015 Baht
Not later than 1 year	8,076,971	8,628,543
Later than 1 year and not later than 5 years	5,867,216	8,292,072
	<u>13,944,187</u>	<u>16,920,615</u>

22 Related party transactions

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

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

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

The following material transactions were carried out with related parties:

i) Sales of goods

	2016 Baht	2015 Baht
Sales of finished goods:		
Parent company	406,423,492	400,113,547
Related parties - same common control	1,642,592,056	1,837,691,655
	<u>2,049,015,548</u>	<u>2,237,805,202</u>
Sales of assets and spare parts:		
Related parties - same common control	4,267,109	6,726,178
	<u>4,267,109</u>	<u>6,726,178</u>

22 Related party transactions (Cont'd)

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

ii) Purchases of goods and services

	2016 Baht	2015 Baht
Purchases of raw materials and finished goods:		
Parent company	132,144,468	114,326,704
Related parties - same common control	361,907,849	250,559,418
	<u>494,052,317</u>	<u>364,886,122</u>
Purchases of machinery and spare parts:		
Parent company	22,544,473	11,042,677
Related parties - same common control	9,509,164	81,741,868
	<u>32,053,637</u>	<u>92,784,545</u>
Royalty fee:		
Parent company	171,300,561	180,833,071
Production service fee:		
Parent company	31,096,444	36,198,914
Management fee:		
Related parties - same common control	199,805,082	183,385,054

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

	2016 Baht	2015 Baht
Trade accounts receivables - related parties:		
Parent company	138,563,852	102,605,672
Related parties - same common control	375,219,844	458,163,396
	<u>513,783,696</u>	<u>560,769,068</u>
Amounts due from related parties:		
Parent company	1,382,208	1,265,895
Related parties - same common control	34,851,840	19,765,220
	<u>36,234,048</u>	<u>21,031,115</u>
Trade accounts payables - related parties:		
Parent company	30,510,245	16,238,451
Related parties - same common control	49,649,162	100,723,704
	<u>80,159,407</u>	<u>116,962,155</u>
Amounts due to related parties:		
Parent company	41,123,209	37,621,411
Related parties - same common control	32,405,753	25,820,513
	<u>73,528,962</u>	<u>63,441,924</u>

22 Related party transactions (Cont'd)

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

iv) Directors' and key management's compensation

	2016 Baht	2015 Baht
Salaries and other short-term employee benefits	37,966,451	38,503,768
Savings fund and retirement benefits	9,940,881	8,231,469
	<u>47,907,332</u>	<u>46,735,237</u>

23 Segment information

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

Year ended 31 December 2016	Domestic sales Baht	Export sales Baht	Total Baht
Sales	<u>1,843,625,422</u>	<u>2,054,577,935</u>	<u>3,898,203,357</u>
Segment gross profit	<u>584,505,044</u>	<u>308,567,660</u>	893,072,704
Unallocated costs/other income, net			(537,217,868)
Profit before income tax expense			<u>355,854,836</u>
Year ended 31 December 2015	Baht	Baht	Baht
Sales	<u>1,738,092,296</u>	<u>2,232,483,734</u>	<u>3,970,576,030</u>
Segment gross profit	<u>528,414,214</u>	<u>333,657,235</u>	862,071,449
Unallocated costs/other income, net			(378,941,643)
Profit before income tax expense			<u>483,129,806</u>



GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED



บริษัท กู๊ดเยียร์ (ประเทศไทย) จำกัด มหาชน
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