

GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

INTERIM FINANCIAL INFORMATION

31 MARCH 2018

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Goodyear (Thailand) Public Company Limited

I have reviewed the interim financial information of Goodyear (Thailand) Public Company Limited which comprises the statement of financial position as at 31 March 2018 and the related statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and condensed notes to interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers ABAS Ltd.

Chaisiri Ruangritchai

Certified Public Accountant (Thailand) No. 4526

Bangkok

11 May 2018

Goodyear (Thailand) Public Company Limited
Statement of Financial Position
As at 31 March 2018

		31 March 2018 (Unaudited) Baht'000	31 December 2017 (Audited) Baht'000
	Notes		
Assets			
Current assets			
Cash and cash equivalents		306,323	192,878
Trade and other receivables, net	4	540,011	915,176
Inventories, net	5	866,888	853,489
Refundable value added tax within 1 year		117,786	90,278
Other current assets		4,351	5,517
Total current assets		1,835,359	2,057,338
Non-current assets			
Property, plant and equipment, net	6	3,510,025	3,429,151
Computer software, net		550	600
Deferred tax assets, net		6,194	8,076
Refundable value added tax		168,777	175,882
Other non-current assets		5,321	4,944
Total non-current assets		3,690,867	3,618,653
Total assets		5,526,226	5,675,991

Director Director

The accompanying notes on pages 8 to 15 are an integral part of this interim financial information.

Goodyear (Thailand) Public Company Limited
Statement of Financial Position
As at 31 March 2018

		31 March 2018 (Unaudited) Baht'000	31 December 2017 (Audited) Baht'000
	Note		
Liabilities and equity			
Current liabilities			
Trade and other payables	7	1,259,797	1,421,450
Accrued withholding tax		10,779	14,123
Current income tax payable		46,085	39,259
Other current liabilities		3,229	5,317
Total current liabilities		1,319,890	1,480,149
Non-current liabilities			
Reserves for savings fund and employee retirement benefits		183,020	187,768
Total non-current liabilities		183,020	187,768
Total liabilities		1,502,910	1,667,917
Equity			
Share capital			
Authorised share capital			
7,400,000 ordinary shares at par value of Baht 10 each		74,000	74,000
Issued and fully paid-up share capital			
7,400,000 ordinary shares fully paid-up of Baht 10 each		74,000	74,000
Premium on share capital		92,000	92,000
Retained earnings			
Appropriated - Legal reserve		7,400	7,400
Unappropriated		3,849,916	3,834,674
Total equity		4,023,316	4,008,074
Total liabilities and equity		5,526,226	5,675,991

The accompanying notes on pages 8 to 15 are an integral part of this interim financial information.

Goodyear (Thailand) Public Company Limited
Statement of Income (Unaudited)
For the three-month period ended 31 March 2018

	Note	31 March 2018 Baht'000	31 March 2017 Baht'000
Sales	3	912,070	961,316
Cost of sales		<u>(751,280)</u>	<u>(781,949)</u>
Gross profit		160,790	179,367
Other income		1,909	2,192
Selling expenses		(87,656)	(110,397)
Administrative expenses		(42,977)	(41,615)
Other income (expense) - net		<u>(8,116)</u>	<u>(29,107)</u>
Profit before income tax expense		23,950	440
Income tax expense		<u>(8,708)</u>	<u>(113)</u>
Net profit for the period		<u><u>15,242</u></u>	<u><u>327</u></u>
Basic earnings per share (Baht)			
Net profit for the period		<u><u>2.06</u></u>	<u><u>0.04</u></u>

The accompanying notes on pages 8 to 15 are an integral part of this interim financial information.

Goodyear (Thailand) Public Company Limited
Statement of Comprehensive Income (Unaudited)
For the three-month period ended 31 March 2018

	31 March 2018 Baht'000	31 March 2017 Baht'000
Net profit for the period	15,242	327
Other comprehensive income (expense)	-	-
Total comprehensive income for the period	<u>15,242</u>	<u>327</u>

The accompanying notes on pages 8 to 15 are an integral part of this interim financial information.

Goodyear (Thailand) Public Company Limited
Statement of Changes in Equity (Unaudited)
For the three-month period ended 31 March 2018

	Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Retained earnings		Total Baht'000
			Appropriated - legal reserve Baht'000	Unappropriated Baht'000	
Beginning balance as at					
1 January 2017	74,000	92,000	7,400	3,850,225	4,023,625
Changes in equity for the period					
Total comprehensive income for the period	-	-	-	327	327
Ending balance as at					
31 March 2017	74,000	92,000	7,400	3,850,552	4,023,952
Beginning balance as at					
1 January 2018	74,000	92,000	7,400	3,834,674	4,008,074
Changes in equity for the period					
Total comprehensive income for the period	-	-	-	15,242	15,242
Ending balance as at					
31 March 2018	74,000	92,000	7,400	3,849,916	4,023,316

The accompanying notes on pages 8 to 15 are an integral part of this interim financial information.

Goodyear (Thailand) Public Company Limited
Statement of Cash Flows (Unaudited)
For the three-month period ended 31 March 2018

	Note	31 March 2018 Baht'000	31 March 2017 Baht'000
Cash flows generated from operating activities	9	323,344	130,128
Cash flows from investing activities			
Purchases of plant and equipment		(208,975)	(194,122)
Purchases of computer software		-	(485)
Proceeds from disposals of equipment		-	313
Net cash used in investing activities		(208,975)	(194,294)
Cash flow from financing activity		-	-
Net increase (decrease) in cash and cash equivalents		114,369	(64,166)
Cash and cash equivalents at the beginning of the period		192,878	1,011,225
Exchange losses on cash and cash equivalents		(924)	(4,081)
Cash and cash equivalents at the end of the period		<u>306,323</u>	<u>942,978</u>

Non-cash transaction

Significant non-cash transaction is as follows:

Unpaid liabilities for purchases of plant and equipment	381,093	127,613
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The accompanying notes on pages 8 to 15 are an integral part of this interim financial information.

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 sales of motor vehicle and aero tires for domestic and export markets.

This interim financial information was authorised for issue by the Board of Directors on 11 May 2018.

This interim financial information has been reviewed, not audited.

2 Accounting policies

2.1 Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, income statement and statement of comprehensive income, statement of changes in shareholders’ equity and cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. The notes to the financial information are prepared in a condensed format. Additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017.

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

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2017.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

2.2.1 The revised accounting standards and financial reporting standards are effective for accounting periods beginning on or after 1 January 2018 which are relevant to the Company and do not significantly impact to the financial information being presented are:

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes

2.2.2 New financial reporting standard is effective for annual periods beginning on or after 1 January 2019 which is relevant to the Company and has not yet been early adopted is:

TFRS 15	Revenue from contracts with customers
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TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TFRIC 13 (revised 2017)	Customer loyalty programmes
TFRIC 15 (revised 2017)	Agreements for the construction of real estate
TFRIC 18 (revised 2017)	Transfers of assets from customers
TSIC 31 (revised 2017)	Revenue - barter transactions involving advertising services

The new standard is based on the principle that

- revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards
- The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company recognises revenue in accordance with that core principle by applying the following steps:

- Step 1 : Identify the contract(s) with a customer
- Step 2 : Identify the performance obligations in the contract
- Step 3 : Determine the transaction price
- Step 4 : Allocate the transaction price to the performance obligations in the contract
- Step 5 : Recognise revenue when (or as) the Company satisfies a performance obligation

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New financial reporting standard is effective for annual periods beginning on or after 1 January 2019 which is relevant to the Company and has not yet been early adopted is: (Cont'd)

The Company will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures. The Company will first apply this standard for annual reporting periods beginning on or after 1 January 2019. Management is currently assessing the impact from the initial application of this standard.

3 Segment information

The Company reports its segment information as distribution market in domestic and overseas markets. Segments information is reported to Managing Director for the purpose of assessment of operating performance by considering from profit before income tax expense.

	Domestic sales Million Baht	Export sales Million Baht	Total Million Baht
For the three-month period ended 31 March 2018			
Sales	362	550	912
Segment gross profit	91	70	161
Unallocated costs/other income, net			(137)
Profit before income tax expense			24
	Domestic sales Million Baht	Export sales Million Baht	Total Million Baht
For the three-month period ended 31 March 2017			
Sales	447	514	961
Segment gross profit	120	59	179
Unallocated costs/other income, net			(179)
Profit before income tax expense			-

4 Trade and other receivables, net

	31 March 2018 (Unaudited) Million Baht	31 December 2017 (Audited) Million Baht
Trade receivable - third parties	262	278
<u>Less</u> Allowance for doubtful accounts	(21)	(35)
	241	243
Trade receivable - related parties (Note 8)	188	539
Amounts due from related parties (Note 8)	45	86
Prepayments	10	5
Advances	17	2
Other receivables	39	40
Total trade and other receivables, net	<u>540</u>	<u>915</u>

Outstanding trade receivable - third parties can be analysed as follows:

	31 March 2018 (Unaudited) Million Baht	31 December 2017 (Audited) Million Baht
Current	232	237
Overdue:		
Up to 3 months	11	5
4 - 12 months	-	4
Over 12 months	19	32
	262	278
<u>Less</u> Allowance for doubtful accounts	(21)	(35)
	<u>241</u>	<u>243</u>

Outstanding trade receivable - related parties can be analysed as follows:

	31 March 2018 (Unaudited) Million Baht	31 December 2017 (Audited) Million Baht
Current	180	514
Overdue:		
Up to 3 months	7	21
4 - 12 months	-	3
Over 12 months	1	1
	<u>188</u>	<u>539</u>

5 Inventories, net

	31 March 2018 (Unaudited) Million Baht	31 December 2017 (Audited) Million Baht
Raw materials	196	191
Spare parts	258	256
Work in progress	67	38
Finished goods	271	282
Goods in transit	89	100
	<u>881</u>	<u>867</u>
<u>Less</u> Allowance for obsolete and defective inventories		
- spare parts	(8)	(8)
- finished goods	(6)	(6)
	<u>867</u>	<u>853</u>
Total inventories, net		

6 Capital expenditure and commitments

Property, plant and equipment, net

Million Baht

For the three-month period ended 31 March 2018

Opening net book amount	3,429
Additions	143
Write off, net	(1)
Depreciation charges	(61)
	<u>3,510</u>
Closing net book amount	

Capital commitments

As at 31 March 2018, the Company has outstanding capital commitments in respect of the investment of machinery and equipment totalling Baht 187 million (31 December 2017: Baht 190 million).

7 Trade and other payables

	31 March 2018 (Unaudited) Million Baht	31 December 2017 (Audited) Million Baht
Trade payable - third parties	555	590
Trade payable - related parties (Note 8)	80	96
Other payables	291	286
Amounts due to related parties (Note 8)	159	225
Accrued expenses	175	224
	<u>1,260</u>	<u>1,421</u>
Total trade and other payables		

8 Related party transactions

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

The following material transactions were carried out with related parties:

i) Sales of goods and services

	For the three-month periods ended 31 March	
	2018	2017
	Million Baht	Million Baht
Sales of finished goods:		
Parent company	148	100
Related parties - same common control	402	421
	<u>550</u>	<u>521</u>
Sales of assets and spare parts:		
Related parties - same common control	<u>-</u>	<u>2</u>

ii) Purchases of goods and services

	For the three-month periods ended 31 March	
	2018	2017
	Million Baht	Million Baht
Purchases of raw materials and finished goods:		
Parent company	23	56
Related parties - same common control	59	70
	<u>82</u>	<u>126</u>
Purchases of machinery and spare parts:		
Parent company	59	12
Related parties - same common control	13	5
	<u>72</u>	<u>17</u>
Royalty fee:		
Parent company	<u>40</u>	<u>45</u>
Production service fee:		
Parent company	<u>5</u>	<u>7</u>
Management fee:		
Related parties - same common control	<u>44</u>	<u>52</u>

8 Related party transactions (Cont'd)

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

	31 March 2018 (Unaudited) Million Baht	31 December 2017 (Audited) Million Baht
Trade receivables - related parties:		
Parent company	9	114
Related parties - same common control	179	425
	<u>188</u>	<u>539</u>
Amounts due from related parties:		
Parent company	33	50
Related parties - same common control	12	36
	<u>45</u>	<u>86</u>
Trade payables - related parties:		
Parent company	13	33
Related parties - same common control	67	63
	<u>80</u>	<u>96</u>
Amounts due to related parties:		
Parent company	125	193
Related parties - same common control	34	32
	<u>159</u>	<u>225</u>

iv) Directors' and key management's compensation

	For the three-month periods ended 31 March	
	2018 Million Baht	2017 Million Baht
Salaries and other short-term employee benefits	10	10
Retirement benefits	2	3
	<u>12</u>	<u>13</u>

9 Cash flows from operating activities

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

For the three-month periods ended		31 March 2018	31 March 2017
	Notes	Million Baht	Million Baht
Profit before income tax expense		24	-
Adjustments for:			
Allowance for doubtful accounts (reversal)		(14)	11
Depreciation	6	61	54
Write off equipment	6	1	1
Impairment loss of asset		-	8
Interest income		-	(1)
Unrealised losses on exchange rate		11	12
Changes in operating assets and liabilities:			
- trade and other receivables		367	50
- inventories		(14)	(98)
- refundable value added tax		(20)	3
- other current assets		1	-
- other non-current assets		-	(2)
- trade and other payables		(84)	112
- accrued withholding tax		(3)	(7)
- other current liabilities		(2)	(4)
- reserves for savings fund and retirement benefits, net of payment		(5)	(10)
Cash flows from operations		323	129
Interest received		-	1
Net cash generated from operating activities		323	130

10 Commitments

Bank guarantees

As at 31 March 2018, the Company had commitments in respect of bank guarantees amounting to Baht 18.7 million and US Dollar 10,000 (31 December 2017: Baht 18.7 million and US Dollar 10,000).

11 Event after reporting date

Dividends paid

At the Annual General Meeting of the Shareholders held on 25 April 2018, dividends from unappropriated retained earnings were approved at Baht 20 per share, totalling Baht 148 million.