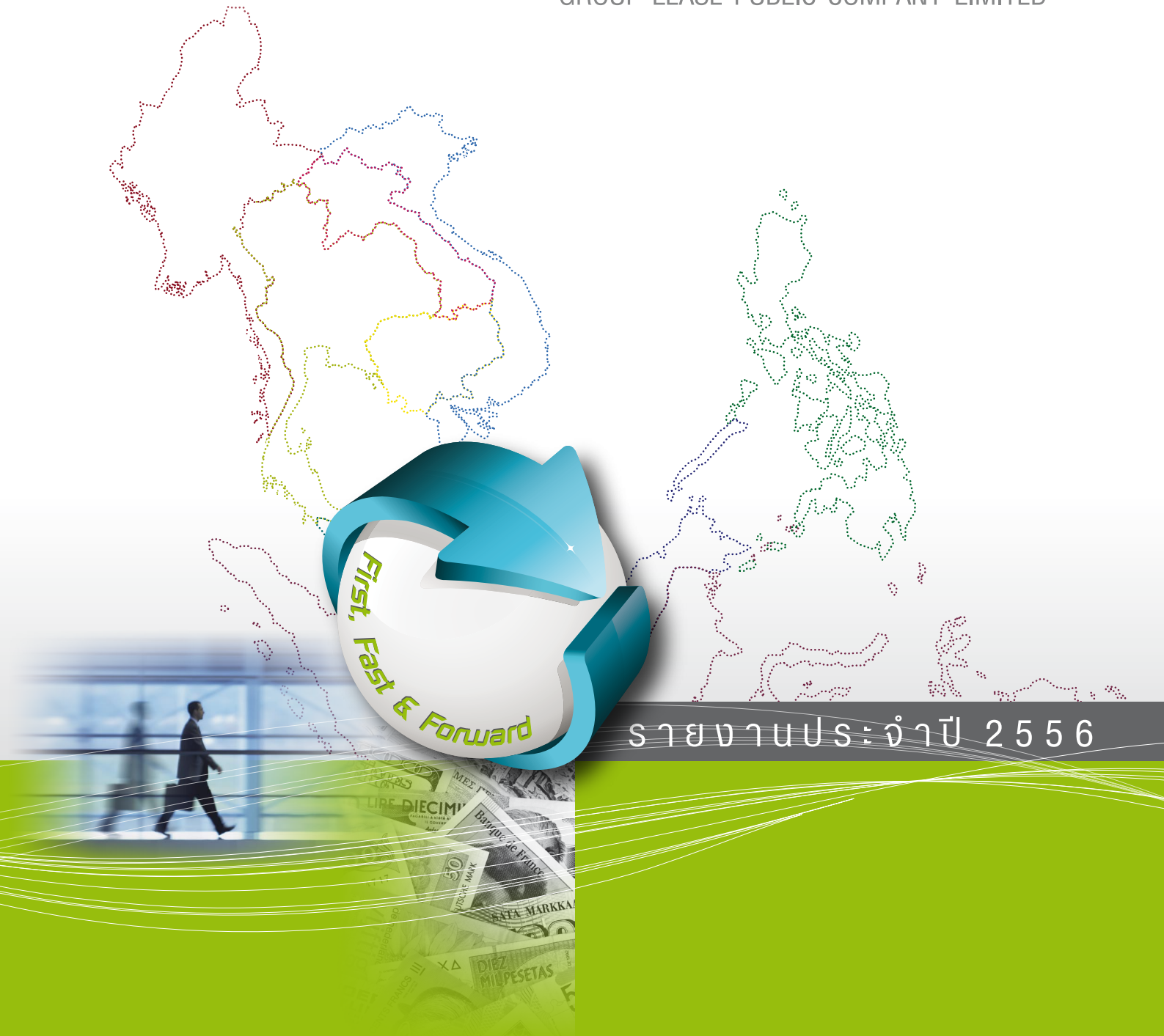


# ANNUAL REPORT 2013

GROUP LEASE PUBLIC COMPANY LIMITED



รายงานประจำปี 2556





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*Investors may view additional information from the Annual Information Disclosure Form (Form 56-1) of the Company shown in [www.sec.or.th](http://www.sec.or.th) or the Company's website at [www.grouplease.co.th](http://www.grouplease.co.th)*

## Message from the Chairman & CEO

After the announcement of Company's vision to become a leading ASEAN Regional Finance Company in the year 2012, the Company was the pioneer who started hire-purchase service business in Cambodia. Supported by the acquiring of exclusivity right from Honda in Cambodia, in 2013 the Company extensively opened up an aggregate of 46 POSs in all Honda motorcycle dealers shops across the country of Cambodia. The business has been growing on target, rapidly and continuously which thus proves its first-step success in ASEAN regional.

Moreover, in January 2014, the Company had stepped forward into a business corporation with new strategic alliance "Siam Kubota Corporation", who is a leading agricultural equipment manufacturer to provide a financial lease service in Agricultural market in Cambodia. Yet, the Company is consistently exploring and searching for opportunities to expand own business into countries that deem to be merit for future investment and we are still waiting for the right moment to approach.

As for the business in Thailand during 2013, although the overall business in most sectors had been slowing down due to a cumulative impact by economic situation and country's political unrest, the Company still can maintain business growth to achieve 51.39% increase in revenue relative to the previous year.

Nevertheless, as Chairman and CEO of the Company, I promise to do the very best of my abilities to run the Company's business to achieve the even higher results. However, such ideal achievement could not be fulfilled without the support and cooperation from the shareholders, manufacturers, dealers, management as well as the employees who are the most valuable resources of the Company. Therefore, I'd like to take this opportunity to thank all concerns for their supports and contributions and do hope for their continued support in the future.



**Mitsuji Konoshita**

Chairman of the Board of Directors  
and Chief Executive Officer

# Report of the Audit Committee

The Audit Committee of Group Lease Public Company Limited comprises of 4 Independent Directors, namely, General Suebsan Dardarananda as President of Audit Committee, Mr. Sonit Pichyangkul, Mr. Pholdej Therdphithakvanij and Mr. Krit Phanratanamala as members of the Audit Committee. In 2013, the present Audit Committee had conducted 7 meetings with management and internal auditor, the opinions are as follows :

- **Financial Statement** From the review of the Company's financial statements with the management and the external auditors, it appeared that the quarterly and yearly financial statements have been done correctly in accordance with the generally accepted accounting standard principles, complete and reliable.

- **Internal Control System** The Company had set up Internal Audit unit reported directly to the Audit Committee to undertake the internal auditing function. It was found that the Company's internal control system was sufficient, transparent and can be inspected. This was efficiently done through the cooperation from all relevant departments.

- **Compliance to the Laws** The Company strictly complied to all the SEC's and SET's laws and regulations including laws and regulations from other regulators in relevant to the Company's business.

- **The External Auditor** Ernst & Young Office Limited was appointed the Company's external auditor for the year 2013 which was the seventh consecutive year. The auditing was done under the generally accepted accounting standard while the remunerations were reasonable.

- **Transactions that may cause conflicts of interest** The Audit Committee considered that the Company's related party transactions were reasonable, justified and was done for good faith of the Company and complied with the rules and regulations of the Stock Exchange of Thailand.

- **The Meeting Attendance of each Audit Committee**

Name	Audit Committee Meeting	Board of Director Meeting
General Suebsan Dardarananda	7/7	16/16
Mr. Sonit Pichyangkul	7/7	16/16
Mr. Pholdej Therdphithakvanij	7/7	16/16
Mr. Krit Phanratanamala	7/7	16/16

From the overall auditing of the Company's management operating systems, the Audit Committee has the opinion that the Company has efficient and transparent systems which can be inspected in every process. The record keeping system is accurate and compatible in each department so that the data can be used as reference among different departments. Moreover, the Audit Committee also encourages the application of good corporate governance of the SET for the Company. Eventually, comments, advices as well as improvement guidelines were given for the utmost benefits of the Company as a whole.

**Audit Committee**

Group Lease Public Co., Ltd.

# Policy and Business Overview

Group Lease Public Company Limited or GL was established on May 6, 1986, undertaking automobile hire purchase business in Bangkok and Upcountry. During the year 1990, the new group of shareholders acquired the business from the existing shareholders, and focus on the hire purchase business of motorcycles while slowing down the automobile hire purchase. After that the Company had expanded hire purchase of other things such as trucks, machineries, printing presses as well as the financial leasing, factoring contracts, asset financing and personal loans. Later on from the year 2004, the core business of the Company has been hire purchase of motorcycles only. The Company had been increasing its registered capital continuously from 1 million Baht to 720,926,136 Baht and the paid up capital of 512,521,550 Baht.

In 2007, the group of major shareholders change to APF Group (The companies in the same group are Engine Holdings Asia Pte. Ltd. and A.P.F Holdings Co., Ltd.) which as at 21 November, 2013 holding 508,650,196 shares or 49.64% of total issued and paid-up capital of the Company.

## Vision, Objectives or Strategies in Business Operation

Currently, the Company's vision is "To Become the Leading ASEAN Regional Finance Company" (ARFC).

In the year 2013, the Company had expanded its hire purchase of motorcycle business into Cambodia and had received exclusive rights of HONDA motorcycle leasing in Cambodia and also signed MOU to become business partnership with Siam Kubota Corporation Co., Ltd., the leading manufacturer of agricultural equipment in Cambodia and had started opening POSs in Kubota dealers in Cambodia in Jan. 2014. Moreover, the Company also plans to expand its business into other countries in ASEAN regional shortly.

The Company's objective for its 3-year business plan from 2014 - 2016 has been to expand its hire purchase services of motorcycles within Bangkok & Metropolitan and provincial areas as well as overseas at an average growth rate approximately 10 % per annum.

## Changes and Important Development

In 2012, the Company built up new record of net profit due to rapid expansion of the business since the second quarter and continuously throughout the year. The growth of the portfolio resulted in a significant recovery of the hire purchase interest income while the amount of provision for doubtful debts was still low from the recovery in the flood crisis and the increasing of portion of the new accounts receivable. Moreover, the Company was able to maintain the debt collection effectively. Overall the Company could make much more profit compared to the last year. In addition, the Company had invested in a subsidiary, Group Lease Holdings Pte. Ltd. or GLH which is a holding company located in Singapore to use as an investment expansion base in other countries.

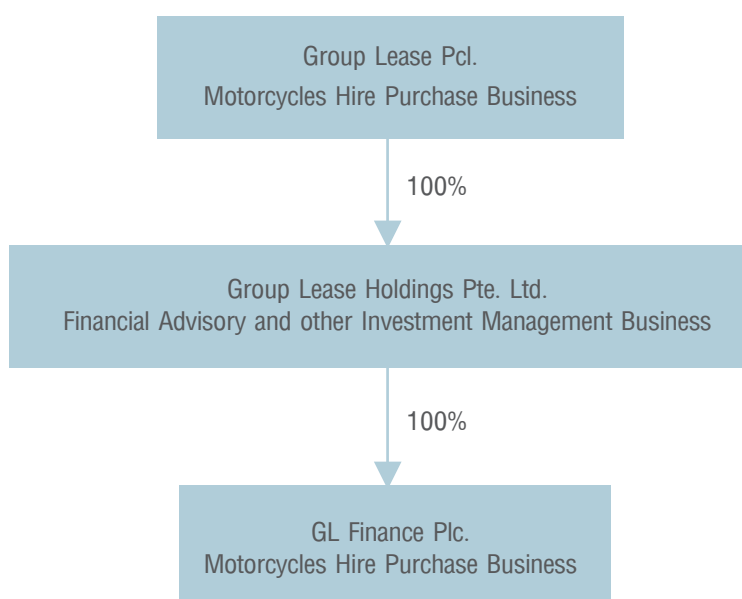
In 2013, Group Lease Holdings Pte. Ltd. had acquired 100% common shares of GL Finance Plc. or GLF to undertake motorcycle hire purchase business in Cambodia. GLF had acquired exclusive right from Honda Dealer in Cambodia and had currently opened altogether 46 Point Of Sales in Honda Dealer shops all over Cambodia so that the

customer base can be widened. As for business in Thailand, the Company had expanded new service locations in some new areas of Bangkok and Metropolitan and also in provincial areas especially in the eastern, western and northeastern parts of the country.

In early 2014, due to the continuous business expansion, Collection department has been separated into a new department in which collection functions was specially taken care of by a General Manager – Collection.

### The Shareholding Structure of the Group Companies

The group companies' structure and their respective business and shareholdings are as follows:



# Nature of Business

Core business of the group Company is the hire purchase of new motorcycles. The motorcycle price that the Company usually provides financing is about 46,000 baht each with the well known, easy-to-sell brands such as Honda, Yamaha, Suzuki and Kawasaki. The hire purchase financing of motorcycle is a form of financial service comprises of 3 parties, namely the customer or person applies for hire purchase, dealer or the seller of motorcycle and the Company or the hire purchase service provider. Customers can repay for motorcycle by 12 - 36 months installment payment. Once all the repayments and other conditions set forth in the contract are settled completely, the customer shall have the right as the owner of such motorcycle. Our hire purchase service can be found in any of the motorcycle dealers' shop about 200 shops around Bangkok & Metropolitan as well as in nearby provincial areas.

Apart from the hire purchase financing of motorcycles service, the Company also provides other after sales services, such as service for annual vehicle tax extension and insurance, to add more channels to the Company's revenues and to protect risk for the assets which is the collateral for hire purchase.

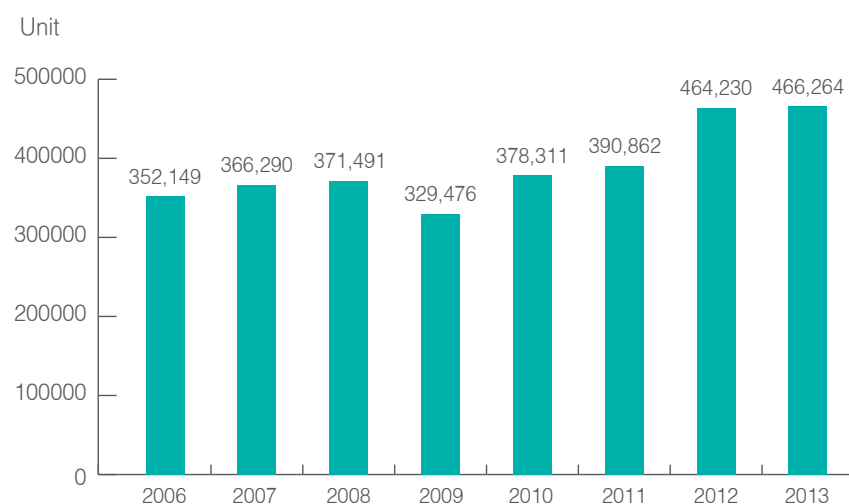
## Revenue Structure of the Company

The Company's Revenue	2013		2012		2011	
	('000)	(%)	('000)	(%)	('000)	(%)
Hire Purchase and Asset Financing	1,258.28	85.51	837.22	87.42	824.15	92.47
Other Income *	213.26	14.49	120.44	12.58	67.11	7.53
<b>Total</b>	<b>1,471.54</b>	<b>100.00</b>	<b>957.66</b>	<b>100.00</b>	<b>891.26</b>	<b>100.00</b>

\* Other income consists of Bad debt recovery, penalty of hire-purchase and installment sale, registration service fee, insurance service fee, collection fee and others

## Competition Situation

The number of motorcycle registered in Bangkok & Metropolitan areas yearly (unit)



Source: Department of Land Transport



The total sales of motorcycle have direct impact on motorcycle hire purchase business. Considering the rising number of total sales of motorcycle, it implies that motorcycles can best serve the people's traveling needs in heavy traffic environment of Bangkok and metropolitan areas on its convenience and speed. As long as the Mass Transit Organization System is unable to serve people's needs, using a motorcycle is certainly a good choice for traveling or business operating. In addition, motorcycles have been designing by using high technologies so that they are modernized and more beautiful as well as convenience, such as automatic transmission, which could get good feedback from the consumers. Those aspects make motorcycle popular and make the motorcycle leasing business more attractive for investment. It's noticeable that there are increasing numbers of new entrepreneurs coming into this industry. This, unfortunately, also results in higher competition.

In the year 2013, the number of new registered motorcycles in Bangkok & Metropolitan was 466,264 units or an increase of only 0.44% from the year 2012 which was registered at 464,230 units. This was resulted from the recession in economic situation starting from the declining in export sector since the beginning of the year from the appreciation of Baht value, continuing with the political unrest and the unstable of the agricultural products especially the rice pledging payment which has been delayed. All factors adversely impact the GDP to grow at only 2.8% decreasing from the expected rate of 5.5%. Therefore, the purchasing power has not only declined but also delayed. As for the overall picture of the motorcycle industry in 2014, it is expected that the situation might be the same or declined when compared to the year 2013, more or less, dependable on the political situation whether it can be ended within the first quarter. If the situation still continues, it certainly impacts adversely to the overall economic situation of the country and the motorcycle industry shall inevitably get such impact.

## Procurement of Fund

Sources of fund of the Company group as of 31 December, 2013, 2012 and 2011 comprised of:

	Separated Financial Statements					
	2013		2012		2011	
	Million ฿	%	Million ฿	%	Million ฿	%
Bank overdraft and short-term loans from financial institutions	13.55	0.25	50.00	1.48	0	0
Loans from Financial institutions *	3,097.52	57.74	1,721.96	51.08	884.32	39.53
Trade accounts payable	3.22	0.06	14.42	0.43	3.30	0.15
<b>Total</b>	<b>3,114.29</b>	<b>58.05</b>	<b>1,786.38</b>	<b>52.99</b>	<b>887.62</b>	<b>39.68</b>
Shareholders' equity	2,250.69	41.95	1,584.92	47.01	1,349.48	60.32
<b>Total sources</b>	<b>5,364.98</b>	<b>100.00</b>	<b>3,371.29</b>	<b>100.00</b>	<b>2,237.10</b>	<b>100.00</b>

Remark: \* loans from financial institutions are long-term loans payable within 30 installments specified in the loan agreement. The first repayment starts on the first payment of interest after the withdrawing date of the loan according to the credit line.

	Consolidated Financial Statements			
	2013		2012	
	Million ฿	%	Million ฿	%
Bank overdraft and short-term loans from financial institutions	13.55	0.25	50.00	1.48
Loans from Financial institutions *	3,097.52	57.61	1,721.96	51.03
Trade accounts payable	4.32	0.08	14.42	0.43
<b>Total</b>	<b>3,115.39</b>	<b>57.94</b>	<b>1,786.38</b>	<b>52.94</b>
Shareholders' equity	2,261.08	42.06	1,587.81	47.06
<b>Total sources</b>	<b>5,376.47</b>	<b>100.00</b>	<b>3,374.19</b>	<b>100.00</b>

Remark: \* loans from financial institutions are long-term loans payable within 30 installments specified in the loan agreement. The first repayment starts on the first payment of interest after the withdrawing date of the loan according to the credit line.

- The Consolidated Financial Statements started in 2012

# Risk Factors

## Risks of external sources of funding

To operate hire-purchase business continuously adequate source of fund is needed. At present, the Company's major source of fund comes from 2 sources : loan from bank and cash flow from operation.

As of December 31, 2013 the bank loan outstanding balance was 3,097.52 million Baht which was a long-term loan. The long-term credit facilities of the Company which have not yet drawn down amounted to 315.7 million Baht.

During the past, the Company mainly used loan from the bank and has a very good repayment record and also able to follow the conditions of the facility contracts such as to maintain the debt to equity ratio and to maintain hire - purchase receivable to loan ratio so that the Company can reduce risk from the lack of external sources of fund.

## Risks of loan interest rates

The main revenue of the Company comes from interest received from motorcycle hire purchase financing. Changing in the interest rates will directly affect the Company's profitability : the net yield rate comes from hire purchase receivable yield rate deduct the cost of loan interest rate. If loan interest rate rises, the cost of funding will be increased while hire purchase interest rates are fixed at the period of hire purchase contract.

## Risks on the incompatible between the term of the sources of fund and hire purchase contract term

Normally the hire purchase installment period varies from 12 - 36 months (average is 30 months) so that the Company has to set policy to determine the repayment period for long term facility agreement from financial institution to be compatible with the installment period for the liquidity of business operation. However, cash flow which covers future hire purchase receivable growth has been assessed to analyze and evaluate liquidity in order to plan for the financial support to be compatible with the hire purchase contract conditions for smooth business operation.

## Risks on the operation which may lead to non performing loans

At present, the hire purchase of motorcycles is not limited by any rules or special laws from the Government. Therefore, companies in the hire purchase of motorcycles business can expand their business, limited only by their own capacity. However, the risk might occur from the non performing loan from careless credit approval process if there is lack of good internal control systems.

However, the Company will strictly consider on every approval process giving the importance on the credit quality by checking the customers' data from the Company's database system of more than 500,000 persons and by being a member of The National Credit Bureau Company Limited and also a member of Motorcycle Hire-Purchase Association of Thailand. The Company can screen the customers' credit effectively from these 3 data sources. As of December 31, 2013, the Company has non performing loan amount 473.71 million Baht or 8.65 % of total receivables. When compared to the non performing loan as of December 31, 2012 which was 3.25% of total receivable, the increased rate of NPL was 166.15% while the Company has set aside the allowance for doubtful debt on December 31, 2013 and 2012 at 390.69 million and 174.54 million Baht, respectively or the Ratio of Allowance for Doubtful Debt to Total Receivable at 6.89 and 5.28, respectively.

### Risks on losses on sales of repossessed motorcycles

The Company will repossess the motorcycles if the customer did not pay installment specified in the hire purchase agreement. The motorcycles will be sold by auction to the used motorcycle dealers in Bangkok Metropolitan and provincials. The net receivable of each motorcycle is normally higher than the price of repossessed motorcycle so if the Company cannot claim that loss from the debtor or guarantor, the sale of repossessed motorcycles will be recorded a loss. However, in order to prevent such risk, in the first place, the Company has set up strict guideline and system in approving the credit by checking the information from the Company's database, National Credit Bureau (NCB) and Motorcycle Hire-Purchase Association in determining the quality of the borrowers before granting the loan. The Company also develops collection service to avoid having much repossessed motorcycle amount which may increase from business expansion.

### Risks on the influence of the major shareholder to business management

A.P.F Holdings Co., Ltd., the Company's major shareholder and Engine Holdings Asia Pte., Ltd. which is in the same group of company ("APF group shareholder") is holding a total of 508,650,196 shares or 49.64% of registered and fully paid-up capital of 1,024,706,958 shares of the Company as of 21 November, 2013 which is almost more than half of the total shares eligible for the APF Group to control any resolutions which legally require more than half of voting from the shareholders' meeting and that the other minor shareholders are not able to do the check and balance effectively.

### Risks on competition and new competitors in the hire purchase finance of motorcycles

To operate motorcycle hire purchase business, there is no need to invest in many materials or tools but only sufficient source of fund for hire purchase financing. However, the key of success is not only the source of fund but also some expertise such as credit quality evaluation skill and collection follow-up. Many competitors failed in this business because of the lacking of these capacities. Motorcycle dealers are the important persons who introduce clients to use our hire purchase services. Therefore, there is a risk if dealers do not recommend our services to the customers. As a result, fast process on credit analysis and approval together with efficient information technology system to support the operation and the experienced human resources who have expertise in the business are very necessary so that the Company can approve credit very fast which satisfy dealers' needs Besides, with our own information technology system which specially developed to suit the business and personal expertise, the Company can also provide the customers and dealers with fast service in checking the outstanding balance for the closing of accounts.



# General Information

Company Name :	Group Lease Public Company Limited.
Location :	63 Soi 1 Thetsabannimitrai Road, Ladyao, Chatuchak, Bangkok 10900.
Core Business :	Hire purchase financing of motorcycles.
Registration Number :	0107537000327 (old number Bor Mor Jor. 279)
Telephone :	0-2580-7555
FAX :	0-2954-2902-3
Home Page :	<a href="http://www.grouplease.co.th">www.grouplease.co.th</a>
E-mail :	<a href="mailto:glpcl@grouplease.co.th">glpcl@grouplease.co.th</a>
Registered Capital :	720,926,136 Baht divided into 1,441,852,272 ordinary shares at 0.50 Baht par value
Paid-up Capital :	512,521,550 Baht divided into 1,025,043,100 ordinary shares

## Corporations in which Group Lease PCL holds more than 10% of shares

- |                            |  |
|----------------------------|--|
| Company name :             | Group Lease Holdings Pte. Ltd.                                 |
| Address :                  | 80 Raffles Place #32-01, UOB Plaza, Singapore (048624)         |
| Core Business :            | Financial Advisory and other Investment Management business    |
| Amount and type of share : | Ordinary shares of 17,684,318 shares or equal to SGD17,694,218 |
- |                            |   |
|----------------------------|---|
| Company name :             | GL Finance Plc. (held 100% by Group Lease Holdings Pte. Ltd.)                                       |
| Address :                  | 270-274 Kampuchea Krom Blvd, Sangkat Mittapheap, Khan 7 Makara, Phnom Penh, the Kingdom of Cambodia |
| Core business :            | Hire purchase financing   |
| Home Page :                | <a href="http://www.gl-f.com">www.gl-f.com</a>  |
| Telephone :                | 023 990 330   |
| FAX :                      | 023 990 327   |
| Amount and type of share : | Ordinary shares of 16,498 shares or equal to US\$3,299,600  |

## Other References

Share Registrar :

Thailand Securities Depository Co., Ltd.  
62 The Stock Exchange of Thailand Building 4, 6-7<sup>th</sup> Floor,  
Rachadapisek Road, Klongtoey, Bangkok 10110.  
Tel : 0-2229-2800 or 0-2654-5599 Fax : 0-2359-1259  
Call center : 0-2229-2888  
Website : <http://www.tsd.co.th>

Auditor :

Ms.Pimjai Manitkajohnkit Certified Public Account No. 4521  
Ernst & Young Office Limited  
33rd Floor, Lake Rajada Office  
Complex 193/136-137 Rajadapisek Road Klongtoey, Bangkok 10110  
Tel. 0-2264-0777 Fax 0-2661-9192  
Email Address : [ernstyoung.thailand@th.ey.com](mailto:ernstyoung.thailand@th.ey.com)

Legal Advisor :

Mr. Kaptan Jeerasete  
63 Soi 1 Thetsabannimitrtai Road, Ladyao, Chatuchak, Bangkok 10900.  
Tel. 0-2580-7555, Fax. 0-2954-2902-3



# Shareholders

List of top 10 shareholders as of 21 November, 2013 are as follows:

Name	Amount (shares)	%
A.P.F.Group :		
- Engine Holdings Asia Pte.Ltd. <sup>1</sup>	324,384,044	31.66
- A.P.F.Holdings Co., Ltd. <sup>2</sup>	184,266,152	17.98
SIX SIS LTD.	159,171,878	15.53
Mr. Sutthipong Vesvarut	66,780,000	6.52
Mr. Prayong Vanichsuwan	35,559,900	3.47
Thailand Securities Depository Co.,Ltd. for depositor	26,355,014	2.57
Mr. Rachen Krissaralumn	19,790,700	1.93
DBS BANK LTD - CLIENT A/C SG1100173011	9,208,873	0.90
Mr. Sompong Silpsomboon	8,450,723	0.82
Thai NVDR Co., Ltd.	6,280,380	0.61
Mr. Visuth Foofeungmongkolkij	6,000,000	0.59
<b>Total</b>	<b>846,247,664</b>	<b>82.27</b>

Remark <sup>1</sup> Engine Holdings Asia Pte.Ltd. undertakes investment business. Shareholder is Wedge Holdings Co., Ltd. which is a listed company incorporated in Japan holding 58 million shares (or 100% of the paid-up capital)

<sup>2</sup> A.P.F.Holdings Co., Ltd. undertakes investment business. Shareholder is Sanwa World Service Co., Ltd. Which undertakes accounting advisory business holding 27 million shares(or 49% of paid-up capital) and A.P.F. Capital Thailand Co., Ltd. which undertakes investment business holding 12 million shares (or 21.71% of paid-up capital)

## Issuance of Other Securities

Warrants entitled to purchase ordinary shares which details as follows:

- Type : Warrants entitled to purchase ordinary shares of Group Lease Pcl No. 6 (GL-W2)

Term of warrant : 2 years from the issued date or 1 Nov. 2012

Amount issues : 22,775,694 units

Amount of the ordinary shares reserved for the exercise : 22,990,927shares (before right adjustment)

Exercise ratio : 1 unit of warrant per 11.8360 new ordinary share (after the right adjustment due to stock dividend payment and splitting of par value)

Exercise price : Baht 2.95708 per share (after the right adjustment due to stock dividend payment and splitting of par value)

Unexercised Amount : 5,356,893 units

Maturity date : 31 October, 2014

2. Type : Warrants entitled to purchase ordinary shares of Group Lease Pcl No. 7 (GL-W3)  
 Term of warrant : Not exceeding 2 years from the issued date or 2 Dec 2013  
 Amount issues : 332,783,154 units  
 Amount of the ordinary shares reserved for the exercise : 341,568,986 shares  
 Exercise ratio : 1 unit of warrant per 1 new ordinary share  
 Exercise price : Baht 10.00 per share  
 Unexercised Amount : 332,783,154 units  
 Maturity date : 30 November, 2015
  
3. Type : Warrants entitled to purchase ordinary shares of Group Lease Pcl No. 5 (GL-WD)  
 Term of warrant : 3 years from the issued date  
 Amount issues : 1,000,000 units  
 Amount of the ordinary shares reserved for the exercise : 1,000,000 shares (before the right adjustment)  
 Exercise ratio : 1 unit of warrant per 11.8360 new ordinary share  
 Exercise price : Baht 1.65766 per share  
 Unexercised Amount : 1,000,000 units (exercise once on maturity date)  
 Maturity date : 30 April, 2015



# Dividend Payment Policy

The dividend payment policy of Group Lease Public Company Limited states that dividend will be paid not less than 40 percent from net profit after deducting tax and other legal reserves. In considering the dividend payment, other factors such as The Company's operating result as well as its financial position and liquidity should also be considered. Payment of dividend has to be considered and approved by the shareholders. However, the Board of Directors is able to approve interim dividend payment and the shareholders shall be acknowledged about the interim dividend payment in the next shareholders' meeting.

As for the Company's subsidiary, the dividend policy is to be paid at the rate not less than 70% of the net profit.

Dividend payment records for the past years are as follows:

Separated Financial Statement					
Year	2013	2012	2011	2010	2009
Earnings per share	0.27	0.43	3.65	4.67	3.29
Dividend per share	N/A	0.31	2.51	3.25	2.29
% of dividend per net profit	N/A	69.79	68.85	69.65	69.54

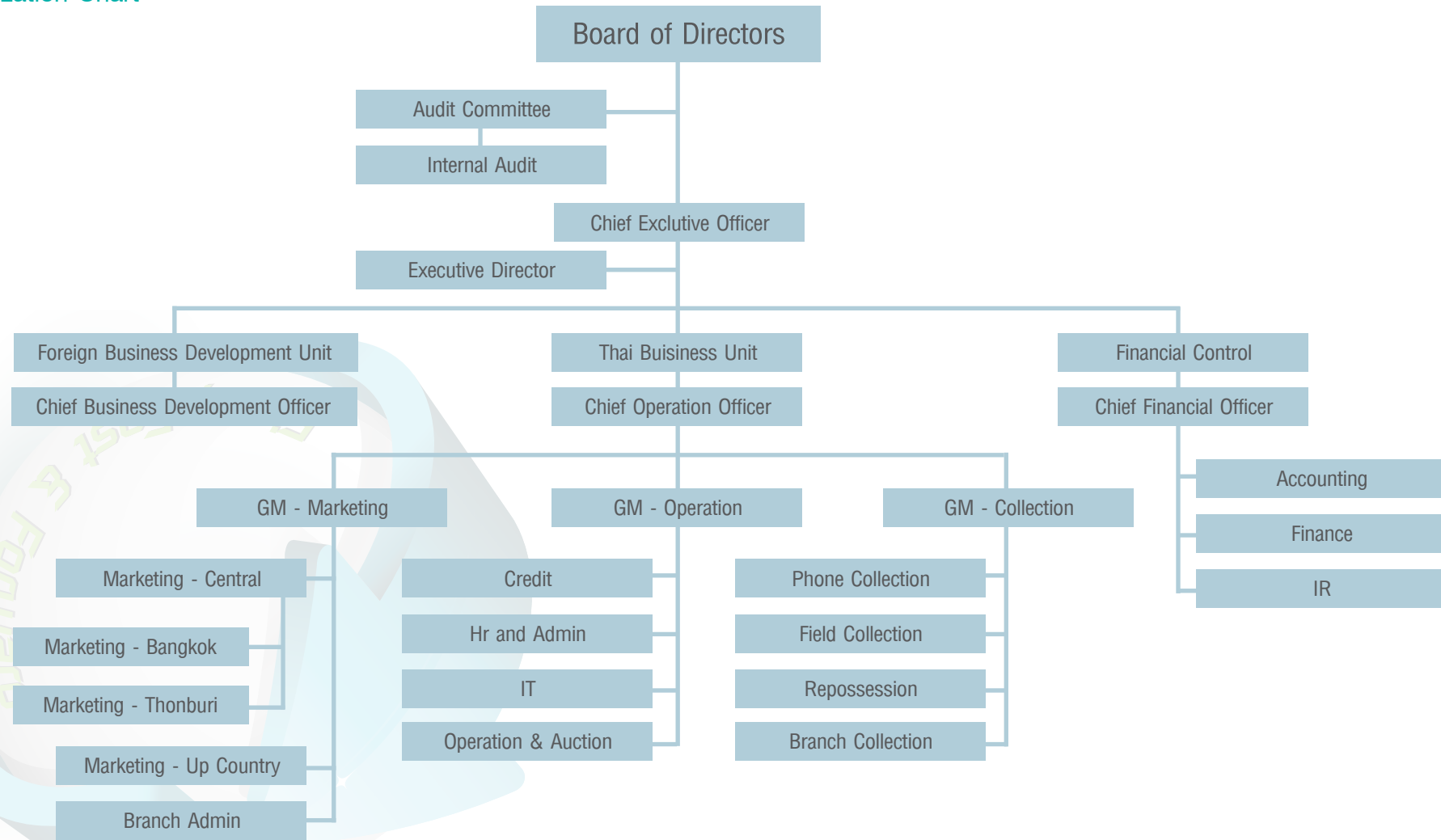
*\*\* Years 2012 and 2013 after adjustment, par value of ordinary shares was 0.50 Baht per share*

*\*\* Years 2009 to 2011 before adjustment, par value of ordinary shares was 5.00 Baht per share*



# Management Structure

## Organization Chart



# Board of Directors

## Board of Directors Structure

As of 31 December, 2013, the Company's Board of Directors consisted of 10 directors divided into 5 executive directors and 5 non-executive directors of which 4 members were Independent Directors who were also carry out the duties of Audit Committee. The proportion of Audit Committee members which was more than one-third of the total member of the Board of Directors provides sufficient check and balance. The Company's directors have the different qualifications in terms of skills, experiences and special expertise which are beneficial to the Company such as in management, financial and accounting fields and there are at least 2 directors, 1 executive director and 1 independent director, who have direct experience in hire-purchase business which is the core business of the Company.

List of the Board of Directors, term of office and their meeting attendance in 2013 are shown below:

Name	Position / Term of Office	Board of Directors' Meeting	
		Total number of meeting	Total Attendance
1. Mr. Mitsuji Konoshita	Chairman of the Board and CEO / 2012-2015	16	16
2. Mr. Tatsuya Konoshita <sup>1</sup>	Director and Chief Business Development Officer / 2013-2015	16	12
3. Mr. Muneo Tashiro <sup>2</sup>	Director / 2012-2014	16	12
4. Mr. Somchai Limpattanasin	Director and Chief Operating Officer / 2013-2015	16	16
5. Mr. Worasak Kriengkamol <sup>3</sup>	Director and Executive Director / 2013-2015	16	15
6. Mr. Deepong Sahachartsiri	Director and Chief Financial Officer / 2012-2015	16	16
7. Gen. Suebsan Dardarananda	Chairman of Audit Committee / Independent Director / 2013-2015	16	16
8. Mr. Sonit Pichyangkul	Audit Committee / Independent Director / 2012-2014	16	16
9. Dr. Pholdej Therdphithakvanij	Audit Committee / Independent Director / 2011-2014	16	16
10. Mr. Krit Phanratanamala	Audit Committee / Independent Director / 2011-2014	16	16

Reasons for absence: <sup>1</sup> Absent 4 times: 1 sick and 3 business trips abroad

<sup>2</sup> Absent 4 times: all from business trips abroad

<sup>3</sup> Absent 1 time: engaged in significant business

## Term of Office

It was clearly stated in the Company's Articles of Association that one-third or nearest to one-third of the Directors who has the longest term of office shall retire by rotation in each AGM. At present, the number of retired by rotation directors is 4 persons each year but those retired still have opportunity to be nominated for re-election.

## Definition of Independent Directors

The Company defines the qualifications of the Independent Directors in accordance with the SEC regulations as follows :

- An Independent Director does not hold more than 1% of paid-up shares in the Company, parent company <sup>(1)</sup>, its subsidiary <sup>(2)</sup>, affiliated company <sup>(3)</sup> or related company or any legal entity that has related persons <sup>(4)</sup>.
- An Independent Director is not an employee, staff member, an advisor who receives a regular salary or a controlling party of the Company, its parent company, its subsidiary, affiliated company or any legal entity that has related persons. (present and 2 years before appointment)
- An Independent Director is not an immediate family member or a person legally occupying similar status as parents, spouse, siblings, sons and daughters including spouses of sons and daughters of an executive officer of the Company, a major shareholder, a controlling person or an individual who will be nominated to be an executive officer of the Company or any of its subsidiary.
- An Independent Director does not have business relationship with the Company, its parent company, its subsidiary, affiliated company or any legal entity, which has related persons that the relationship does not interfere with his exercise of independent judgment. And among other things materiality in making an independent opinion regarding the operation of the Company.

*Note : (1) A parent company is the company that holds more than 50% of the Company's paid-up capital. (2) A subsidiary is the company that we hold more than 50% of its paid-up capital. (3) An affiliated is the company that we hold more than 20 % but not more than 50% of its paid-up capital. (4) legal entity that has related persons includes those who hold more than 10% of its paid-up capital.*

All 4 Independent Directors have qualifications required for the Independent Director and are also members of the Audit Committee in accordance with the SEC notification korlortor. kor. (wor) 32/2551 as of June 5<sup>th</sup>, 2008.

## Directorship of the Directors and Executives in Other Companies

The Company does not limit the number of directorship of the Company's Directors at other organizations. Instead, each director was evaluated on their contribution of time to the Company in which all directors had always given high contribution to the Company which could probably show in the attendance report. As for the executives, as they have to work full time in the Company, they probably cannot take up positions in other company except for the directorship in subsidiary companies or related group companies.

The number of board membership positions of each director in other companies which is not the company's subsidiary companies or related group companies for FY2013 are as follow:

Directors' Name	Title	Number of
Mr. Mitsuji Konoshita	Chairman of the Board of Directors	2
Mr. Tatsuya Konoshita	Director	3
Mr. Muneo Tashiro	Director	2
Mr. Deepong Sahachartsiri	Director	-
Mr. Somchai Limpattanasin	Director	-
Mr. Worasak Kriengkamol	Director	1
Gen. Suebsan Dardarananda	President of Audit Committee/ Independent Director	-
Mr. Sonit Pitchyangkul	Audit Committee/ Independent Director	1
Mr. Pholdej Therdphithakvanij	Audit Committee/ Independent Director	1
Mr. Krit Phanrattanamala	Audit Committee/ Independent Director	6

## Chairman and CEO (the highest management)

Since 2012, the Company had reorganized its management structure so that the Chairman had taken another position as CEO. Despite this, the roles and duties of the Board of Directors and the management were clearly separated and besides, we also have Audit Committee who is the Independent Director and can help doing the check-and-balance of management.

## Duties and Responsibilities of Board of Directors

The Board of Directors has duties and responsibilities in managing the Company's operation according to the laws, objectives and its Articles of Association as well as the shareholders' resolutions which are legal with honesty and cautiousness that can best protect the Company's interest. The directors' duties and responsibilities can be summarized as follows:

1. To arrange the Annual General Meeting of shareholders within four months after closing the accounting period.
2. To arrange the Board of Directors meeting at least once a quarter.
3. To present financial statements, both balance sheets and income statements, which have already been examined by external auditor to shareholders for approval.
4. To appoint Managing Director or authorize other persons to carry out the Company's activities under the Board of Directors' control or to empower such persons to have the authority as the Board of Directors deems appropriate and within the appropriate period of time in which such empowerment can be cancelled, revoked, changed or amended. In case of the empowerment of the Board of Directors is to authorize such persons to carry out normal business of the Company on behalf of the Board of Directors, such empowerment must be in accordance with the Board of Directors' meeting resolution which has Independent Director or Audit Committee members participated. As such, if the Independent Director or Audit Committee disapproves of such empowerment, such disapproved statement must be clearly recorded in the minutes of the meeting.
5. To set up the Company's targets, direction, policy, plan, and budget. To control and supervise management systems to be in accordance with the set policy, except for the matters which legally need the approval from the shareholders' meeting, such as the increasing or decreasing of capital, acquisition / disposal or transferring of whole or significant parts of Company's business to third person or vice versa, and the amendment of the Company's Memorandum & Articles of Association.
6. To oversee that the Company has complied with the Securities and Exchange Act and the SET's rules and regulations as well as the related laws of the Company's business concerning related party transactions and the sale or purchase of important assets.
7. To establish management structure such as appointing of management committee, Managing Director, General Managers and other sub-committee as appropriate.
8. To monitor the Company's operating result to continuously follow the set plans and budgets.
9. Directors must not operate or be a partner in any partnership company or be an unlimited partnership of the limited partnership company or be a director of a private company or other companies which is in the same business as the Company, or the business which is the competitor of the Company whether for own benefit or for others. The exception is when that action is informed in a shareholders' meeting prior to the appointment.
10. Directors have to inform the Company promptly if he is having conflict of interest whether directly or indirectly in the Company's contract, the increasing and decreasing of the Company's shares/debentures.

However, the authorized duties of the Board of Directors mentioned above does not include the authorization that may allow the Board or its proxy to be able to approve the transactions that have any conflict of interest or other conflicts either for own interest or others with the Company or its subsidiary companies according to the SET's rules in which such

transactions should be approved by the Board of Directors' meeting and /or by the shareholders' meeting as stated in the Company's Articles of Association or other related laws.

## Board Self-Assessment

The Board of Directors has the policy to conduct the self-assessment of the Board of Directors annually in which the results would be used to improve the Board's efficiency. The topics of assessment were as follows:

1. Structure and Qualification of the Board
2. Roles, Duties and Responsibilities of the Board
3. Board of Directors Meeting
4. Function of the Board
5. Relationship with the Management
6. Directors and Management Development

From the overall assessment for the year 2013, the average of 94% of the Board assessed that most of the assessed topics were carried out very well.

## Directors and Management Development

- **Training** The Board of Directors, Audit Committee, management as well as the Company Secretary and the employees were encouraged and facilitated to join the training courses concerning the corporate governance and management skill. Such training courses may be an in-house training or the seminars arranged by specialized organization such as the Accounting Association or the Revenue Dept. or other regulators such as the SET and SEC as well as IOD.

- **New Director Preparation** The Company provides necessary documents and information to new directors useful to perform director duties which introduce the nature of the business and the operations of the Company consisting of the Company's annual report, Board of Directors / Audit Committee Charter, Affidavit, and Memorandum and Articles of Association.

- **Succession Plan** The General Manager regularly presents the succession plan to the Board to assign successors in case they cannot perform their duties.

- **Executives Development Program** The Board has established a development program for executives and the General Manager will report to the board annually. The executive development plan will be considered together with the succession plan.



## Management

As of 31 December, 2013, the Company has total 7 executives according to the SEC's definition and there was 1 new executive appointed on 15 January, 2014 so that altogether there were 8 executives (no. 1-8) and Accounting Manager (no. 9) and the executives who were not included in the SEC's definition were 4 persons (no. 10-13) as tabled below:

No.	Name	Position
1.	Mr. Mitsuji Konoshita	Chief Executive Officer
2.	Mr. Tatsuya Konoshita	Chief Business Development Officer
3.	Mr. Somchai Limpattanasin	Chief Operating Officer
4.	Mr. Deepong Sahachartsiri	Chief Financial Officer
5.	Mr. Worasak Kriengkamol	Executive Director
6.	Mr. Charas Liengvitthayakun *	General Manager - Marketing
7.	Mr. Pornsak Aurujchutchairut	General Manager - Operations
8.	Mr. Chumpon Kittichaisombat **	General Manager - Collection
9.	Miss Aujchara Chaina	Manager - Accounting
10.	Mr. Kapton Jeeraseth	Manager - Credit
11.	Mr. Kittichai Maneenont	Manager - Field Collection
12.	Mr. Somkid Jaruphiboonphan	Manager - HR and Admin.
13.	Mr. Sorathas Kantiwong *	Manager - Information Technology

\* Appointed during the year 2013

\*\* Appointed on 15 Jan. 2014

## Duties and Responsibilities of the Chief Executive Officer

1. To operate and manage the Company's normal business.
2. To operate and follow-up the Company's operation within the business plan and the company's policy which was set up by the Board of Directors.
3. To approve the Company's expenses within the yearly budget approved by the Board of Directors.
4. To consider employment, promotion, transfer, resignation and set up wages and salary of employees.
5. To be the proxies in administering the Company's operation compliance with its objectives, regulations, discipline, and command.
6. To be obliged in the Company's normal operation by being able to consider and approve the Company's activities or operations within the authorized limit which has already been approved by the Board of Directors. To be able to authorize or assign other designated persons that the Chief Executive Officer deems appropriate to carry out the necessary duties on his behalf. Such authorization must be lawful and in compliance with the Company's rules and regulations.

However, the authorized duties of the Chief Executive Officer mentioned above does not include the authorization that may allow the CEO or its proxy to be able to approve the transactions that have any conflict of interest or other conflicts either for own interest or others with the Company or its subsidiary companies according to the SET's rules in which such transactions should be approved by the Board of Directors' meeting and /or by the shareholders' meeting as stated in the Company's Articles of Association or other related laws.

## Company Secretary

The Company's Board of Directors has resolved to appoint Miss Siriphen Pongchairerks to take up the position of Company Secretary since 22 November, 2011. The duties and responsibilities of Company Secretary are as follows:

### Duties and Responsibilities of Company Secretary:

- Arranging Board of Directors' and shareholders' Meetings
- Preparing and keeping the Register book of Directors
- Preparing and keeping notice to Board of Directors' Meeting, minutes of the Board of Directors' Meeting and annual report of the Company
- Preparing and keeping notice and minutes of the shareholders' meeting
- Forwarding / keeping the report on interest of Directors' and Management and their related persons to Chairman of the Board and Chairman of the Audit Committee
- Preparing report on changing of share holdings of Directors and Management for acknowledgement in the Board of Directors' Meeting
- Being a coordinator between the Company and outside regulators such as SEC, SET and TSD, etc.
- Disclosing Company's news through The SET's ELCID system
- Assisting in Investor Relations function as Coordinator



## Details of Directors, Management, Controlling Person and Company Secretary 2013

Name / Position / Starting date	Age (Yr.)	Education / Training	Share holding (%)	Relationship between Directors/ Management	Working Experiences for the past 5 years		
					Period	Position	Company / Type of Business
Mr. Mitsuji Konoshita Chairman of the Board and CEO (Authorized Signer) / 7 March 2007	47	Bachelor of Law, Osaka University, Japan	0.02	Being the elder brother of Mr.Tatsuya Konoshita	<b>Listed Cos.</b> 2012 - Present 2007 - 2012 2006 - 2011 <b>Non-listed Cos.</b> 2012 - Present 2012 - Present  2011 - Present  2009 - Present 2005 - 2008	Chairman and CEO Chairman Chairman  President Chairman  Director  Chairman Director	Group Lease Pcl. (Hire purchase Business) Group Lease Pcl. (Hire purchase Business) United Securities Pcl. (Securities broker Business)  GL Finance Plc. (Hire purchase business) Group Lease Holdings Pte. Ltd. (Fin. Advisory & other investment management) Engine Property Management Asia Co., Ltd. (real estate business) Engine Holdings Asia Pte., Ltd. (investment business) A.P.F. Holdings Co., Ltd. (investment business)
Mr. Tatsuya Konoshita Director and Chief Business Development Officer/ 20 April, 2011	42	Bachelor of Arts (History), Osaka University, Japan	-	Being the younger brother of Mr. Mitsuji Konoshita	<b>Listed Cos.</b> 2013 - Present 2012 - Present 2011 - 2012 2011 - 2013  2008 - Present  2006 - 2011  <b>Non - listed Cos.</b> 2010 - Present	Rep.MD and CEO Director and CBDO Director Rep. Director and Chairman  .Rep. Executive officer and CEO Chairman of the Executive Board  Rep. MD	Wedge Holdings Co., Ltd. (Investment Business) Group Lease Pcl. (Hire purchase Business) Group Lease Pcl. (Hire purchase Business) Wedge Holdings Co., Ltd. (Investment Business)  Showa Holdings Co., Ltd (Investment business)  United Securities Pcl. (Securities broker Business)  Asuka Foods Co., Ltd. (Food business)



# Details of Directors, Management, Controlling Person and Company Secretary 2013

Name / Position / Starting date	Age (Yr.)	Education / Training	Share holding (%)	Relationship between Directors/ Management	Working Experiences for the past 5 years		
					Period	Position	Company / Type of Business
Mr. Muneo Tashiro Director / 22 April, 2009	41	Bachelor of Arts (Literature), Osaka University, Japan	-	-	<b>Listed Co.s</b>		
					2013 - Present	Director	Wedge Holdings Co., Ltd. (Investment Business)
					2009 - Present	Director	Group Lease Pcl. (Hire purchase Business)
					2008 - 2013	Chief Executive Officer	Wedge Holdings Co., Ltd. (Investment Business)
					2007 - 2008	Senior Executive Director	Wedge Holdings Co., Ltd. (Investment Business)
					<b>Non-listed Cos</b>		
					2013 - Present	Director	Group Lease Holdings Pte.Ltd. (Fin. Advisory & other investment management)
Mr. Deepong Sahachartsiri Director (Authorized Signer) and Chief Financial Officer / 7 March, 2007	40	Master of Business Administration, Thammasat University - Directors Accreditation Program, No. 62/2007	0.02	-	2011 - 2013	Director	Asuka Foods Co., Ltd.(Food Business)
					2009 - Present	Director	Engine Holding Asia Pte.(Investment Business)
					<b>Listed Cos.</b>		
					2012 - Present	Director & CFO	Group Lease Pcl. (Hire purchase Business)
					2007 - 2012	Director	Group Lease Pcl. (Hire purchase Business)
					<b>Non-listed Cos.</b>		
					2012 - Present	Director	GL Finance Plc. (Hire purchase business)
					2012 - Present	Director	Group Lease Holdings Pte.Ltd. (Fin. Advisory & other investment management)
					2005 - 2007	Product Manager	Mahaphant Fibre Cement Public Co., Ltd. (Construction Supplies Manufacturer)

## Details of Directors, Management, Controlling Person and Company Secretary 2013

Name / Position / Starting date	Age (Yr.)	Education / Training	Share holding (%)	Relationship between Directors/ Management	Working Experiences for the past 5 years		
					Period	Position	Company / Type of Business
Mr. Somchai Limpattanasin Director (Authorized Signer) and Chief Operating Officer / 15 June, 2011	54	Master of Business Administration, Kasetsart University - Directors Accreditation Program, No. 94/2012	0.03	-	Listed Cos. 2012 - Present	Director and COO	Group Lease Pcl. (Hire purchase Business)
					2011 - 2012	Director and Executive Director	Group Lease Pcl. (Hire purchase Business)
					Non-listed Cos. 2012 - Present	Director	Group Lease Holdings Pte.Ltd. (Fin. Advisory & other investment management)
					2007 - 2011	Director & Senior Vice President	Summit Capital Leasing Co., Ltd. (Hire purchase Business)
					1994 - 2008	Vice President	Bara Sumi—Thai Leasing Co., Ltd. (Hire purchase Business)
Mr. Worasak Kriengkamol Director (Authorized Signer) and Executive Director / 15 June, 2011	43	Master of Business Administration, Western Illinois University, USA	0.09	-	Listed Cos. 2011 - Present	Director & Executive Director	Group Lease Pcl. (Hire purchase Business)
					Non-listed Cos. 2012 - Present	Chairman	GL Finance Plc. (Hire purchase business)
					2012 - Present	Director	Group lease Holdings Pte.Ltd. (Fin. Advisory & other investment management)
					2011 - Present	Director	Engine Holdings Asia Pte. Ltd.
					2008 - 2010	Managing Director	A.P.F. International Insurance Co., Ltd.(Insurance)
					2001 - 2008	Managing Director	Liberty Insurance Co., Ltd. (Insurance)

# Details of Directors, Management, Controlling Person and Company Secretary 2013

Name / Position / Starting date	Age (Yr.)	Education / Training	Share holding (%)	Relationship between Directors/ Management	Working Experiences for the past 5 years		
					Period	Position	Company / Type of Business
General Suebsan Dardarananda Independent Director & President of Audit Committee / 11 May 2011	62	BA. Political Science, Norwich University, USA - National Defence College - Director Certification Program No. 98/2008 - Finance for Non-financial Director No. 39/2008	0.01	-	Listed Cos. 2011 - Present	Independent Director & President of Audit Committee	Group Lease Pcl. (Hire purchase Business)
					Non-listed Cos. 2009 - 2012	Specialist to the Office of the Permanent Secretary Ministry of Defence / Deputy Chief	Office of the Minister of Defence, Ministry of Defence
Mr. Sonit Pichyangkul Independent Director & Audit Committee / 11 May, 2011	63	MA. (Economics), North Texas State University - Director Certification Program No. 33/2005	-	-	Listed Cos. 2011 - Present	Independent Director & Audit Committee	Group Lease Pcl. (Hire purchase Business)
					2007 - 2008	Vice President (Retail Credit)	Thanachart Bank, Pcl. (commercial bank business)
					1999 - 2004	Senior Executive Vice President (Hire Purchase) and Branch Admin.	Kiatnakin Finance & Securities Pcl. (Financial & securities Business)
					Non-listed Cos 2009 - 2013	Executive Director	Ekthana Engineering Co., Ltd. (Engineering business)
					2006 - Present	Executive	Thaifilatex Pcl. (produce latex thread business)
					2004 - 2006	Senior Executive Vice President (Retail Credit)	AIG Finance Plc.(Financial Business)

## Details of Directors, Management, Controlling Person and Company Secretary 2013

Name / Position / Starting date	Age (Yr.)	Education / Training	Share holding (%)	Relationship between Directors/ Management	Working Experiences for the past 5 years		
					Period	Position	Company / Type of Business
Dr.Pholdej Therdphithakvanij, Ph.D. Independent Director & Audit Committee / 20 April, 2011	45	Doctor of Philosophy (Civil Engineering) Lehigh University, U.S.A. - Director Accreditation Program No. 89/2011	-	-	Listed Cos. 2011 - Present	Independent Director & Audit Committee	Group Lease Pcl. (Hire purchase Business)
					Non-listed Cos 2012 - Present	Director of Civil-structural Engineering	W. & Associates Consultants Co.,Ltd. (Engineering Consultant)
					2007 - 2012	Deputy Managing Director	R.K.V. Engineering Consultant Co., Ltd. (Engineering Consultant)
					2006 - 2007	Deputy Managing Director	IMMS Co., Ltd. (Engineering Consultant)
Mr. Krit Phanratanamala Independent Director & Audit Committee / 20 April, 2011	45	Master of Business Administration (Finance), University of Florida, USA - Advanced Audit Committee Program No. 27/2009 - Director Certification Program No. 86/2007 - MFM 1/2009, MFR 9/2009, MIA 6/2009, MIR 7/2009	-	-	Listed Cos. 2011 - Present	Independent Director & Audit Committee	Group Lease Pcl. (Hire purchase Business)
					2011 - Present	Director	Diamond Building Products Public Company Limited
					2008 - Present	Independent Director & Audit Committee	Quality House Pcl. (Real estate Business)
					2006 - Present	Independent Director & Audit Committee	The Union Mosaic Industry Public Company Limited
					Non-listed Cos 2011 - Present	Director	Biodegradable Packaging for Environment, Pcl.
					2006 - 2013	Director	Sahathai Steel Pipe Public Company Limited
					2006 - Present	Director	Royal Porcelain Public Company Limited
					2005 - Present	Investment Director	Thai Prosperity Advisory Co., Ltd.

# Details of Directors, Management, Controlling Person and Company Secretary 2013

Name / Position / Starting date	Age (Yr.)	Education / Training	Share holding (%)	Relationship between Directors/ Management	Working Experiences for the past 5 years		
					Period	Position	Company / Type of Business
Mr. Pornsak Aurujchutchairut General Manager-Operation / 12 September, 2012	50	Master of Science (Computer), National Institute of Development Administration (NIDA)	-	-	2012 - Present 2006 - 2012	General Manager-Operation Executive of CIMB Thai Bank Group: FVP of Operation and IT Division	Group Lease Pcl. (Hire purchase Business) Center Auto Lease (BT Leasing) Co., Ltd.
Mr. Charas Liengvithayakun * General Manager, Marketing / 9 April, 2013	49	Bachelor of Economics (Industrial Economics), Ramkhamhaeng University	-	-	04/2013 - Present 2010 - 04/2013 1994 - 2010 1991 - 1993 1988 - 1991 1987 - 1988	General Manager Marketing Business Owner General Manager - Marketing Division Auto Hire Purchase Marketing Truck Hire Purchase Marketing Credit Officer	Group Lease Pcl. (Hire purchase Business) K.Charas Charoenyont Co., Ltd.(motorcycle trader) Summit Capital Leasing Co., Ltd.(Leasing Business) Sri Dhana finance & Securities Co., Ltd.(financial business) Siam City Credit Finance & Securities Co.,Ltd. (financial business) Pacific Finance & Securities Co., Ltd. (financial business)
Mr. Chumpon Kittichaisombat ** General Manager, Collection/ 15 January, 2014	49	Master of Business Administration, Buraphar University	-	-	01/2014 - Present 2011 - 01/2014 2006 - 2011 1998 - 2006 1993 - 1998 1989 - 1993	General Manager-Collection Senior Vice President - Retails Customer Business Vice President, Hire Purchase Business Department Manager, Registration & Insurance Department Branch Manager, Chonburi Branch Supervisor Credit Analysis Division	Group Lease Pcl. (Hire purchase Business) Amanah Leasing Public Company Limited KTB Leasing Co.,Ltd. Toyota Leasing (Thailand) Co.,Ltd. SITCA Investment & Securities Public Company Limited The Siam Commercial Bank Public Company Limited

## Details of Directors, Management, Controlling Person and Company Secretary 2013

Name / Position / Starting date	Age (Yr.)	Education / Training	Share holding (%)	Relationship between Directors/ Management	Working Experiences for the past 5 years		
					Period	Position	Company / Type of Business
Mr. Kapton Jeeraseth Manager, Credit Dept. / 1 June, 2011	51	Bachelor of Law, Ramkhamhaeng University	0.01	-	2012 - Present 2011 - 2012 2006 - 2010	Manager, Credit Dept. Manager, Marketing & Credit Dept. Head of Credit Section & Legal Advisor	Group Lease Pcl. (Hire purchase Business)
Mr. Kittichai Maneenont Manager, Collection Dept. / 1 June, 2011	55	Bachelor of Law, Ramkhamhaeng University	0.002	-	5/2011 - Present 3/2010 - 4/2011 2006 - 3/2010	Manager, Collection Dept Assistant Manager, Collection Dept. Head of Collection Section	Group Lease Pcl. (Hire purchase Business)
Mr. Somkid Jarupaiboonphan Manager, Personnel & Administration Dept. / 1 August, 1996	52	BA (Thai Language and Literature) Srinakharinwirot University, Chonburi	0.029	-	1996 - Present 1990 - 1996	Manager, Personnel & Administration Dept. Officer, Personnel & Admin. Dept.	Group Lease Pcl. (Hire purchase Business)
Ms. Aujchara Chaina Manager, Accounting & Finance Dept./ 1 June, 2011	39	Bachelor of Business Administration(Accounting), Phranakorn Rajabhat University	0.003	-	2011 - Present 1995 - 2011	Manager, Accounting & Finance Dept. Assistant Manager, Accounting & Finance	Group Lease Pcl. (Hire purchase Business)
Mr. Sorathas Kantiwong * Manager, Information Technology / 1 February, 2013	46	Bachelor of Political Science, (Political & Admin. Sc.), Ramkhamhaeng University	-	-	2013 – Present 2005 – 2013 2004 – 2005 1999 – 2004 1994 – 1999	IT Manager Section Head, IT System Support IT Supervisor Senior Officer, IT Dept. IT staff	Group Lease Pcl. (Hire purchase Business) Center Auto Lease Co., Ltd.(Auto Leasing) Kurusapa Business Organization Bank Thai Public Company Limited (Banking Business) Krungthai Thanakit Finance Co., Ltd. (Financial business)

Remark \*Being new executives appointed during the year 2013 and \*\* appointed on 15 Jan 2014.

### Details of Company Secretary

Name / Position / Starting date	Age (Yr.)	Education / Training	Share holding (%)	Relationship between Directors/ Management	Working Experiences for the past 5 years		
					Period	Position	Company / Type of Business
Miss Siriphen Pongchairerks / Company Secretary and Secretary to Audit Committee / 22 November, 2011	56	Bachelor of Business Administration (General Management), Assumption University - Company Secretary (CSP 1/2002) - Effective Minutes Taking (EMT 14/2009) - TAN: Workshop, How to Make Accurate Disclosure, Merger & Acquisition or Related Party Transaction - Laws & Practices for Company Secretary RE : the amended Securities & Exchange Act B.E.2551 - Other courses in relation to the Role of Company Secretary, Corporate Governance and Investor Relations by SET, SEC or Company Secretary Club	-	-	2011 - present	Company Secretary and Secretary to Audit Committee	Group Lease Pcl. (Hire purchase Business)
					1991 - 2011	Secretary to the Board of Directors (Company Secretary)	United Securities Pcl.(Securities business)

Details of Positions held in the Company, its Subsidiary and Related Companies of Directors, Executives and controlling person as of the year 2013

Directors / Executives	Company	Subsidiary Companies		Related Companies	
		Group Lease Holdings Pte. Ltd.	GL Finance Plc.	Engine Holdings Asia PTE. LTD.	Wedge Holdings Co., Ltd.
1. Mr. Mitsuji Konoshita	X, C	X	0	X	
2. Mr. Tatsuya Konoshita	/ //				C
3. Mr. Muneo Tashiro	/	/		/	/
4. Mr. Deepong Sahachartsiri	/ //	/	/		
5. Mr. Somchai Limpattanasin	/ //	/			
6. Mr. Worasak Kriengkamol	/ //	/	X	/	
7. Gen. Suebsan Dardarananda	///				
8. Mr. Sonit Pichyangkul	///				
9. Dr. Pholdej Therdphithakvanij, Ph.D.	///				
10. Mr. Krit Phanratanamala	///				
11. Mr. Charas Liengvithayakun *	0				
12. Mr. Pornsak Aurutchutchairut	0				
13. Mr. Chumpol Kittichaisombut **	0				
14. Mr. Kapton Jeeraseth	0				
15. Mr. Kittichai Maneenond	0				
16. Mr. Somkid Charuphiboonphan	0				
17. Ms. Aujchara Chaina	0				
18. Mr. Sorathus Kantiwong *	0				

Remark: \* Being new executives appointed during the year 2013 and \*\* appointed on 15 Jan 2014.

Remark: X means Chairman C means CEO /// means Independent Director / Audit Committee  
/ means Directors // means Executive Director 0 means Executives



## Details of Directors of Subsidiary Companies

Subsidiary Companies Name of Directors	Group Lease Holdings Pte.Ltd.	GL Finance Plc.
1. Mr. Mitsuji Konoshita	X	0
2. Mr. Muneo Tashiro	/	
3. Mr. Deepong Sahachartsiri	/	/
4. Mr. Somchai Limpattanasin	/	
5. Mr. Worasak Kriengkamol	/	X
6. Mr. Tep Rithivit	-	///

Remark: X means Chairman  
 / means Director  
 /// means Independent Director  
 0 means Executives



## Remunerations of Directors and Management

### (1) Monetary Remunerations

(a) Board of Directors: The monetary remunerations for Board of Directors consists of meeting fee and annual bonus

• **Meeting fee:** Chairman of the Board and Chairman of the Audit Committee receives meeting fee of 12,000 Baht per attendance time. Directors of the Board and members of Audit Committee receives meeting fee of 10,000 Baht per attendance time. Audit Committee shall receive both meeting fees as member of the Board and member of Audit Committee.

• **Annual Bonus:** The Board of Directors shall consider significantly from the Company's operating result and such proposal shall be approved by the Annual General Meeting of Shareholders. In 2013, the shareholders' meeting approved a bonus of double of the average months of the employee's bonus. For the year 2013, employee's bonus was paid at the average of 4.5 months, therefore, director's bonus was paid at 9 months of the monthly meeting fee, details as follows:

(Unit: Baht)

Name	Position	Meeting fee		Bonus	Total
		Board of Directors	Audit Committee		
1.Mr. Mitsuji Konoshita	Chairman of the Board & CEO	184,000	-	108,000	292,000
2. Mr. Tatsuya Konoshita	Director & Chief Business Development Officer	120,000	-	90,000	210,000
3. Mr. Muneo Tashiro	Director	120,000	-	90,000	210,000
4. Mr. Somchai Limpattanasin	Director & Chief Operating Officer	160,000	-	90,000	250,000
5. Mr. Deepong Sahachartsiri	Director & Chief Financial Officer	160,000	-	90,000	250,000
6. Mr. Worasak Kriengkamol	Director & Executive Director	150,000	-	90,000	240,000
7. Gen. Suebsan Dardarananda	Chairman of Audit Committee/ Independent Director	184,000	80,000	108,000	372,000
8. Mr. Sonit Pichyangkul	Audit Committee / Independent Director	160,000	70,000	90,000	320,000
9. Mr.Krit Phanratanamala	Audit Committee/ Independent Director	160,000	70,000	90,000	320,000
10. Dr.Pholdej Therdphithakvanij	Audit Committee/ Independent Director	160,000	70,000	90,000	320,000
Total		1,558,000	290,000	936,000	2,784,000

(b) Executives:The monetary remunerations for executives in 2013 consists of monthly salary and annual bonus paid to 12 executives at total 34.60 million Baht, details as follows:

No. of Executive and Remunerations	2013	2012	2011
Number of executive (person)	12*	12**	11***
Salary and bonus (million Baht)	34.60	34.53	17.82

\* Inclusive of 1 resigned executive who resigned on 31 Mar,2013.

\*\* Inclusive of 2 resigned executives who resigned during the year 2012.

\*\*\* Inclusive of 4 resigned executives who resigned during the year 2011.

## (2) Other Remunerations

- **Directors & Officers Insurance:**

The Company bought Baht 50 million worth of insurance from ACE INA Overseas Insurance Co., Ltd. to provide erroneous coverage for its directors and/or executives. The insurance premium for the year 2013 was Baht 155,000 per annum (coverage during 1 Jun. 2013 - 1 Jun. 2014).

- **Employees Stock Option (ESOP Warrant) No. 4 (GL-WD):**

The shareholders' meeting on 27 April, 2012 had approved the allocation of warrant to purchase ordinary shares of the Company under Employee Stock Option Project (ESOP) No. 4 (GL-WD) for 1,000,000 units to provide opportunity for the directors and employees to participate as owner of the Company. The Board of Directors or its designated person has determined the list of employees who are eligible for the allocation of warrants and the amount of unit for each employee based on performance, salary, position and years of service as appropriate. Such warrant has the exercise ratio of 1 warrant to 11.8360 ordinary shares with the exercise price of 1.65766 Baht per share. The Company's director total 10 persons were eligible to receive the total of 12.5% portion of the total issued warrants or 12,500 units per person.

## Human Resources

The total number of employees as of 31 December, 2013, 2012 and 2011 divided by departments are shown below:

(Unit: Person)

Department	2013	2012	2011
Credit and Marketing	160	127	72
Collection	144	82	68
Accounting and Finance	12	12	9
Human Resources & Admin.	20	24	17
Operations	56	36	19
Information Technology	12	8	9
<b>Total</b>	<b>404</b>	<b>289</b>	<b>194</b>

For the past 3 years, there has been no significant change in the number of employees. The increase of employee's number was caused by the expansion of the Company's business and there has been no legal dispute in the past years.

The total remunerations of employees of the Company consist of salary, bonus, welfare and other remunerations, namely, commission. The total remunerations of employees in the years 2013, 2012 and 2011 are shown below:

(Unit: Million Baht)

Employees' Remunerations	2013	2012	2011
Salary, bonus, welfare and commission	173.21	127.94	102.21

Moreover, the Company's subsidiary company, GL Finance Plc. had a total of 228 employees in the year 2013 (from Jul.-Dec 2013) and had paid the same type of remunerations to their employees at the total of 9.45 million Baht.

### Human Resources Development

It is the Company's policy to encourage the employees to develop their knowledge, ability, experiences and expertise in work emphasizing on contributing efficient and qualified services. In addition, the Company also emphasizes on doing business with transparency in compliance with the good corporate governance principles. Therefore, it has the policy in encouraging the employees to work with good ethics. Orientation is arranged for new employees so that they can get the knowledge, understanding of work system as well as the organization culture. Various trainings are regularly arranged, both in-house and outside trainings, especially in the field of hire-purchase business, computer, HR, Accounting and Taxes appropriately depending on the related duties of the employees.

# Corporate Governance

The Board of Directors realizes the importance of good corporate governance which will add more value to the Company and also contribute long term benefits to its stakeholders such as shareholders, employees, suppliers, customers as well as the society as a whole. Therefore, the Board has resolved the following Corporate Governance Policy to serve as its operation guideline for the Board of Directors, management and all the employees as follows :

## Corporate Governance Policy:

1. Emphasize on the responsibility to the society as a whole by encouraging the Directors, management and all the employees to carry out their duties and activities in compliance to the rules, laws, regulations as well as following the code of ethics in doing business.
2. Emphasize on transparency in doing business by disclosing information in compliance to the related laws, rules and regulations.
3. Initiate internal control system with the collaboration from the Board of Directors, Audit Committee and management so that the business operation is done in compliance to the good corporate governance principles. The guideline and efficiency of the auditing and internal control systems shall be regularly evaluated and reviewed.
4. Carefully control the business activities which may lead to conflict of interest among different departments so that it becomes transparent and fair without any bias.
5. Respect the rights of stakeholders. Treat all concerns with honesty and justice by supporting various activities to build good relationships among the stakeholders and sustain the stability growth of the Company's business.
6. Respect the legal right of the shareholders by giving them equitable treatment in shareholder's meeting and also provide them with equitable and sufficient information.
7. Maintain the operation guidelines to be in compliance with the management policy including the business philosophy according to the Company's objective in order to protect the utmost interest of the shareholders.

The compliance of CG policy as of 2013 appears on the Company's website under Investor Relations section / Corporate Governance

## Sub-committees

Currently, the Board of Directors has set up only 1 sub-committee, i.e. Audit Committee and has not set up Nomination and Compensation Committee due to its small and uncomplicated nature of the organization and also small member of the Board of Directors with very minimal turnover of the directors so that the Nomination Committee might not be necessary. As for the determination of remunerations, the management's remunerations are determined by the Board of Directors and the remunerations for the Board of Directors are determined by the shareholders' meeting.



## Audit Committee

### Structure of Audit Committee

As of 31 December, 2013, the Company's Audit Committee comprised of 4 Independent Directors. Mr. Sonit Pichyangkul is the Audit Committee who possesses the knowledge and experiences in auditing of Company's financial statement. Moreover, he also has direct experiences in hire-purchase business which is the Company's main business.

The Audit Committee's term of office was determined to be a term of 2 years and can be renewed at a 2-year term each. The present Audit Committee was first appointed on 11 May, 2011 and the term had been most recently renewed on 11 May, 2013.

List of the Audit Committee and their meeting attendance during 2013 are as follows:

Name	Position	Audit Committee Meeting	
		No. of Meetings	No. of Attendance
1. Gen. Suebsan Dardarananda	President of Audit Committee / Independent Director	7	7
2. Mr. Sonit Pichyangkul	Audit Committee / Independent Director	7	7
3. Dr. Pholdej Therdphithakvanit	Audit Committee / Independent Director	7	7
4. Mr. Krit Phanratanamala	Audit Committee / Independent Director	7	7

### Duties and Responsibilities of Audit Committee

The Audit committee takes responsibility subject to Board of Directors' assignment and reports directly to the Board of Directors as follows:

1. Review the Company's financial reporting process to ensure accuracy and sufficiency.
2. Review to ensure that the Company has appropriate and efficient internal control system and internal audit system and review the independency of the Internal Audit Department. The Audit Committee shall approve the appointment, transfer or termination of the head of Internal Audit Dept. or other related department responsible for the internal auditing of the Company.
3. Review the performance of the Company to ensure compliance with the Securities and Exchange Acts, rules and regulations of the Stock Exchange or other laws relating to the Company's business.
4. Consider, select and recommend independent external auditor and determine their remunerations and participate in the meeting with the external auditor without the Company's management at least once a year.
5. Ensure that the connected transaction or transaction that may lead to conflict of interest has been done in compliance to the laws and regulations of the SET & SEC.
6. Prepare report of the Audit Committee and disclose it in the annual report of the Company. Such report should be signed by the Chairman of the Audit Committee and should contain the minimum information as follows:
  - Comment on accurateness, completeness and credibility of the Company's financial report.
  - Comment on the sufficiency of the Company's internal control system.
  - Comment on the Company's compliance with Securities and Exchange Acts and SET's regulations and other laws relevant to the Company's business.
  - Comment on suitability of the external auditor.
  - Comment on transactions that may have conflicts of interest.
  - Number of meetings of the Audit Committee, and attendance of each member.

- Overall comments or remarks that the Audit Committee has while carrying out their duties prescribed in the Charter.

- Any other transactions that the shareholders and general investors should know within the scope of duties and responsibilities of the Audit Committee assigned by the Board of Directors.

7. Perform other duties as assigned by the Board of Directors with the consent of the Audit Committee.

In order to support the successful performance of the Audit Committee, the Audit Committee is able to invite the Company's executives or employees to make comments or provide facts or participate in the meeting or present any related documents required as well as to have the authority to hire consultant or other third parties according to the Company's rule to seek for their opinion or advices as necessary.

## Nomination and Appointment of Directors and Highest Level Management

### (1) Independent Director

In nominating of Independent Director the Board of Directors will consider from those who possess suitable qualifications or at least must possess the minimum qualifications specified by the SEC's regulations Ref: GorLorTor.Gor.(Wor) 32/2551. In addition to those minimum qualifications, other qualifications such as being a reputable or acceptable in society person or possess knowledge and experiences of an Audit Committee are also considered, such as the experience in financial statement auditing or other work experience directly in hire-purchase business which is the same business as the Company. Most importantly, independency is the most significant qualification required. Those nominated persons shall be proposed for appointment from the Board of Directors' meeting or shareholders' meeting as the case may be.

### (2) Nomination of Directors and Highest Level Management

The Company has not set up any Nomination Committee. In nominating persons to be appointed as Directors or highest level management of the Company, the Board of Directors shall consider from the caliber, experiences, vision and reliability of such person together with the past knowledge and skills which might be beneficial to the Company's business operation, including good understanding of the Company's business so that they are able to achieve the Company's goal and objectives determined by the Board of Directors. Those nominated persons shall be proposed for appointment from the Board of Directors' meeting or shareholders' meeting as the case may be.

The Company's Articles of Association states that in each of annual general meeting, one-third of directors or nearest amount (1/3) has to be resigned by rotation. The retired directors shall be determined by the ones who were in the position the longest. The retired Directors can be re-elected. The list of directors who retired by rotation each year as well as the list of the Board of Directors after the re-election shall be disclosed in the Notice to the AGM Meeting and recorded in the said meeting each year.

The principle and voting method of the election of Directors in the shareholders' meeting shall be as follows:

1. The voting for election of director shall use majority vote given that each shareholder has the voting right of one share for one vote

2. The voting for election of director shall be done individually for each person. The shareholder can cast their total votes they have for each individual nominated person to be the director one by one.

3. The person who receives the subsequent highest vote shall be the one elected the directors until the number of elected director is equal to the number of required director of such election. In case of a tie vote for the persons with next highest voting amount so that it exceeds the required number of director for such election, Chairman of the meeting shall cast an additional vote to make the resolution.

However, in case the vacancy of director is from the reasons other than the expiration of the term of office, the remaining Board of Directors shall elect a new director to substitute for the vacant position unless such director has the remaining term of office less than 2 months. Such resolution shall require the vote of not less than three-fourth of the remaining directors. The substitute director shall hold office only for the remaining term of office of the director whom he or she replaces.

## Governance on the Company's Subsidiary and Affiliated Company

Since the Company's subsidiaries have the Company holding 100% stakes, the Board of Directors of the Company has assigned some members of its Board of Directors to become the Board of Directors of the subsidiary companies. Board of Directors of the subsidiary companies has the obligations in operating the subsidiaries' business to its best interest. Such assignment of designated persons as directors in the subsidiary companies has done in accordance with the shareholding proportion of the Company.

In addition, the designated persons also have the obligation to ensure that the subsidiary companies are having appropriate rules regarding related transactions, acquisition or disposal of assets or other significant transactions including the compliance of the related rules and regulations concerning the disclosure of such information and also ensure that such transactions are done by complying to the same rules and regulations as the Company which are the rules derived from the SET. This includes the keeping of records and accounting of the subsidiary companies' information that is auditable and also able to submit for consolidation to the Company on time.

## Governance on Inside Information Usage

The Company complies with the corporate governance principle in governing the usage of inside information by setting up a written code of ethics of the director, management and employees that has been approved and announced to the employees. The governance on inside information usage are summarized as follows:

- Inside information must not be used for personal interest in buying or selling of the Company's shares or be disclosed to other persons for buying and selling of the Company's shares
- The directors or other employees who can access to Company's financial information are not allowed to buy or sell the Company's shares at least 7 days prior to the disclosure of the Company's financial statements or financial status as well as other important information
- Those who can access the Company's important information have to report their shareholding of the Company's shares and their changes in the shareholding according to the set rules of the Company and or the SEC to avoid abuse of inside information

In addition, whenever there is a new director or executive who is in the position which needs to report their shareholding of the Company's shares according to the SEC's rule, the Company Secretary shall inform those persons of the duty to disclose their shareholding and changes of the shareholdings of the Company's shares to the SEC in compliance to the Section 59 of the Securities & Exchange Act B.E 2535. In the event of a newly accepted position, such report is required within 30 days and in the event of the changing of the shareholding, report should be done within 3 days from the executed date. The Company Secretary should be notified of such changing of shareholding in order to keep record and report in the next Board of Directors' meeting.

## Remunerations of External Auditor

In the year 2013, the Company paid an audit fee to the external auditor at 1,750,000 Baht with a non-audit fee of 125,000 Baht for reviewing of the purchased price allocation of GLF for FS consolidation purpose.



# Corporate Social Responsibilities

Since the nature of the Company's business does not have direct impact on the environment, the corporate social responsibilities of the Company emphasize on the responsibilities in treating the employees, customers, competitors, etc. with justice and honesty and will not support any incidents that might lead to corruption. The Board of Directors adopts the guidelines below:

## 1 . Operate Business with Fairness

- The Company shall compete with the competitors with fairness, without unreasonable attack, slanderous or distortion of information for own advantage.
- The Company shall support only fair service in providing financial service that is highly beneficial to the consumers and will not coordinate with the competitors to do any damage to the consumers for the Company or its allies' benefits.
- The Company shall not search for competitor's trade secret information dishonestly or in breach of business ethics
- The Company shall encourage and not involve in any pirate of intellectual property and shall encourage employees to use only the products with copyrights.

## 2. Anti-corruption

The Company values the importance of the implementation of anti-corruptions and bribery both directly or indirectly which beneficial to personal, family, friends and acquaintances whether in the side of a receiver or the person who offers bribes both in monetary or non-monetary forms to the government sectors or private companies that the Company are dealing business or having contact with but shall be obliged to comply with the set anti-corruption guidelines strictly as follows:

- There should not be any direct or indirect benefits whether to oneself, family and friends received from the Company. For example, the selling of goods and services to the Company or competing with the Company. Avoid accepting any feast from the persons who have business connection with the Company or other persons who might expect some benefits from the employees.
- Never ask or receive any unjustified benefits both directly or indirectly or other benefits in exchange for the commercial benefits including bribes or dishonest incidents in doing business
- The employees who cheat or violate the code of ethics shall be put on disciplinary actions and penalized according to the Company's rules and might as well have to be penalized by law if such violations are unlawful.
- Employees should not neglect whenever they found some clues or corruption events happened in the Company and should notify their supervisor or other responsible personnel and coordinate in the investigation process. If there are any questions, they should seek advice from their supervisor.

## 3. Respects for Human Rights

The Company values the importance of not involving in the violation of human rights and the freedom of an individual or any collective groups whether directly or indirectly. For example, the Company shall not treat employees unequally even under different races, religious, beliefs, gender, languages, marital status, age, political affiliation, state of origin, sexual deviation, physical condition, etc. The Company shall not exercise forces or encourage any forces in threatening employees to work whether physically, verbally or mentally.

#### 4. Treating Employees with fairness

In determining the employees' welfares and benefits, the Company shall put the following factors into considerations:

- The employees' duties and responsibilities
- The overall economic situation which may affect the well-beings of the employees
- The salary payment rate and employment situation of labor market especially in the same industry
- The business growth potential and the paying capacity of the Company. In 2013, the Company's Board of

Directors had approved the increase of employees' provident fund contribution rate from 3% to 5% across the board effective on 1 Jan 2014

#### 5. Responsibilities for Consumers

In doing business, the Company is responsible for the consumers on the basis of honesty and good business ethics since the Company is a financial service provider in order to create reliability to the consumers as well as to maintain the sustainable growth of the Company. As a result, the guidelines for responsible credit granting were set up as follows:

- The Company shall suggest the appropriate installment condition for each individual customer base on their repayment capacity and shall not grant credit to those customers who may possibly have problems in paying back the loan in the future in order to help them to avoid creating liabilities obligation which is not suitable for them.
- The Company shall present its services clearly and transparently in terms of conditions and different fees charged to be fair and beneficial to the customers.
- The Company may offer some assistance to the customers who may have financial problems during unexpected or uncontrollable crisis such as natural disaster, political unrest by providing debt-restructuring scheme as deemed appropriate.

## Internal Controls

During the Company's Board of Directors' Meeting No. 3/2014, held on February 17<sup>th</sup>, 2014 which consisted of the Board of Directors together with the Audit committee, a report on internal control systems of the Company was presented and clarified by the management. From the assessment of the internal control systems of the Company based on the SEC's assessment form announced in August, 2013 which also based on the COSO 2013 Principle which consists of 5 measures, the organization and environment, risk management, management control activities, Information & communications and monitoring which were extended into 17 points of focus, the Board of Directors believed that the Company's internal control systems were sufficient. Sufficient personnel were set up to handle the system effectively. Moreover, the Company's subsidiaries activities were controlled and monitored sufficiently so that it can protect the Company's assets from being abused by the directors or management and also prevent the conflict of interest with the related persons. The internal control in other matters were also viewed to have sufficient control so that the Independent Directors or Audit Committee including the external auditor have had no other comments or having the opinion that the Company's internal control systems are having any deficiency. The Company's internal control systems are as follows:

### 1. Organizational Control and Environment Measure

The Company's organization structure and authorities and responsibilities of each department were clearly stated in writing. Future objectives and targets were also determined so that the management and staff in different levels can achieve the same goals together. The achieving of such goals should be based on honesty, loyalty and ethics. The Company also had a written rule forbidden the management and staffs to do anything which may lead to conflict of interest and penalty of such violation was also determined.

### 2. Risk Management Measure

Management gives significant importance to risk management because the nature of the Company's business is related directly to risks. Special cares were taken for financial management and credit approval process by evaluating potential risk and setting preventive measures and risk management. There are preventive measures and evaluations of risk from information technology data base which is considered the core of operational performance. In addition, management also continuously evaluates other external factors which might incur risk to the Company's operation.

### 3. Management Control Activities

The Company's management structure together with the scope of authority and responsibilities were written clearly for each department. To ensure accuracy and compliance with law and the Company's regulation, internal control systems for each operational process were established to verify and control the operation of each department.

### 4. Information and Communication Measure

The Company always gives importance to information technology system and communication system so that the compiling and analyzing of data were done with speed, accuracy, and in time. Standard of operations were set up for the staff to be able to receive information clearly and correctly which also support the decision making of the management and the Board of Directors on both problem solving and planning especially the accounting and financial information.

## 5. Monitoring

The Company has always monitored its business operating result in order to be able to achieve the set goals. Management meeting is set up at least once a month to monitor the operating result. In case of an urgent problem arising from other significant factors which might seriously affect the normal operation of the Company, an ad hoc meeting can also be held. In addition, the Company also set up Internal Audit Unit which reports directly to the Audit Committee to carry out the internal auditing on the operation of each department of the Company. Its objectives are :

1) To increase the efficiency of the Company's operations and report the result to Audit Committee and management.

2) To ensure that the Company's assets are utilized efficiently.

3) To report to the Audit Committee and management about the possible problems so that preventive solution could be done in time.

4) To ensure the existence of appropriate internal control systems and ensure that the set systems were carried out properly.

## Head of Internal Audit

Mr. Weerawat Skulmeerit were appointed the Manager — Internal Audit Dept. of the Company since 1 July, 2013. The Audit Committee had considered that he has the education and experiences in internal audit functions in the organization with the same nature of business as the Company so that he is probably able to understand the Company's activities and operation very well. In addition, his past training in various internal control and audit courses also equip him to carry out his duties in such position well. Therefore, the Audit Committee views that Mr. Weerawat is suitable for the position.

The appointment or withdrawn or transfer of the Head of Internal Audit of the Company needs to be approved by the Audit Committee. (please see detail of Internal Audit Manager below)

# Risk Management

The Company has set up policy and process for risk management so that the management can use as guideline for operation. Management is responsible in determining and designing of work systems including the identifying of risk factors. Such business operation or systems planning which taking into account the risk factors enable the management to design the systems well within the acceptable risk level of the Company.

Details of Internal Audit Manager as of 2013

Name / Position /Starting date	Age	Education / Training	Share holding (%)	Relationship between Directors/ Management	Working Experience		
					Period	Position	Organization/Type of Business
Mr. Weerawat Skulmeerit Internal Audit Manager / 1 July, 2013	37	Bachelor of Accounting, Dhurakitpundit University - CPIAT 22 @The Institute of Internal Auditors of Thailand.(IIA) - IACP Generation5 @ Federation of Accounting Professions. (FAP) - COSO - ERM EVALUATION (FAP) - PRINCIPLES OF FRAUD AUDITING (FAP) - AUDIT REPORT WRITING (FAP) - Internal Audit Procedures (IIAT) - Understand Each TFRS (FAP) - Standard All TFRS For NPAEs (FAP) - Microsoft Dynamics Ax - Introduction to IT Governance (FAP) - Computer Audit Technologies (FAP) - IT Risk (FAP)	-	-	2013 -Present	Internal Audit Manager	Group Lease Pcl. (Hire purchase Business)
					2011 - 2013	Operation Control Supervisor	Suzuki Leasing International (Thailand),(leasing business)
					2006 - 2010	Internal Audit and Secretary of Audit Committee	Siam General Factoring Plc. (financial business)
					2004 - 2006	Audit Assistant	Pitisevi & Company (Auditing service)

## Related Party Transactions

The financial statement of Group Lease Public Company Limited as of December 31, 2013 and 2012 presents related transaction as follows :

The relationship between the Company and the related parties are summarized below.

Name of related parties	Relationship with the Company
Group Lease Holdings Pte. Ltd.	Subsidiary
GL Finance Plc.	Subsidiary (held by a subsidiary) has started consolidation at the end of Q2/2013
Asia Partnership Fund Pte. Ltd.	Company's director is major shareholders of that company / Common director
A.P.F. Group Co., Ltd.	Company's director is major shareholders of that company / Common director
Devenco Management and Consulting Co., Ltd.	Common director with GLF
Tennis Federation of Cambodia	GLF's director is general secretary of the Federation

**Related transaction between the company and subsidiary companies as at 31 December 2013 and 2012**

Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec 2013	31 Dec 2012		
GL Finance Plc.	The Company	Hire-Purchase Interest Income	28	-	Contract	The company provide hire-purchase service for agricultural machinery to GL Finance Plc. for donation to the educational institution with the market interest rate as in the general business.
		Interest income	112	-	7%	The company lend to GL Finance Plc. to support business expansion in regional country with an interest rate close to the normal rate when the company borrow from the bank.
		Short-term loans to and interest receivable			7%	
		Beginning Balance	3,067	-		
		Increase	215	3,106		
		Decrease	(121)	(39)		
		Gain from exchange rate	222	-		
		Ending Balance	3,383	3,067		
Group Lease Holdings Pte. Ltd.	The Company	Dividend income	10,000	-	As per declaration	The company lend to Group Lease HoldingsPte. Ltd. to support business expansion in regional country with an interest rate close to the normal rate when the company borrow from the bank.
		Interest Income	10,638	601	7%	
		Short-term loans to and interest receivable				
		Beginning Balance	36,783	-		
		Increase	499,999	37,175		
		Decrease	(336,283)	(392)		
		Ending Balance	200,499	36,783		

**Audit Committee's opinion :**

The Audit Committee has reviewed and validated above transactions, and gave the opinion that the purpose of these transactions are to support the company's business expansion in the regional country with an interest rate close to the normal rate when the company borrow from the bank. And these transactions are needed and for the highest benefit of the company's business. For the hire-purchase service for the machinery is to support educational institution with the market interest rate as in the general business. And this transaction has benefit as a kind of promotion for the subsidiary in the regional country.

Other Related transactions between related parties as at 31 December 2013 and 2012

Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec 2013	31 Dec 2012		
GL Finance Plc.	The company	Interest Income	103	57	6-9%	The company lend to GL Finance Plc. to support business expansion in regional country with an interest rate close to the normal rate when the company borrow from the bank.
GL Finance Plc.	Group Lease Holdings Pte. Ltd.	Interest Income	1,459	193	6-9%	Group Lease Holdings Pte. Ltd.lend to GL Finance Plc. to support business expansion in regional country with an interest rate close to the normal rate when the company borrow from the bank.
Devenco Management and Consulting Co., Ltd.	Group Lease Holdings Pte. Ltd.	Interest Income	1,985	-	6-9%	Group Lease Holdings Pte. Ltd. lend to Devenco Management and Consulting Co., Ltd. to support business expansion in regional country with an interest rate close to the normal rate when the company borrow from the bank.
		Short-term loans to and interest receivable				
		Beginning Balance	-	-		
		Increase	52,312	-		
		Decrease	-	-		
		Loss from exchange rate	(3,294)	-		
		Exchange diff on translation of finstat in foreign currency	2,323	-		
		Ending Balance	51,341	-		
Tennis Federation of Cambodia	Group Lease Holdings Pte. Ltd.	Interest Income	81	-	6-9%	Group Lease Holdings Pte. Ltd. lend to Tennis Federation of Cambodia to promote the business in regional country and With interest rate close to the normal rate when the company borrow from the bank.
		Short-term loans to and interest receivable				
		Beginning Balance	-	-		
		Increase	3,708	-		
		Decrease	(30)	-		
		Exchange diff on translation of finstat in foreign currency	143	-		
		Ending Balance	3,821	-		



Other Related transactions between related parties as at 31 December 2013 and 2012

Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec 2013	31 Dec 2012		
A.P.F. Group Co., Ltd.	Group Lease Holdings Pte. Ltd.	Deposit	65,627	-	-	A deposit of Group Lease Holdings Pte. Ltd. has been pledged as collateral to A.P.F. Group Co., Ltd. who assisted with procurement of loans from a financial institution. After financial year end, Group Lease Holdings Pte. Ltd. finally did not borrow from the financial institution so the deposit had been returned in fully amount.

Audit Committee's opinion :

The Audit Committee has reviewed and validated above transactions, and gave the opinion that the purpose of these transactions are to support the company's business expansion in the regional country with an interest rate close to the normal rate when the company borrow from the bank. And these transactions are needed and for the highest benefit of the company's business.



# Financial Highlight

## Conclusion of Auditors' Report

For the past three years the Company's financial statements had been audited and have the opinion from the auditors as follows :

Financial Statement	Company	Auditors' Name	CPA No.	Opinion
2013	Ernst and Young Office Limited	Ms.Pimjai Manitkajohnkit	4521	Unqualified
2012	Ernst and Young Office Limited	Ms.Pimjai Manitkajohnkit	4521	Unqualified
2011	Ernst and Young Office Limited	Ms.Pimjai Manitkajohnkit	4521	Unqualified

## The financial position

of Group Lease Public Company Limited and its subsidiaries

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements					
	2013		2012		2013		2012		2011	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Amount</b>										
<b>Current assets</b>										
Cash and cash equivalents	320.55	5.83	14.36	0.41	86.16	1.58	10.89	0.31	187.96	8.09
Current portion of hire purchase and installment sales receivables	2,208.37	40.18	1,493.37	43.11	2,145.49	39.22	1,493.37	43.16	676.42	29.12
Assets foreclosed	21.15	0.38	18.63	0.54	21.15	0.39	18.62	0.54	15.42	0.66
Short-term loan and interest receivable	23.37	0.43	-	-	-	-	-	-	-	-
Short-term loan to and interest receivable from related parties	55.16	1.00	20.54	0.59	203.88	3.73	39.85	1.15	-	-
Other current assets	133.13	2.42	125.92	3.64	123.57	2.25	125.92	3.64	54.47	2.36
<b>Total current assets</b>	<b>2,761.73</b>	<b>50.24</b>	<b>1,672.82</b>	<b>48.29</b>	<b>2,580.25</b>	<b>47.17</b>	<b>1,688.66</b>	<b>48.80</b>	<b>934.27</b>	<b>40.23</b>

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements					
	2013		2012		2013		2012		2011	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Non-current assets</b>										
Pledged fixed deposit at financial institution	0.31	0.01	0.31	0.01	0.31	0.01	0.31	0.01	0.31	0.01
Share subscription payment in advance	-	-	34.14	0.99	330.82	6.05	-	-	-	-
Investment in subsidiary company	-	-	-	-	110.70	2.02	18.69	0.54	-	-
Hire purchase and installment sales receivables - long-term portion	2,323.23	42.27	1,637.94	47.29	2,275.92	41.60	1,637.94	47.34	1,239.33	53.36
Property, plant and equipment	70.88	1.29	55.83	1.61	61.02	1.12	55.82	1.61	56.30	2.42
Intangible assets	105.07	1.91	-	-	-	-	-	-	-	-
Goodwill	43.68	0.79	-	-	-	-	-	-	-	-
Deferred tax assets	60.98	1.11	20.97	0.61	60.98	1.11	20.97	0.61	55.31	2.38
Other non-current assets	130.63	2.38	41.80	1.20	50.47	0.92	37.70	1.09	37.04	1.60
<b>Total non-current assets</b>	<b>2,734.78</b>	<b>49.76</b>	<b>1,790.99</b>	<b>51.71</b>	<b>2,890.22</b>	<b>52.83</b>	<b>1,771.43</b>	<b>51.20</b>	<b>1,388.29</b>	<b>59.77</b>
<b>Total assets</b>	<b>5,496.51</b>	<b>100.00</b>	<b>3,463.81</b>	<b>100.00</b>	<b>5,470.47</b>	<b>100.00</b>	<b>3,460.09</b>	<b>100.00</b>	<b>2,322.56</b>	<b>100.00</b>
<b>Liabilities and shareholders' equity</b>										
<b>Current liabilities</b>										
Bank overdraft and short-term loans from financial institutions	13.55	0.25	50.00	1.44	13.55	0.25	50.00	1.45	-	-
Trade accounts payable	4.32	0.08	14.42	0.42	3.22	0.06	14.42	0.42	3.30	0.14
Current portion of long-term loans	1,808.59	32.90	887.95	25.63	1,808.59	33.06	887.95	25.66	694.95	29.92
Income tax payable	49.44	0.90	30.53	0.88	45.48	0.83	30.22	0.87	46.02	1.98
Insurance premium payables	10.10	0.18	12.68	0.38	9.21	0.17	12.68	0.37	7.27	0.31
Accrued expenses	28.91	0.53	23.99	0.69	22.56	0.41	23.64	0.67	6.44	0.28
Other current liabilities	24.47	0.44	17.34	0.50	21.78	0.40	17.17	0.50	21.56	0.93
<b>Total current liabilities</b>	<b>1,939.38</b>	<b>35.28</b>	<b>1,036.91</b>	<b>29.94</b>	<b>1,924.39</b>	<b>35.18</b>	<b>1,036.08</b>	<b>29.94</b>	<b>779.54</b>	<b>33.56</b>

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements					
	2013		2012		2013		2012		2011	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Non-current liabilities</b>										
Long-term loans, net of current portion	1,288.93	23.45	834.01	24.08	1,288.93	23.56	834.01	24.10	189.37	8.15
Provision for long-term liabilities										
Provision for long-term employee benefits	4.16	0.08	2.77	0.08	4.16	0.08	2.77	0.08	1.74	0.08
Cash guarantee for damage on hire purchase agreements	2.30	0.04	2.31	0.06	2.30	0.04	2.31	0.07	2.43	0.11
Deferred tax liabilities	0.66	0.01	-	-	-	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>1,296.05</b>	<b>23.58</b>	<b>839.09</b>	<b>24.22</b>	<b>1,295.39</b>	<b>23.68</b>	<b>839.09</b>	<b>24.25</b>	<b>193.54</b>	<b>8.34</b>
<b>Total liabilities</b>	<b>3,235.43</b>	<b>58.86</b>	<b>1,876.00</b>	<b>54.16</b>	<b>3,219.78</b>	<b>58.86</b>	<b>1,875.17</b>	<b>54.19</b>	<b>973.08</b>	<b>41.90</b>
<b>Shareholders' equity</b>										
Issued and paid-up capital of Baht 0.50 each	512.35	9.32	344.86	9.96	512.35	9.37	344.86	9.97	311.61	13.42
Share premium	933.68	16.99	414.92	11.98	933.68	17.07	414.92	11.99	293.66	12.64
Share subscription received in advance	1.00	0.02	19.64	0.57	1.00	0.02	19.64	0.57	149.50	6.44
Warrants	0.54	0.01	2.22	0.06	0.54	0.01	2.22	0.06	2.01	0.09
Capital reserve for share-based payment transactions	2.22	0.04	0.86	0.02	2.22	0.04	0.86	0.02	-	-
Exchange differences on translation of financial statements in foreign currency	23.80	0.43	(1.24)	(0.04)	-	-	-	-	-	-
Retained earnings										
Appropriated - statutory reserve	72.09	1.31	57.04	1.65	72.09	1.32	57.04	1.65	43.15	1.86
Unappropriated	715.40	13.02	749.51	21.64	728.81	13.31	745.37	21.55	549.55	23.65
<b>Total shareholders' equity</b>	<b>2,261.08</b>	<b>41.14</b>	<b>1,587.81</b>	<b>45.84</b>	<b>2,250.69</b>	<b>41.14</b>	<b>1,584.92</b>	<b>45.81</b>	<b>1,349.48</b>	<b>58.10</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,496.51</b>	<b>100.00</b>	<b>3,463.81</b>	<b>100.00</b>	<b>5,470.47</b>	<b>100.00</b>	<b>3,460.09</b>	<b>100.00</b>	<b>2,322.56</b>	<b>100.00</b>

## Statement of comprehensive income

of Group Lease Public Company Limited and its subsidiaries

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements					
	2013		2012		2013		2012		2011	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Revenues</b>										
Hire purchase interest income	1,258.28	85.51	837.22	87.42	1,251.39	86.80	837.22	87.92	824.15	92.47
Other income	213.26	14.49	120.44	12.58	190.26	13.20	115.08	12.08	67.11	7.53
Total revenues	1,471.54	100.00	957.66	100.00	1,441.65	100.00	952.30	100.00	891.26	100.00
<b>Expenses</b>										
Services and administrative expenses	362.84	24.66	249.37	26.04	318.48	22.09	248.46	26.09	136.29	15.29
Bad debts and doubtful accounts	343.64	23.35	45.25	4.73	342.42	23.75	45.25	4.75	205.36	23.04
Loss on disposals of foreclosed assets	314.39	21.36	140.25	14.64	314.39	21.81	140.25	14.73	132.60	14.88
Total expenses	1,020.87	69.37	434.88	45.41	975.29	67.65	433.96	45.57	474.25	53.21
Profit before finance cost and income tax expenses	450.67	30.63	522.79	54.59	466.36	32.35	518.34	54.43	417.01	46.79
Finance cost	(145.71)	(9.90)	(63.00)	(6.58)	(145.71)	(10.11)	(63.00)	(6.62)	(74.66)	(8.38)
Income tax expenses	(64.65)	(4.40)	(102.40)	(10.69)	(62.80)	(4.36)	(102.09)	(10.72)	(127.28)	(14.28)
Profit for the year	240.31	16.33	357.38	37.32	257.85	17.88	353.24	37.09	215.08	24.13
Basis earnings per share (Baht)	0.25		0.44		0.27		0.30		3.65	



## Financial Ratio

	Consolidated financial statements		Separate financial statements		
	2013	2012	2013	2012	2011
<b>Profitability Ratio</b>					
Yield Rate	32.84	n/a	33.14	33.18	38.10
Interest Rate	5.97	n/a	5.97	4.74	6.29
Net Yield Rate	26.87	n/a	27.17	28.44	31.81
Net Profit Rate	16.33	37.32	17.89	37.09	24.13
Return on Equity	12.49	n/a	13.45	24.08	18.23
<b>Efficiency Ratio</b>					
Return on Total Assets	5.36	n/a	5.77	12.22	8.66
Total Assets Turn Over Ratio (Times)	0.33	n/a	0.32	0.33	0.36
<b>Financial Policy Ratio</b>					
Ratio of Liability to Equity (times)	1.43	1.18	1.43	1.18	0.72
Ratio of Total Receivable to Loan from (times)	1.57	n/a	1.55	1.90	1.82
Dividend Rate	n/a	69.79	n/a	69.79	68.85
<b>Asset Quality Ratio</b>					
Ratio of Allowance for Doubtful Debt to					
Total Receivable	7.94	5.28	8.09	5.28	13.20
Bad Debt to Total Receivable	2.59	4.90	2.65	4.90	6.45
Ratio of Non performing loan to					
Total Receivable	8.65	3.25	8.85	3.25	5.76

# Management Discussion & Analysis

In the year 2012, the company acquired Group Lease Holdings Pte., Ltd. and has started to consolidate financial statement at the end of 2012. And in the third quarter of the year 2013, the company has started to consolidate on statement of comprehensive income with GL Finance Plc. (the subsidiary in Cambodia) so the operating result in 2013, 2012 and 2011 may have different from an impact of this factors apart from the normal operation.

## Overall Operating Result

The Company operates motorcycle hire-purchase financing business in Bangkok & Metropolitan and the vicinity provincial areas in which the main income also comes from such business and overall operating result of this business relate to the motorcycle's manufacturing and sales industry. In the year 2013, the number of new registered motorcycle in Bangkok & Metropolitan were 466,264 units which was 0.44% increase from the year 2012 for 464,230 units. In 2013 Motorcycle sales was quite stable compare to 2012 due to the economic and political situation. In the year 2012, the amount of new motorcycles registration in Bangkok & Metropolitan were 464,230 units which was 18.77% increase from the year 2011 for 390,862 units. The major factors are recovery from the flood in Bangkok on Q4/2011 and government policies which stimulate spending of the people such as adjustment of minimum wage. For the year 2014 - 2017, the company will keep focusing on motorcycle hire-purchase business expansion in Bangkok and Vicinity Area and the upcountry in Thailand and also other Asean Countries.

Although the overall motorcycle sales market was quite slow down in the year 2013, the company still can maintain business growth from the 2nd quarter of the year 2012. As at 31 December 2013, the Company had hire-purchase account receivable — net Baht 4,421.41 million or increase 41.20% from Baht 3,131.31 million at the end of 2012. For the year 2013, total income was Baht 1,441.65 million, increase 51.39% from Baht 952.30 million of the year 2012.

As at 31 December 2012, the Company had hire-purchase account receivable - net 3,131.31 million or decrease 63.45% from 1,915.75 million at the end of 2011. For the year 2012, the total income was Baht 952.30 million, increase 6.85% from Baht 891.26 million of the year 2011.

## Revenue

### Separate financial statements

Separate financial statements						
Revenue	2013		2012		2011	
	Million Baht	% of total revenue	Million Baht	% of total revenue	Million Baht	% of total revenue
Hire purchase interest income	1,251.39	86.80	837.22	87.92	824.15	92.47
Other Incomes	190.26	13.20	115.08	12.08	67.11	7.53
<b>Total</b>	<b>1,441.65</b>	<b>100.00</b>	<b>952.30</b>	<b>100.00</b>	<b>891.26</b>	<b>100.00</b>

From the Company's revenue structure, around 87% comes from hire purchase interest incomes. In the year 2013, the hire purchase interest incomes were Baht 1,251.39 million (or 86.80 % of total revenues) increased 49.47% from the year 2012 which recorded Baht 837.22 million relate to the growth of the hire-purchase portfolio. The portion of hire purchase interest income decreased from 87.92 % in the year 2012 to 86.80 % in the year 2013.

In the year 2012, hire purchase interest incomes were Baht 837.22 million (or 87.92 of total revenues) increased from the year 2011 which recorded Baht 824.15 million or an increase of 1.59% from the growth of the hire purchase portfolio.

The other incomes mainly came from the penalty income, bad debts recovery, registration fee and dividend income. In the year 2013, other incomes were Baht 190.26 million, increased from the year 2012 which recorded Baht 115.08 million or an increase of 65.33 %. Other incomes has been increased significantly since year 2011, mainly from an improvement of collection efficiency and strategy to follow up the debt which was write off.

In the year 2012, the Company's other incomes were Baht 115.08 million which increased from the year 2011 which recorded Baht 67.11 million or an increase of 71.48 %.

#### Consolidated financial statements

Consolidated financial statements				
Revenue	2013		2012	
	Million Baht	% of total revenue	Million Baht	% of total revenue
Hire purchase interest income	1,258.28	85.51	837.22	87.42
Other Incomes	213.26	14.49	120.44	12.58
<b>Total</b>	<b>1,471.54</b>	<b>100.00</b>	<b>957.66</b>	<b>100.00</b>

The Company's revenue structure of consolidated financial statements as same as the separate financial statements. In the year 2013, hire purchase interest incomes were Baht 1,258.28 million (or 85.51% of total revenues) which increased 50.29% from the year 2012 which recorded Baht 837.22 million relate to the growth of the hire-purchase portfolio. The portion of hire purchase interest incomes decreased from 87.42% in the year 2012 to 85.51% in the year 2013. However, income of the year 2013 was consolidation by the separate financial statement, Group Lease Holdings Pte., Ltd. and GL Finance Plc. while the year 2012 was consolidation between separate financial statement and Group Lease Holdings Pte., Ltd.

## Expenses

#### Separate financial statements

Separate financial statement						
Expenses before finance cost and income tax expenses	2013		2012		2011	
	Million Baht	% of total revenue	Million Baht	% of total revenue	Million Baht	% of total revenue
Services and administrative expenses	318.48	22.09	248.46	26.09	136.29	15.29
Bad debts and doubtful accounts	342.43	23.75	45.25	4.75	205.36	23.04
Loss on disposals of foreclosed assets	314.38	21.81	140.25	14.73	132.60	14.88
<b>Total</b>	<b>975.29</b>	<b>67.65</b>	<b>433.96</b>	<b>45.57</b>	<b>474.25</b>	<b>53.21</b>

Expenses before finance cost and corporate income tax comprises of 3 parts : service and administrative expenses, bad debts and doubtful accounts and loss on disposals of foreclosed assets.

For the year 2013, the Company's expenses before finance cost and corporate income tax were recorded at Baht 975.29 million which increased Baht 541.33 million from the year 2012 which had Baht 433.96 million or an increase of 124.74%. The expenses before finance cost and corporate income tax for the year 2013 increased in the same line of total revenue increasing, compare to the year 2012, was resulted from the following main reason:



- Bad debts and doubtful accounts which comprised of bad debts and allowance for doubtful accounts was set aside higher compared to the year 2012 or decreased by 656.69 % relate to increasing of the overdue account receivable according to business cycle from expansion of hire-purchase portfolio continuously in passed one year. Anyway compare to last year, Bad debts and doubtful accounts was very low because last year still under recovery period from the flood on Q4/ 2011, changing of Criteria for Allowance for Doubtful Account Provision at the end of 2012. For the year 2013, Thailand economy slowdown from economic and political factors which have serious effect since quarter 3.

- Loss on disposals of foreclosed assets which calculated from the value of foreclosed assets deducted by the value of assets sold on auction increased by 124.16% compared to the year 2012 from increasing of repossession units relate to the hire-purchase portfolio expansion and the market price of foreclosed asset dropped by the economic and political situation, increasing rate of Loss on disposals of foreclosed assets is higher than increasing rate of total revenue from expansion of the portfolio. When compared ratio between the loss on disposals of foreclosed assets and the hire purchase receivables for the year 2013, the ratio was 6.54% increased from the year 2012 which was 4.24%. And for the ratio of foreclosed asset unit sold per repossession unit of each financial year we can see quite constant ratio at the rate of 93-95%, detailed as follows:

#### The Ratio of the selling of foreclosed assets to foreclosed assets for sale

Unit : Unit	2013	2012	2011
Balance at the beginning of period	835	626	698
Unit increasing in the period	16,152	10,894	11,344
Foreclosed Asset for Sales	16,987	11,520	12,042
Units Sold	15,998	10,685	11,416
Balance at the end of period	989	835	626
the ratio of foreclosed asset to foreclosed asset for sell	94%	93%	95%

- Services and administrative expenses increasing 28.18%, compared to the year 2012 in order to support continuous business expansion while the total revenues of the year 2013 increased 51.39 % from the year 2012. The ratio of services and administrative expenses to total revenues decreased from 26.09 % in the year 2012 to 22.09% in the year 2013.

For the year 2012, the Company's expenses before finance cost and corporate income tax were recorded at Baht 433.96 million ( or 45.57% of the total revenues) which decreased from the year 2011 which had Baht 474.25 million or an decrease of 8.50%. Decreasing of expenses before finance cost and corporate income tax for the year 2012 was resulted from the following main reason:

- Bad debts and doubtful accounts which comprised of bad debts and allowance for doubtful accounts was set aside higher compared to the year 2011 or decreased by 77.96 % because recovery from the flood in Q4/2011, increasing of new account receivable portion and still can maintain good collection performance. This also included effect from changing of allowance for doubtful account provision criteria, to comply with the actual business circumstance. The company applied this change in estimate prospectively in Q4/2012.

- Loss on disposals of foreclosed assets which calculated from the value of foreclosed assets deducted by the value of assets sold on auction increased by 5.77% compared to the year 2011. When compared the ratio between the loss on disposals of foreclosed assets and the hire purchase receivables for the year 2012, the ratio was 4.24% decreased from the year 2011 which was 6.01%.

- Services and administrative expenses for the year 2012 increasing, compared to the year 2011 in order to support rapid and continuous business expansion while the total revenues of the year 2012 slightly increased from the year 2011. The ratio of services and administrative expenses to total revenues increased from 15.29 % in the year 2011 to 26.09% in the year 2012.

## Consolidated financial statements

Consolidated financial statements				
Expenses before finance cost and income tax expenses	2013		2012	
	Million Baht	% of total revenue	Million Baht	% of total revenue
Services and administrative expenses	362.84	24.66	249.37	26.04
Bad debts and doubtful accounts	343.64	23.35	45.25	4.73
Loss on disposals of foreclosed assets	314.39	21.36	140.25	14.64
<b>Total</b>	<b>1,020.87</b>	<b>69.37</b>	<b>434.88</b>	<b>45.41</b>

For the year 2013, the Company's expenses before finance cost and corporate income tax mainly increased as a result from the separate financial statements. The Company's expenses before finance cost and corporate income tax were recorded at Baht 1,020.87 million which increased from the year 2012 amount Baht 434.88 million or an increase of 134.75%. The expenses before finance cost and corporate income tax for the year 2013 increased in the same line as increasing of the total revenue compare to the year 2012. The consolidated financial statements had services and administrative expenses which increased to support regional business expansion. This is included the amortization on exclusivity right.

## Finance cost

For the year 2013 (separate financial statements and consolidated financial statements), the Company had interest expenses Baht 145.71 million which increased from Baht 63.00 million in the year 2012 or a increase of 131.27 % because long-term loan from financial institution increased to Baht 3,098 million from Baht 1,722 million in the year 2012 due to expansion of the hire purchase portfolio and also the cost of borrowing from the financial institution has an average cost 5.97%, increased from the year 2012 which has average cost 4.74%.

For the year 2012 (Separate financial statements), the Company had interest expenses Baht 63 million which decreased from Baht 74.66 million in the year 2011 or a decrease of 15.61%. Although the long-term loan from financial institution increased to Baht 1,722 million from Baht 884 million in the year 2011 due to expansion of the hire purchase portfolio but the cost of borrowing from the financial institution was an average of 4.74%, decreased from the year 2011 which the average cost of 6.29% so the total interest expenses also decreased.

## Net Profit

### Separate financial statements

In 2013, the Company had profit before financial cost and income tax Baht 466.36 million decreased from the year 2012 by 10.03% mainly due to increasing of the Services and administrative expenses, bad debt and doubtful accounts and Loss on disposals of foreclosed assets. Total expenses increase 124.74% while total revenues increase 51.39% so increasing rate of expense higher than revenue. And after deduct finance cost, the company has profit before tax Baht 320.65 million, decrease 29.58% from Baht 455.34 million of the year 2012.

After corporate income tax, the company has net profit of the year 2013 Baht 257.85 million decrease 27.00% from Baht 353.24 million of the year 2012 (in 2013 corporate tax was 20%).

In 2012, the Company had profit before financial cost and income tax was Baht 518.34 million increasing from the year 2011 by 24.30% due mainly to decreasing of the bad debt and doubtful accounts. This also included effect from changing of allowance for doubtful account provision criteria to comply with the actual business circumstance of the company. The company applied this change in estimate prospectively in Q4/2012, the effect of the change was to decrease allowance for doubtful accounts by a total of Baht 35.9 million, decrease deferred tax assets for the year by Baht 7.2 million and increase profit for the year by Baht 28.7 million. And after deduct finance cost, the company has profit before tax Baht 455.34 million, increase from Baht 342.36 million of the year 2011 or 33%.

After corporate income tax, the company has net profit of the year 2012 Baht 353.24 million increase from Baht 215.08 million of the year 2011 or 64.24%. (in 2012 corporate tax was adjust to 23% from 30% in 2011 to comply with the resolution of the cabinet to decrease tax rate to 23% in the year 2012 and 20% from the year 2013)

### Consolidated financial statements

In 2013, the Company had profit before financial cost and income tax Baht 450.67 million decreasing from the year 2012 by 13.80% mainly due to increasing of the Services and administrative expenses, bad debt and doubtful accounts and Loss on disposals of foreclosed assets. Total expenses increase 134.75% while total revenues increase 53.66 % so increasing rate of expense higher than revenue. And after deduct finance cost, the company has profit before tax Baht 304.96 million, decrease 33.67%. from Baht 459.79 million of the year 2012.

After corporate income tax, the company has net profit of the year 2013 Baht 240.31 million decrease 32.76% from Baht 357.38 million of the year 2012 (in 2013 corporate tax was 20%).

### Profitability Ratio

(Unit: %)

	Consolidated financial statements		Separate financial statements		
Effective Interest Rate	2013	2012	2013	2012	2011
Yield Rate	32.84	n/a	33.14	33.18	38.10
Interest Rate	5.97	n/a	5.97	4.74	6.29
Net Yield Rate	26.87	n/a	27.17	28.44	31.81
Net Profit rate	16.33	37.32	17.89	37.09	24.13

### Earnings per share

#### Separate financial statements

As at the end of 2013, the Company operated a net profit after tax of Baht 257.85 million divided to 1,024.71million ordinary shares and fully paid up at 0.50 Baht par value each or an earning per share of 0.27 Baht per share (the average ordinary share of 953.58 million shares) which was 37.21% decreasing compared to the year 2012. (after adjusting the number of ordinary shares to the change in the par value from Baht 5 to Baht 0.50 per share)

As at the end of 2012, the Company operated a net profit after tax of Baht 353.24 million divided to 68.97million ordinary shares and fully paid up at 5.00 Baht par value each or an earning per share of 5.13 Baht per share ( the average ordinary share of 68.91 million shares) which was 40.54% increasing compared to the year 2011.

#### **Consolidated financial statements**

As at the end of 2013, the Company operated a net profit after tax of Baht 240.31 million divided to 1,024.71million ordinary shares and fully paid up at 0.50 Baht par value each or an earning per share of 0.25 Baht per share ( the average ordinary share of 953.58 million shares) which was 43.18% decreasing compared to the year 2012 same as the separate financial statement. (after adjusting the number of ordinary shares to the change in the par value from Baht 5 to Baht 0.50 per share).

### **Financial Position**

#### **Total assets**

##### **Separate financial statements**

As at the end of 2013, the Company had total assets Baht 5,470.47 million which increased Baht 2,010.38 million or 58.10% from Baht 3,460.09 million at the end of 2012. Motorcycle hire purchase receivables which was the main assets, was recorded at Baht 4,421.41 million (or 80.82 % of total assets), increased from Baht 3,131.31 million at the end of the year 2012 by Baht 1,290.17 million or 41.20%.

As at the end of 2012, the Company had total assets Baht 3,460.09 million which increased from the total assets Baht 2,322.56 million at the end of 2011 or increase of Baht 1,137.53 million or 48.98 %. Motorcycle hire purchase and installment sales receivables which was the main assets, was recorded at Baht 3,131.31 million (or 90.50 % of total assets), increased from Baht 1,915.75 million at the end of the year 2011 by Baht 1,215.56 million or 63.45%.

#### **Consolidated financial statements**

As at the end of 2013, the Company had a total assets of Baht 5,496.51 million which increased from the total assets of Baht 3,463.81 million at the end of 2012 or increase of Baht 2,032.70 million or 58.68 %. Motorcycle hire purchase and installment sales receivables which was the main assets, was recorded at Baht 4,531.60 million (or 82.45 % of total assets) which increased from Baht 3,131.31 million at the end of the year 2012 by Baht 1,400.29 million or 44.72%. Intangible assets and goodwill amount Baht 148.75 million, compare to the year 2012 all increase from acquisition of GL Finance Plc.'s shares by Group Lease Holding Pte. Ltd. (the subsidiary) in the year 2013.

## Debt quality and provision of allowances for doubtful debts

### Separate financial statements

The Company had set provision for the allowance for hire purchase and installment sales receivable which is the main accounts receivable of the Company as at 2013, 2012, and 2011 as follow :

#### Accounts Receivable- Hire Purchase as at December 31, 2013

Aging of Hire – Purchase Accounts Receivable	Accounts Receivable and Accrued Income after deducting hire purchase Interest income, VAT and Deposit for loss from customer (million Baht)	%	Allowance for doubtful debt (Million Baht)	% Allowance for doubtful debt
Not yet due	3,746.06	77.87	36.44	1.00
Past due 1 month	298.63	6.21	29.23	10.00
Past due 2 - 3 months	295.33	6.14	57.97	20.00
Past due 4 - 6 months	207.39	4.31	81.61	40.00
Past due 7 - 9 months	142.98	2.97	84.55	60.00
Past due 10 - 12 months	97.59	2.03	77.11	80.00
Past due over 12 months	22.71	0.47	22.38	100.00
<b>Total</b>	<b>4,810.69</b>	<b>100.00</b>	<b>389.29</b>	<b>8.09</b>

#### Accounts Receivable- Hire Purchase as of December 31, 2012

Aging of Hire – Purchase Accounts Receivable	Accounts Receivable and Accrued Income after deducting hire purchase Interest income, VAT and Deposit for loss from customer (million Baht)	%	Allowance for doubtful debt (Million Baht)	% Allowance for doubtful debt
Not yet due	2,736.06	82.76	26.04	1.00
Past due 1 month	189.36	5.73	18.55	10.00
Past due 2 - 3 months	200.12	6.05	39.40	20.00
Past due 4 - 6 months	119.09	3.60	47.11	40.00
Past due 7 - 9 months	37.95	1.15	22.62	60.00
Past due 10 - 12 months	10.58	0.32	8.44	80.00
Past due over 12 months	12.69	0.39	12.39	100.00
<b>Total</b>	<b>3,305.85</b>	<b>100.00</b>	<b>174.54</b>	<b>5.28</b>

#### Accounts Receivable- Hire Purchase as of December 31, 2011

Aging of Hire – Purchase Accounts Receivable	Accounts Receivable and Accrued Income after deducting hire purchase Interest income, VAT and Deposit for loss from customer (million Baht)	%	Allowance for doubtful debt (Million Baht)	% Allowance for doubtful debt
Not yet due	1,438.97	65.20	14.05	1.00
Past due 1 month	236.70	10.72	2.33	1.00
Past due 2 - 3 months	258.69	11.72	5.10	2.00
Past due 4 - 6 months	164.45	7.45	162.71	100.00
Past due 7 - 9 months	66.22	3.00	65.64	100.00
Past due 10 - 12 months	21.00	0.95	20.88	100.00
Past due over 12 months	21.01	0.96	20.59	100.00
<b>Total</b>	<b>2,207.05</b>	<b>100.00</b>	<b>291.30</b>	<b>13.20</b>

### Appropriation of allowance for doubtful debt

In Q4/2012, the Company changed its accounting estimates to comply with the actual business circumstance of the company. The Company applied this change in estimate prospectively. The effect of the change was to decrease allowance for doubtful accounts by a total of Baht 35.9 million, decrease deferred tax assets for the year by Baht 7.2 million, and increase profit for the year by Baht 28.7 million.

## Aging of Hire – Purchase Accounts Receivable

### Separate financial statements

For the aging of hire – purchase accounts receivable at the end of the years 2013 and 2012, detailed as follow, no overdue decreased from 82.76% to 77.87%, Past due 1 month increased from 5.73% to 6.21%, Past due 2-3 months increased from 6.05% to 6.14%, Past due 4-6 months increased from 3.60% to 4.31%, Past due 7-9 months increased from 1.15% to 2.97%, Past due 10-12 months increased from 0.32% to 2.03%, Past due over 12 months increased from 0.39% to 0.47%.

For the aging of hire – purchase accounts receivable as at the end of the years 2012 and 2011, detailed as follow, not exceed one installment increased from 65.20% to 82.76%, Past due 1 installments decreased from 10.72% to 5.73%, Past due 2-3 installments increased from 11.72% to 6.05%, Past due 4-6 installments decreased from 7.45% to 3.60%, Past due 7-9 installments decreased from 3.00% to 1.15%, Past due 10-12 installments decreased from 0.95% to 0.32%, Past due over 12 installments decreased from 0.96% to 0.39%.

### Consolidated financial statements

For the aging of hire – purchase accounts receivable as at the end of the years 2013 and 2012, are not significantly different from the separate financial statement.

## Allowance for doubtful debt

### Separate financial statements

As at the end of 2013, allowance for doubtful debt has amount Baht 389.29 million, increased from Baht 174.54 million at the end of 2012 123.04% which increasing on all of overdue level especially on overdue 7-9 months with 60% reserve has allowance for doubtful debt Baht 84.55 million, increased from Baht 22.62 million at the end of 2012 273.85%, Past due 10-12 months with 80% reserve has allowance for doubtful debt Baht 77.11 million, increased from Baht 8.44 million at the end of 2012 813.49%. And ratio of allowance for doubtful debt to hire purchase and installment sales receivables were 8.09%, increase from 5.28% at the end of 2012 mainly due to increasing of the overdue account receivable according to business cycle from expansion of hire-purchase portfolio continuously in passed one year and also in 2013, economic was quite slowdown from many factors, especially from the political situation in Q4, compare to the year 2012 allowance for doubtful account was very low with recovery from the flood at the end of 2011.

As at the end of 2012, allowance for doubtful debt has amount Baht 174.54 million which decreased from Baht 291.30 million 40.08%, which decreasing on all level of the overdue over 3 months up but increasing on the level overdue not over 3 months, mainly because of increasing on the portion of new account receivable and also changing of the criteria for allowance for doubtful account provision at the end of 2012 had effected to decreasing of allowance for doubtful account Baht 35.9 million.

## Consolidated financial statements

As at the end of 2013, allowance for doubtful debt has amount Baht 390.69 million, increased from Baht 174.54 million 123.84% which increasing on all overdue level and allowance for doubtful debt to hire purchase and installment sales receivables were 7.94%, increase from 5.28% at the end of 2012 same as separate financial statements.

## Liabilities

### Separate financial statements

As at the end of 2013, the Company's total liabilities were Baht 3,219.78 million increased from Baht 1,875.17 million at the end of 2012 for Baht 1,344.61 million or 71.71 % which main liabilities were loans from financial institutions to support continuous business expansion since Q2/2012 through the end of 2013 so the Company continuously borrow from long-term credit line.

As at the end of 2012, the Company's total liabilities were Baht 1,875.17 million increased from Baht 973.08 million at the end of 2011 for Baht 902.09 million or 92.70% from rapid and continuous business expansion since Q2/2012 through the whole year so the Company continuously borrow from long-term credit line.

### Consolidated financial statements

As at the end of 2013, the Company's total liabilities were Baht 3,235.43 million increased from Baht 1,876.00 million at the end of 2012 for Baht 1,359.43 million or 72.46 % which main liabilities were loans from financial institutions to support continuous business expansion since Q2/2012 through the end of 2013 so the Company continuously borrow from long-term credit line.

## Shareholders' Equity

### Separate financial statements

As at the end of 2013, the Company's shareholders' equity recorded Baht 2,250.69 million comprised of the issued and paid-up capital Baht 512.35 million, share premium Baht 933.68 million, warrant to buy ordinary share Baht 0.54 million, the share subscription received in advance (from the exercising of GL-W2 No.5 as of 27 December 2013 and on 3 January 2014, the Company has registered for an increase of paid-up capital with the Ministry of Commerce) Baht 1.00 million, capital reserve for share-based payment transactions Baht 2.22 million and the retained earnings of Baht 800.90 million. The shareholders' equity had increased Baht 665.77 million from the year 2012 or 42.01%. This came from the exercising of warrant Baht 613.93 million and issuance of stock dividend Baht 72.32 million which had increased the issued and paid-up capital for Baht 167.49 million and resulted in the increasing of the share premium of Baht 518.76 million. In addition, this also caused by the decreasing of the retained earnings of Baht 1.51 from million from net profit of Baht 257.86 million deducted by the amount of dividend paid and issuance of stock dividend totally Baht 259.37 million.

As at the end of 2012, the Company's shareholders' equity recorded Baht 1,584.92 million comprised of the issued and paid-up capital of Baht 344.86 million, share premium of Baht 414.92 million, warrant to buy ordinary share of Baht 2.22 million, the share subscription received in advance (from the last exercising of GL-W2 as of 28 Dec, 2012 in which the increasing capital has not been registered) of Baht 19.64 million, capital reserve for share-based payment transactions Baht 0.86 million and the retained earnings of Baht 802.41 million. The shareholders' equity had increased Baht 235.44



million from the year 2011 or an increase of 17.45%. This came from the exercising of warrant Baht 152.51 million which had increased the issued and paid-up capital for Baht 33.26 million and resulted in the increasing of the share premium of Baht 119.25 million. In addition, this also caused by the increasing of the retained earnings from the net profit of Baht 353.24 million deducted by the amount of dividend paid for 2011 operating result as well as the interim dividend payment for the first half of the year 2012 total Baht 143.53 million.

### **Consolidated financial statements**

As at the end of 2013, the Company's shareholders' equity recorded Baht 2,261.08 million comprised of the issued and paid-up capital, share premium, warrant to buy ordinary share, the share subscription received in advance and capital reserve for share-based payment transactions, as same as the separate financial statements plus exchange differences on translation of financial statements in foreign currency Baht 23.80 million. Since Q3/2013 Group Lease Holding Pte. Ltd. (the subsidiary) acquired shares of GL Finance Plc., resulted increasing on the retained earnings of subsidiary companies and the amortization on exclusivity right. The shareholders' equity had increased Baht 673.27 million from the year 2012 or 42.40%.

## **Liquidity**

### **Separate financial statements**

As for the year 2013, the Company's had the cash and cash equivalent increased by Baht 75.27 million so that the cash and cash equivalent as of the end of the year had the outstanding balance of Baht 86.16 million. The net cash flows received and used in each activities was came from as follows:

The Company's net cash flow used in operating activities Baht 1,086.88 million which came from the net profit from the operating result before assets and liabilities changes of Baht 1,126.61 million. The motorcycle hire purchase receivables increased Baht 1,632.52 million and the assets foreclosed increased by Baht 325.91 million.

The Company's net cash flow used in investment activities was Baht 583.52 million which used in the purchasing of properties of Baht 14.22 million, cash paid for additional in share capital of subsidiary company Baht 92.01 million, short-term loan to related parties Baht 489.36 million, interest received Baht 2.18 million and dividend received Baht 10.00 million.

The Company's net cash flow from financing activities was Baht 1,745.67 million which came from the cash received from long-term loan Baht 2,837.0 million, the repayment of long-term loan Baht 1,461.44 million and the overdraft accounts as well as the short-term loan also by Baht 36.45 million. Cash flow received from the warrant exercising was Baht 592.61 million. Nevertheless, there was a payment of dividend of Baht 187.05 million.

As for the year 2012, the Company's had the cash and cash equivalent decreased by Baht 177.06 million so that the cash and cash equivalent as of the end of the year had the outstanding balance of Baht 10.89 million. The net cash flows receipt and used in each activities was came from as follows:

The Company's net cash flow used in operating activities Baht 880.95 million which came from the net profit from the operating result before assets and liabilities changes of Baht 718.97 million. The motorcycle hire purchase receivables increased Baht 1,260.81 million and the assets foreclosed increased by Baht 148.37 million.



The Company's net cash flow used in investment activities was Baht 65.09 million which used in the purchasing of properties of Baht 8 million, cash paid for additional in share capital of subsidiary company Baht 18.44 million, interest receipt Baht 1.72 million.

The Company's net cash flow from financing activities was Baht 768.97 million which came from the cash receipts from long-term loan of Baht 1,830 million, the repayment of long-term loan of Baht 992.36 million and the short-term loan as well as the overdraft accounts also increased by Baht 50 million. Cash flow receipts from the warrant exercising was Baht 3.01 million and share subscription received in advance Baht 19.58 million. Nevertheless, there was a payment of dividend of Baht 143.53 million.

### Consolidated financial statements

As for the year 2013, the Company's had the cash and cash equivalent increased by Baht 306.18 million so that the cash and cash equivalent as of the end of the year had the outstanding balance of Baht 320.55 million. The net cash flows received and used in each activities was came from as follows:

The Company's net cash flow used in operating activities Baht 1,243.39 million which came from the net profit from the operating result before assets and liabilities changes of Baht 1,140.97 million. The motorcycle hire purchase receivables increased Baht 1,728.36 million and the assets foreclosed increased by Baht 325.91 million.

The Company's net cash flow used in investment activities was Baht 214.33 million which used in the purchasing of properties of Baht 21.15 million, cash paid for short-term loan to related parties Baht 111.42 million, Share subscription payment in advance before acquisition date of subsidiary Baht 65.37 million and cash paid for short-term loans Baht 23.13 million.

The Company's net cash flow from financing activities was Baht 1,745.67 million which came from the cash receipts from long-term loan of Baht 2,837.0 million, the repayment of long-term loan Baht 1,461.44 million and the overdraft accounts as well as the short-term loan also by Baht 36.45 million. Cash flow receipts from the warrant exercising was Baht 592.61 million. Nevertheless, there was a payment of dividend of Baht 187.05 million,

As for the year 2012, the Company's had the cash and cash equivalent decreased by Baht 173.60 million so that the cash and cash equivalent as of the end of the year had the outstanding balance of Baht 14.36 million. The net cash flows receipt and used in each activities was came from as follows:

The Company's net cash flow used in operating activities Baht 885.61 million which came from the net profit from the operating result before assets and liabilities changes of Baht 717.85 million. The motorcycle hire purchase receivables increased Baht 1,260.81 million and the assets foreclosed increased by Baht 148.37 million.

The Company's net cash flow used in investment activities was Baht 55.72 million which used in the purchasing of properties of Baht 8 million, cash paid for additional in share capital of subsidiary company Baht 34.14 million, interest receipt Baht 7.19 million.

The Company's net cash flow from financing activities was Baht 768.97 million which came from the cash receipts from long-term loan of Baht 1,830 million, the repayment of long-term loan of Baht 992.36 million and the short-term loan as well as the overdraft accounts also increased by Baht 50 million. Cash flow receipts from the warrant exercising was Baht 3.01 million and share subscription received in advance Baht 19.58 million. Nevertheless, there was a payment of dividend of Baht 143.53 million.

## Capital Structure

### Separate financial statements

For the capital structure at the end of the years 2013, 2012 and 2011, the Company's debt to equity ratio were 1.43 times, 1.18 times and 0.72 times, respectively. Such ratio increased to the continuous borrowing from long-term credit line use for the business expansion, detailed as follow :

1. Increasing of outsource funding such as bank overdrafts, promissory notes and long-term loan from the banks which was paid back by installments at floating rate close to MLR and partial with fixed interest rate of 6.00% per annum. The Company's total liabilities increased from Baht 1,875.17 million in 2012 to Baht 3,219.78 million at the end of 2013, increase of Baht 1,344.61 million or 71.71%. From the historical record, the company can repay the principal and interest by the due date and also in accordance with its loan covenant.

2. The increasing of capital from internal source in 2013 from the increasing of shareholders' equity from Baht 1,584.92 million in 2012 to Baht 2,250.69 million or an increase of Baht 665.77 million or 42.01 % which came from the increasing of issued and paid up capital Baht 167.49 million and the increasing in share premium of Baht 518.76 million from warrant exercising and from an decreasing of retained earnings Baht 1.51 million from net profit of Baht 257.86 million deducted by the amount of dividend paid and issuance of stock dividend total Baht 259.37 million.

However in the future, the company may consider additional source of fund such as to issue debenture or increasing of credit line from financial institution up to the market situation and necessity of fund to provide flexible and appropriate funding structure to support varied business operation

### Consolidated financial statements

For the capital structure at the end of the years 2013 and 2012, the Company's debt to equity ratio were 1.43 times and 1.18 times, respectively. Such ratio increased to the continuous borrowing from long-term credit line use for the business expansion as same as the separate financial statements.

## Factors which may have influence to the Future Business operation

### 1. Political and Economic situation

In the year 2013, economic has been slow down from many factors, especially political situation which has been effected seriously since Q3/2013. For the year 2014, if the situation will be prolonged, it may have effect to overall economic situation, for the business such as motorcycle sales industry, purchasing power, consumer confidence and ability to repay.

### 2. Demand on usage of motorcycle

Demand on motorcycle could get in to the maturity stage in the future when consider from the trend of number of new units registration in Bangkok and Vicinity area and some areas in the upcountry. Some government policies may indirectly support usage of substituted vehicle such as low cost automobile in Eco car project, may have impact to the motorcycle industry.

### 3. Business expansion in the regional country

The company has target to expand motorcycle hire purchase business to the regional country in Asean, to enlarge the customer base, increase profit and risk diversify. Because motorcycle hire purchase business in many Asean countries are still under the beginning stage and have a big potential for business growth.

Since the year 2013, the company has started motorcycle business expansion to Cambodia with the exclusive right from Honda and has signed on the memorandum to cooperate with Siam Kubota Co., Ltd. to do financing for the agricultural machinery in Cambodia. The company has opened office in some Kubota dealers in January 2014.

## Responsibility of the Board of Directors on Financial Statements

The Board of Directors of Group Lease Public Company Limited is responsible for the Company's financial statement and all financial information presented in the annual report. The financial statements have been prepared in accordance with generally accepted accounting standard in Thailand, which are based on appropriate accounting policies and careful forecasting practically suitable for the real business operation. All material information has been sufficiently disclosed in the notes to financial statements which based on the regulation of the Securities Exchange Commission and the Stock Exchange of Thailand. The independent auditor has audited and expressed an unqualified audit opinion on those financial statements.

In order to ensure the correctness, completeness and sufficiency of the Company's financial & accounting information and to prevent possible risks from the operation, the Board of Directors has set up effective internal control system and appointed Audit Committee which comprised of Independent Directors to take care and be accountable for the quality of the Company's financial report as well as internal control systems. The opinion of the Audit Committee was stated in the Report of the Audit Committee appeared in this annual report.

The Board of Directors, therefore, views that financial statement of Group Lease Public Company Limited as at December 31st, 2013 can transparently reflect the Company's financial position which is useful for all shareholders and other stakeholders.

**Board of Directors**  
**Group Lease Public Company Limited**  
February 17th, 2014



# Independent Auditor's Report

## To the Shareholders of Group Lease Public Company Limited

I have audited the accompanying consolidated financial statements of Group Lease Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Group Lease Public Company Limited for the same year.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Group Lease Public Company Limited and its subsidiaries and of Group Lease Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

**Pimjai Manitkajohnkit**

Certified Public Accountant (Thailand) No. 4521

Ernst & Young Office Limited

Bangkok: 19 February 2014

# Statement of financial position

Group Lease Public Company Limited and its subsidiaries

As at 31 December 2013

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	320,545,427	14,360,790	86,164,245	10,891,968
Current portion of hire purchase and installment sales receivables	7	2,208,369,556	1,493,368,747	2,145,483,744	1,493,368,747
Assets foreclosed	8	21,151,776	18,624,090	21,151,776	18,624,090
Short-term loan and interest receivable	9	23,366,222	-	-	-
Short-term loan to and interest receivable from related parties	18	55,162,132	20,544,438	203,881,722	39,850,184
Other current assets	10	133,131,904	125,921,655	123,572,610	125,921,655
<b>Total current assets</b>		<b>2,761,727,017</b>	<b>1,672,819,720</b>	<b>2,580,254,097</b>	<b>1,688,656,644</b>
<b>Non-current assets</b>					
Pledged fixed deposit at financial institution	11	318,055	310,788	318,055	310,788
Share subscription payment in advance	12, 18	-	34,143,984	330,815,218	-
Investment in subsidiary company	12	-	-	110,697,660	18,684,970
Hire purchase and installment sales receivables - long-term portion	7	2,323,225,940	1,637,939,369	2,275,917,341	1,637,939,369
Property, plant and equipment	13	70,875,473	55,823,928	61,017,216	55,823,928
Intangible assets	14	105,070,485	-	-	-
Goodwill	1.2	43,684,198	-	-	-
Deferred tax assets	15	60,977,746	20,973,713	60,977,746	20,973,713
Other non-current assets	16, 18	130,627,777	41,805,932	50,474,399	37,703,449
<b>Total non-current assets</b>		<b>2,734,779,674</b>	<b>1,790,997,714</b>	<b>2,890,217,635</b>	<b>1,771,436,217</b>
<b>Total assets</b>		<b>5,496,506,691</b>	<b>3,463,817,434</b>	<b>5,470,471,732</b>	<b>3,460,092,861</b>

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

# Statement of financial position (continued)

Group Lease Public Company Limited and its subsidiaries

As at 31 December 2013

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
Liabilities and shareholders' equity					
Current liabilities					
Bank overdraft and short-term loans from financial institutions	17	13,549,878	50,000,000	13,549,878	50,000,000
Trade accounts payable		4,317,026	14,421,800	3,219,050	14,421,800
Current portion of long-term loans	19	1,808,590,000	887,946,667	1,808,590,000	887,946,667
Income tax payable		49,445,424	30,528,958	45,481,307	30,221,840
Insurance premium payables		10,099,135	12,675,873	9,214,068	12,675,873
Accrued expenses		28,912,504	23,993,624	22,562,312	23,639,873
Other current liabilities		24,468,306	17,338,372	21,780,746	17,170,693
Total current liabilities		1,939,382,273	1,036,905,294	1,924,397,361	1,036,076,746
Non-current liabilities					
Long-term loans, net of current portion	19	1,288,930,003	834,010,000	1,288,930,003	834,010,000
Provision for long-term liabilities					
Provision for long-term employee benefits	20	4,156,916	2,774,260	4,156,916	2,774,260
Cash guarantee for damage on hire purchase agreements		2,301,871	2,315,889	2,301,871	2,315,889
Deferred tax liabilities	15	652,795	-	-	-
Total non-current liabilities		1,296,041,585	839,100,149	1,295,388,790	839,100,149
Total liabilities		3,235,423,858	1,876,005,443	3,219,786,151	1,875,176,895
Shareholders' equity					
Share capital	21				
Registered					
1,441,852,272 ordinary shares of Baht 0.50 each					
(2012: 114,078,527 ordinary shares of Baht 5 each)		720,926,136	570,392,635	720,926,136	570,392,635
Issued and paid-up					
1,024,706,958 ordinary shares of Baht 0.50 each					
(2012: 68,972,781 ordinary shares of Baht 5 each)		512,353,479	344,863,905	512,353,479	344,863,905
Share premium	21	933,680,028	414,923,758	933,680,028	414,923,758
Share subscription received in advance	21.3	996,839	19,635,888	996,839	19,635,888
Warrants	22	535,689	2,221,627	535,689	2,221,627
Capital reserve for share-based payment transactions	22	2,223,017	861,605	2,223,017	861,605
Exchange differences on translation of financial statements in foreign currency		23,801,273	(1,242,764)	-	-
Retained earnings					
Appropriated - statutory reserve	24	72,092,614	57,039,263	72,092,614	57,039,263
Unappropriated		715,399,894	749,508,709	728,803,915	745,369,920
Total shareholders' equity		2,261,082,833	1,587,811,991	2,250,685,581	1,584,915,966
Total liabilities and shareholders' equity		5,496,506,691	3,463,817,434	5,470,471,732	3,460,092,861

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

# Statement of comprehensive income

Group Lease Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
<b>Profit or loss</b>					
<b>Revenues</b>					
Hire purchase interest income		1,258,280,481	837,220,599	1,251,387,184	837,220,599
Other income		213,260,071	120,442,900	190,264,303	115,081,169
<b>Total revenues</b>		<b>1,471,540,552</b>	<b>957,663,499</b>	<b>1,441,651,487</b>	<b>952,301,768</b>
<b>Expenses</b>					
Services and administrative expenses		362,844,679	249,372,946	318,476,998	248,457,122
Bad debts and doubtful accounts	7	343,635,227	45,252,879	342,425,389	45,252,879
Loss on disposals of foreclosed assets		314,386,646	140,250,897	314,386,646	140,250,897
<b>Total expenses</b>		<b>1,020,866,552</b>	<b>434,876,722</b>	<b>975,289,033</b>	<b>433,960,898</b>
<b>Profit before finance cost and income tax expenses</b>		<b>450,674,000</b>	<b>522,786,777</b>	<b>466,362,454</b>	<b>518,340,870</b>
Finance cost	19	(145,707,696)	(63,004,080)	(145,707,696)	(63,004,080)
<b>Profit before income tax expenses</b>		<b>304,966,304</b>	<b>459,782,697</b>	<b>320,654,758</b>	<b>455,336,790</b>
Income tax expenses	15	(64,652,925)	(102,401,329)	(62,798,569)	(102,094,211)
<b>Profit for the year</b>		<b>240,313,379</b>	<b>357,381,368</b>	<b>257,856,189</b>	<b>353,242,579</b>
<b>Other comprehensive income</b>					
Exchange differences on translation of financial statements in foreign currency		25,044,037	(1,242,764)	-	-
<b>Other comprehensive income for the year</b>		<b>25,044,037</b>	<b>(1,242,764)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>265,357,416</b>	<b>356,138,604</b>	<b>257,856,189</b>	<b>353,242,579</b>
<b>Earnings per share</b>	26				
<b>Basis earnings per share</b>					
Profit for the year		0.25	0.44	0.27	0.43
Weighted average number of ordinary shares (shares)		953,578,583	815,568,145	953,578,853	815,568,145
<b>Diluted earnings per share</b>					
Profit for the year		0.23	0.42	0.24	0.41
Weighted average number of ordinary shares (shares)		1,055,420,358	854,066,119	1,055,420,358	854,066,119

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

# Statement of changes in shareholders' equity

Group Lease Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

Consolidated financial statements											
	Note	Issued and paid-up share capital	Share premium	Share subscription received in advance	Warrants	Capital reserve for share-based payment transactions	Retained earnings		Other comprehensive income	Total other components of shareholders' equity	Total shareholders' equity
							Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currency		
Balance as at 1 January 2012		311,605,980	293,657,127	149,500,452	2,013,904	-	43,150,000	549,549,324	-	-	1,349,476,787
Issuance of ordinary shares during year from the exercise of warrants	21	33,257,925	119,252,727	(149,500,452)	(55,943)	-	-	-	-	-	2,954,257
Share subscription received in advance from the exercise of warrants	21	-	-	19,635,888	-	-	-	-	-	-	19,635,888
Warrants issued during the year	22	-	-	-	2,277,570	-	-	-	-	-	2,277,570
Transferred of the expired warrants to share premium	22	-	2,013,904	-	(2,013,904)	-	-	-	-	-	-
Capital reserve for share-based payment transactions	22	-	-	-	-	861,605	-	-	-	-	861,605
Total comprehensive income for the year		-	-	-	-	-	-	357,381,368	(1,242,764)	(1,242,764)	356,138,604
Dividend paid	23	-	-	-	-	-	-	(143,532,720)	-	-	(143,532,720)
Appropriated to statutory reserve	24	-	-	-	-	-	13,889,263	(13,889,263)	-	-	-
Balance as at 31 December 2012		344,863,905	414,923,758	19,635,888	2,221,627	861,605	57,039,263	749,508,709	(1,242,764)	(1,242,764)	1,587,811,991

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



# Statement of changes in shareholders' equity

Group Lease Public Company Limited and its subsidiaries

Balance as at 1 January 2013

(Unit: Baht)

Consolidated financial statements											
	Note	Issued and paid-up share capital	Share premium	Share subscription received in advance	Warrants	Capital reserve for share-based payment transactions	Retained earnings		Other comprehensive income	Total other components of shareholders' equity	Total shareholders' equity
							Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currency		
<b>Balance as at 1 January 2013</b>		344,863,905	414,923,758	19,635,888	2,221,627	861,605	57,039,263	749,508,709	(1,242,764)	(1,242,764)	1,587,811,991
Issuance of ordinary shares during year from the exercise of warrants	21	95,168,783	518,756,270	(19,635,888)	(1,683,098)	-	-	-	-	-	592,606,067
Share subscription received in advance from the exercise of warrants	21	-	-	996,839	(2,840)	-	-	-	-	-	993,999
Capital reserve for share-based payment transactions	22	-	-	-	-	1,361,412	-	-	-	-	1,361,412
Total comprehensive income for the year	23	-	-	-	-	-	-	240,313,379	25,044,037	25,044,037	265,357,416
Issuance of stock dividend	23	72,320,791	-	-	-	-	-	(72,320,791)	-	-	-
Dividend paid	23	-	-	-	-	-	-	(187,048,052)	-	-	(187,048,052)
Appropriated to statutory reserve	24	-	-	-	-	-	15,053,351	(15,053,351)	-	-	-
<b>Balance as at 31 December 2013</b>		<b>512,353,479</b>	<b>933,680,028</b>	<b>996,839</b>	<b>535,689</b>	<b>2,223,017</b>	<b>72,092,614</b>	<b>715,399,894</b>	<b>23,801,273</b>	<b>23,801,273</b>	<b>2,261,082,833</b>

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

# Statement of changes in shareholders' equity

Group Lease Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

Separate financial statements									
	Note	Issued and paid-up share capital	Share premium	Share subscription received in advance	Warrants	Capital reserve for share-based payment transactions	Retained earnings		Total shareholders' equity
							Appropriated	Unappropriated	
Balance as at 1 January 2012		311,605,980	293,657,127	149,500,452	2,013,904	-	43,150,000	549,549,324	1,349,476,787
Issuance of ordinary shares during year									
from the exercise of warrants	21	33,257,925	119,252,727	(149,500,452)	(55,943)	-	-	-	2,954,257
Share subscription received in advance									
from the exercise of warrants	21	-	-	19,635,888	-	-	-	-	19,635,888
Warrants issued during the year	22	-	-	-	2,277,570	-	-	-	2,277,570
Transferred of the expired warrants to share premium	22	-	2,013,904	-	(2,013,904)	-	-	-	-
Capital reserve for share-based payment transactions	22	-	-	-	-	861,605	-	-	861,605
Total comprehensive income for the year		-	-	-	-	-	-	353,242,579	353,242,579
Dividend paid	23	-	-	-	-	-	-	(143,532,720)	(143,532,720)
Appropriated to statutory reserve	24	-	-	-	-	-	13,889,263	(13,889,263)	-
<b>Balance as at 31 December 2012</b>		<b>344,863,905</b>	<b>414,923,758</b>	<b>19,635,888</b>	<b>2,221,627</b>	<b>861,605</b>	<b>57,039,263</b>	<b>745,369,920</b>	<b>1,584,915,966</b>

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

# Statement of changes in shareholders' equity

Group Lease Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

Separate financial statements									
	Note	Issued and paid-up share capital	Share premium	Share subscription received in advance	Warrants	Capital reserve for share-based payment transactions	Retained earnings		Total shareholders' equity
							Appropriated	Unappropriated	
<b>Balance as at 1 January 2013</b>		344,863,905	414,923,758	19,635,888	2,221,627	861,605	57,039,263	745,369,920	1,584,915,966
Issuance of ordinary shares during year									
from the exercise of warrants	21	95,168,783	518,756,270	(19,635,888)	(1,683,098)	-	-	-	592,606,067
Share subscription received in advance									
from the exercise of warrants	21	-	-	996,839	(2,840)	-	-	-	993,999
Capital reserve for share-based payment transactions	22	-	-	-	-	1,361,412	-	-	1,361,412
Total comprehensive income for the year		-	-	-	-	-	-	257,856,189	257,856,189
Issuance of stock dividend	23	72,320,791	-	-	-	-	-	(72,320,791)	-
Dividend paid	23	-	-	-	-	-	-	(187,048,052)	(187,048,052)
Appropriated to statutory reserve	24	-	-	-	-	-	15,053,351	(15,053,351)	-
<b>Balance as at 31 December 2013</b>		<b>512,353,479</b>	<b>933,680,028</b>	<b>996,839</b>	<b>535,689</b>	<b>2,223,017</b>	<b>72,092,614</b>	<b>728,803,915</b>	<b>2,250,685,581</b>

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

# Statement of cash flows

Group Lease Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Cash flows from operating activities</b>				
Profit before tax	304,966,304	459,782,697	320,654,758	455,336,790
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	10,601,083	8,475,774	9,028,159	8,475,774
Amortisation	9,425,396	-	-	-
Bad debts and doubtful accounts	343,635,227	45,252,879	342,425,389	45,252,879
Loss (gain) on disposal of equipment	5,661	4,639	(14,824)	4,639
Loss on disposals of assets foreclosed	314,386,646	140,250,897	314,386,646	140,250,897
Loss on diminution in value of assets foreclosed	8,992,268	4,909,128	8,992,268	4,909,128
Exchange loss from transfer loan to subsidiary to investment in subsidiary	-	-	2,586,094	-
Unrealised exchange loss (gain)	4,233,760	52,843	(635,807)	462,192
Written-off withholding tax of interest income	-	-	1,232,407	-
Provision for long-term employee benefits	1,742,656	2,356,554	1,742,656	2,356,554
Capital reserve for share-based payment transactions	1,361,411	861,605	1,361,411	861,605
Expense from acquisition of investment in subsidiary	-	207,882	-	-
Dividend income	-	-	(10,000,000)	-
Interest income	(4,092,585)	(7,305,931)	(10,853,382)	(1,946,212)
Interest expenses	145,707,696	63,004,080	145,707,696	63,004,080
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>1,140,965,523</b>	<b>717,853,047</b>	<b>1,126,613,471</b>	<b>718,968,326</b>
<b>Operating assets (increase) decrease</b>				
Hire purchase and installment sales receivables	(1,728,363,868)	(1,260,810,173)	(1,632,518,358)	(1,260,810,173)
Assets foreclosed	(325,906,599)	(148,368,227)	(325,906,599)	(148,368,227)
Other current assets	(3,421,140)	(71,369,032)	2,349,046	(71,447,477)
Other non-current assets	(89,128,924)	(4,737,071)	(12,647,521)	(634,587)
<b>Operating liabilities increase (decrease)</b>				
Trade accounts payable	(10,178,234)	11,117,085	(11,202,750)	11,117,085
Insurance premium payables	(2,814,198)	5,405,314	(3,461,805)	5,405,314
Accrued expenses	3,971,563	17,421,261	(1,488,363)	17,092,384
Provision for long-term employee benefits	(360,000)	(1,317,400)	(360,000)	(1,317,400)
Other current liabilities	5,122,897	(4,237,176)	4,610,054	(4,386,487)
Guarantee for damage from hire purchase agreements	(14,019)	(113,084)	(14,019)	(113,084)
<b>Cash flows used in operating activities</b>	<b>(1,010,126,999)</b>	<b>(739,155,456)</b>	<b>(854,026,844)</b>	<b>(734,494,326)</b>
Cash paid for interest expenses	(145,404,829)	(62,897,907)	(145,306,517)	(62,897,907)
Cash paid for corporate income tax	(87,858,225)	(83,553,769)	(87,543,135)	(83,553,769)
<b>Net cash flows used in operating activities</b>	<b>(1,243,390,053)</b>	<b>(885,607,132)</b>	<b>(1,086,876,496)</b>	<b>(880,946,002)</b>

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

## Statement of cash flows (continued)

Group Lease Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Cash flows from investing activities</b>				
Increase in pledged fixed deposits at financial institution	(7,267)	(3,958)	(7,267)	(3,958)
Cash and cash equivalents as at acquisition date of subsidiary (Note 1.2)	6,955,301	-	-	-
Share subscription payment in advance before acquisition date of subsidiary	(65,366,910)	(34,143,984)	-	-
Cash paid for additional investment in subsidiary	-	-	(92,012,690)	(18,441,049)
Acquisition of investment in subsidiary	-	(243,921)	-	(243,921)
Increase in accounts receivable and loans to employees	(110,970)	(25,857)	(110,970)	(25,857)
Dividend received	-	-	10,000,000	-
Proceeds from sales of equipment	14,953	-	14,953	-
Cash paid for acquisitions of equipment	(21,149,661)	(8,008,713)	(14,221,577)	(8,008,713)
Acquisitions of intangible asset	(1,871,719)	-	-	-
Cash paid for short-term loan to related parties	(111,415,852)	(20,479,849)	(489,360,000)	(40,087,175)
Cash paid for short-term loans	(23,126,889)	(31,302,500)	-	(31,302,500)
Cash receipt from short-term loans	-	31,304,924	-	31,304,924
Interest receipt	1,749,755	7,186,912	2,181,096	1,718,587
<b>Net cash flows used in investing activities</b>	<b>(214,329,259)</b>	<b>(55,716,946)</b>	<b>(583,516,455)</b>	<b>(65,089,662)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdraft and short-term loans from financial institutions	(36,450,122)	50,000,000	(36,450,122)	50,000,000
Cash receipt from exercise of warrants	592,606,067	3,010,200	592,606,067	3,010,200
Cash receipt from share subscription received in advance	993,999	19,579,945	993,999	19,579,945
Cash receipt from issued warrants	-	2,277,570	-	2,277,570
Cash receipt from long-term loans	2,837,000,000	1,830,000,000	2,837,000,000	1,830,000,000
Repayment of long-term loans	(1,461,436,664)	(992,363,333)	(1,461,436,664)	(992,363,333)
Dividend paid	(187,048,052)	(143,532,720)	(187,048,052)	(143,532,720)
<b>Net cash flows from financing activities</b>	<b>1,745,665,228</b>	<b>768,971,662</b>	<b>1,745,665,228</b>	<b>768,971,662</b>
Increase (decrease) in translation adjustment	18,238,721	(1,242,764)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>306,184,637</b>	<b>(173,595,180)</b>	<b>75,272,277</b>	<b>(177,064,002)</b>
Cash and cash equivalents at beginning of year	14,360,790	187,955,970	10,891,968	187,955,970
<b>Cash and cash equivalents at the end of year (Note 6)</b>	<b>320,545,427</b>	<b>14,360,790</b>	<b>86,164,245</b>	<b>10,891,968</b>

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

## Statement of cash flows (continued)

Group Lease Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Supplement cash flows information</b>				
Non-cash items				
Transferred of share subscription received in advance during the period to ordinary shares and share premium	19,635,888	149,500,452	19,635,888	149,500,452
Transferred the exercise of warrants to share subscription received in advance	1,685,938	55,943	1,685,938	55,943
Transferred of the expired warrants to the share premium	-	2,013,094	-	2,013,094
Transferred of share subscription payment in advance to cash paid for acquisition of subsidiary	34,862,352	-	-	-
Issuance of stock dividend	72,320,791	-	72,320,791	-
Converted loan to related party to investment in subsidiary	-	-	330,815,218	-

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

# Notes to consolidated financial statements

Group Lease Public Company Limited and its subsidiaries

For the year ended 31 December 2013

## 1. General information

### 1.1 Corporate information

Group Lease Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company and a subsidiary are principally engaged in the hire purchase of motorcycles. Another, overseas subsidiary is principally a financial advisory and other investment holding company.

The Company's registered address is 63 Soi 1, Tesabalnimitretai Road, Ladyao, Chatujak, Bangkok. The Company has 5 branches in Phra Nakhon Si Ayutthaya, Chon Buri (2 sub-branches), Rayong and Nakhon Ratchasima.

The major shareholders of the Company are Engine Holdings Asia Pte. Ltd. (incorporated in Singapore) and A.P.F Holdings Company Limited (incorporated in Thailand), which owns 31.66% and 17.98% of the Company's share capital, respectively. The parent company is Wedge Holdings Company Limited (incorporated in Japan).

### 1.2 Acquisition of GL Finance Plc. by the subsidiary of the Company

On 22 August 2012, a meeting of the Company's Board of Directors approved Group Lease Holdings Pte. Ltd. (the subsidiary) to acquire of shares GL Finance Plc. (GLF) from a related party. GLF was incorporated and domiciled in Cambodia and operates as a finance company providing the hire purchase services for motorcycles. The acquisition agreement can be summarised as follows:

1) The subsidiary company and the seller entered into a sale and purchase agreement relating to the acquisition of GLF on 25 August 2012, whereby the Company was to purchase 998 shares of GL Finance Plc., equivalent to 99.8 % of its issued and paid up share capital. The total value of the entity was thus USD 1,120,000.

2) The subsidiary company agreed to pay 80% of the share value within five days of the date of the sales and purchase agreement, and pay the remaining amount USD 896,000 on the date that the transaction is completed.

As at 31 December 2012, the outstanding balance of share subscription payment in advance amounted to Baht 34.14 million as presented in consolidated statement of financial position.

On 25 April 2013 the National Bank of Cambodia granted related party permission to transfer GLF shares to the subsidiary company, Group Lease Holdings Pte. Ltd. (GLH). GLH received permission to register the transfer of shares with the Ministry of Commerce on 24 June 2013, and transferred the balance of share subscription payment in advance to investment in GLF during the current year. These consolidated financial statements include the statement of financial position of GLF as at 31 December 2013 that were prepared by the management of GLF and audited by its external auditors, but do not include the profit and loss statement for the period from the date of the share transfer to 30 June 2013 because the Company's management believes that the operating results during that period were immaterial.

The excess of the purchase price over the fair value of the net assets acquired was recorded as goodwill. However, the Company recorded some assets acquired at their net book value, not fair value. The Company is awaiting a third party appraisal in order to allocate the fair value associated with the assets. During the fourth quarter of the current year, the subsidiary obtained these appraisals of assets and liabilities from the third party. The Company recorded the deferred tax liabilities arising from adjustment of the fair value of intangible assets, resulting in increases in goodwill from the acquisition of GLF and the value of deferred tax liabilities by USD 0.08 million or Baht 2.57 million.

Details of the fair value of identifiable assets, liabilities and contingent liabilities of GLF and their net book value, are as follows:

(Unit: Thousand Baht)

	Fair value	Net book value
<b>Assets</b>		
Cash and cash equivalents	6,955	6,955
Hire purchase and installment sales receivables	15,559	15,559
Property, plant and equipment	4,975	4,975
Intangible assets	106,245	93,285
Other assets	6,361	6,361
<b>Total assets</b>	<b>140,095</b>	<b>127,135</b>
<b>Liabilities</b>		
Trade accounts payable	73	73
Long-term loans and accrued interest	77,349	77,349
Other liabilities	71,495	68,922
<b>Total liabilities</b>	<b>148,917</b>	<b>146,344</b>
<b>Net assets value</b>	<b>(8,822)</b>	<b>(19,209)</b>
Equity of the Company (%)	100	
Net asset value attributable to the company's investment	(8,822)	
Positive goodwill	43,684	
<b>Cash paid for acquisition of GLF</b>	<b>34,862</b>	

## 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of the Company and the following subsidiary companies ("the subsidiaries"):

Company's name	Country of incorporation	Percentage owned by the Company		Nature of business
		2013	2012	
Group Lease Holdings Pte. Ltd.	Singapore	100	100	Financial advisory and other investment holding company
GL Finance Plc. (shares held by Group Lease Holdings Pte. Ltd.)	Cambodia	100	-	Hire purchase services for motorcycles



b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date that when such control ceases.

c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

d) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.

e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements. Book value of investments and shareholder's equity of its subsidiaries have also been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

**2.3 The separate financial statements, which present investments in subsidiaries and associates presented under the cost method, have been prepared solely for the benefit of the public.**

### 3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

<b>Accounting standards:</b>	
TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
<b>Financial Reporting Standard:</b>	
TFRS 8	Operating Segments
<b>Accounting Standard Interpretations:</b>	
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
<b>Accounting Treatment Guidance for Transfers of Financial Assets</b>	

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements.

(b) Accounting standards that will become effective in the future

Effective date

Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

## 4. Significant accounting policies

### 4.1 Revenue recognition

#### a) Hire purchase interest income

Hire purchase interest income is recognised as income over the period of payment, using the effective rate method, with income recognised when the installments fall due irrespective of when actual collection is made. However, recognition of interest income is ceased for receivables which have defaulted on more than 4 scheduled installment payments.

#### b) Penalty income

Penalty income is recognised when received.

#### c) Other fee income

Fee for other services is recognised as income on an accrual basis.

#### d) Interest income

Interest income is recognised on an accrual basis based on effective interest rate.

#### e) Dividends

Dividends are recognised when the right to receive the dividends is established.

### 4.2 Expense recognition

#### a) Interest expenses

Interest expenses are charged to expenses on an accrual basis. Interest included in face value of note payable is amortised to expenses evenly throughout the term of the notes.

#### b) Commissions and direct expenses of the hire purchase business

The Company recorded the initial commissions and direct expenses arising in respect of hire purchase contracts, by the effective interest method, and deducting them from unearned income over the installment period to reflect the effective rate of return of hire purchase agreements.

Unearned interest income is stated net of commissions and direct expenses incurred at the initiation of the hire purchase contract.

### 4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 4.4 Receivables and allowance for doubtful accounts

Hire purchase and installment sales receivables are stated net of unearned hire purchase interest income and allowance for doubtful accounts.

The Company provides allowance for doubtful accounts for hire purchase receivables based on the estimated collection losses that may be incurred in collection of receivables, by considering of the current status of receivables, their ability to make payment, past experience and historical data on actual losses on collection.

#### 4.5 Assets foreclosed

These represent assets repossessed from hire purchase and installment sales receivables and are stated at the lower of cost (which mostly comprises the net outstanding balance) and estimated net realisable value. Allowance is made for the decline in value of the repossessed assets.

#### 4.6 Investment in subsidiaries

Investments in subsidiaries are accounted for, in the separate financial statements, using the cost method. Loss on impairment (if any) of investments in subsidiaries are included in the comprehensive income statements.

#### 4.7 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalised, while expenditures for maintenance and repairs are charged to profit or loss.

Depreciation of buildings and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Buildings	20	years
Building improvement	5, 10	years
Furniture and office equipment	5, 10	years

Building improvement and lease area are charged to profit or loss over the lease period.

Depreciation for computers, equipment and motor vehicles is calculated by the reference to their costs, using the sum of the years' digits method over useful lives of 3 – 5 years.

Depreciation is included in determining income.

No depreciation is provided for land.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

#### 4.8 Intangible assets

Intangible assets are initially recognised at their fair value. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible asset are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows.

	Useful lives
Exclusive right agreement	5 years 10 months
Computer software	5 years

#### 4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company and its subsidiaries estimate the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### 4.10 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

#### 4.11 Impairment of assets

The Company and its subsidiaries assess at each reporting date whether there is an indication that property, plant and equipment and other intangible assets may be impaired. If any indication exists, the Company and its subsidiaries estimate the assets recoverable amount. An assets recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the comprehensive income statement.

#### 4.12 Employee benefits

##### Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### Post-employment benefits

##### Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employee and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

##### Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by management based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

#### **4.13 Equity-settled share-based payment transactions**

The Company recognises the share-based payment transactions at the date on which the options are granted, based on the fair value of the share options. They are recorded as expenses over the expected life of the share options, and a capital reserve for share-based payment transactions is presented in shareholders' equity.

Estimating fair value for share-based payment transactions requires determination relating to appropriate assumptions, including the expected life of the share options, share price volatility and dividend yield.

#### **4.14 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.15 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **4.16 Borrowing costs**

Borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 4.17 Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

#### 4.18 Provisions

Provisions are recognised when the Company and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### 5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. The significant accounting judgments and estimates are as follows:

#### 5.1 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

#### 5.2 Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management has estimated the percentage of the allowance for doubtful accounts for each age of receivable on the basis of historical statistical data, assessment of the risk associated with the receivable, the nature of the collateral provided, and actual losses arising from such debtors in the past, while emphasising the principal of conservatism.

#### 5.3 Diminution in value of assets foreclose

In determining diminution in value of assets foreclose, management apply judgment in estimating the anticipated losses on such assets, based on analysis of various factors, including net realisable value, historical sales data, the age of the assets and the prevailing economic condition.

#### 5.4 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### 5.5 Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

### 5.6 Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### 5.7 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash	1,470	283	469	283
Bank deposits	319,075	14,078	85,695	10,609
<b>Total</b>	<b>320,545</b>	<b>14,361</b>	<b>86,164</b>	<b>10,892</b>

As at 31 December 2013, bank deposits in saving accounts carried interest 0.50% per annum (2012: 0.62% per annum).



## 7. Hire purchase and installment sales receivables

7.1 As at 31 December 2013 and 2012, the balances of hire purchase and installment sales receivables are as follows:

(Unit: Thousand Baht)

Consolidated financial statements						
	Current portion of hire purchase and installment sales receivables		Long-term portion of hire purchase and installment sales receivables		Total	
	2013	2012	2013	2012	2013	2012
<b>Normal receivables</b>						
Hire purchase and installment sales receivables	3,261,920	2,346,899	2,940,518	2,161,708	6,202,438	4,508,607
Accrued hire purchase and installment sales income	134,312	103,451	-	-	134,312	103,451
Less: Unearned hire purchase and installment sales income, net	(1,218,699)	(909,441)	(669,478)	(513,540)	(1,888,177)	(1,422,981)
<b>Total normal receivable</b>	<b>2,177,533</b>	<b>1,540,909</b>	<b>2,271,040</b>	<b>1,648,168</b>	<b>4,448,573</b>	<b>3,189,077</b>
<b>Terminated agreements receivables</b>						
Hire purchase and installment sales receivables	316,571	90,961	327,661	64,312	644,232	155,273
Accrued hire purchase and installment sales income	48,037	9,181	-	-	48,037	9,181
Less: Unearned hire purchase and installment sales income, net	(131,353)	(30,559)	(87,207)	(17,120)	(218,560)	(47,679)
<b>Total terminated agreements receivables</b>	<b>233,255</b>	<b>69,583</b>	<b>240,454</b>	<b>47,192</b>	<b>473,709</b>	<b>116,775</b>
<b>Total receivables</b>	<b>2,410,788</b>	<b>1,610,492</b>	<b>2,511,494</b>	<b>1,695,360</b>	<b>4,922,282</b>	<b>3,305,852</b>
Less: Allowance for doubtful accounts	(202,419)	(117,123)	(188,268)	(57,421)	(390,687)	(174,544)
<b>Hire purchase and installment sales receivables, net</b>	<b>2,208,369</b>	<b>1,493,369</b>	<b>2,323,226</b>	<b>1,637,939</b>	<b>4,531,595</b>	<b>3,131,308</b>

(Unit: Thousand Baht)

Separate financial statements						
	Current portion of hire purchase and installment sales receivables		Long-term portion of hire purchase and installment sales receivables		Total	
	2013	2012	2013	2012	2013	2012
<b>Normal receivables</b>						
Hire purchase and installment sales receivables	3,183,459	2,346,899	2,863,467	2,161,708	6,046,926	4,508,607
Accrued hire purchase and installment sales income	132,083	103,451	-	-	132,083	103,451
Less: Unearned hire purchase and installment sales income, net	(1,202,291)	(909,441)	(639,736)	(513,540)	(1,842,027)	(1,422,981)
<b>Total normal receivable</b>	<b>2,113,251</b>	<b>1,540,909</b>	<b>2,223,731</b>	<b>1,648,168</b>	<b>4,336,982</b>	<b>3,189,077</b>
<b>Terminated agreements receivables</b>						
Hire purchase and installment sales receivables	316,571	90,961	327,661	64,312	644,232	155,273
Accrued hire purchase and installment sales income	48,037	9,181	-	-	48,037	9,181
Less: Unearned hire purchase and installment sales income, net	(131,353)	(30,559)	(87,207)	(17,120)	(218,560)	(47,679)
<b>Total terminated agreements receivables</b>	<b>233,255</b>	<b>69,583</b>	<b>240,454</b>	<b>47,192</b>	<b>473,709</b>	<b>116,775</b>
<b>Total receivables</b>	<b>2,346,506</b>	<b>1,610,492</b>	<b>2,464,185</b>	<b>1,695,360</b>	<b>4,810,691</b>	<b>3,305,852</b>
Less: Allowance for doubtful accounts	(201,022)	(117,123)	(188,268)	(57,421)	(389,290)	(174,544)
<b>Hire purchase and installment sales receivables, net</b>	<b>2,145,484</b>	<b>1,493,369</b>	<b>2,275,917</b>	<b>1,637,939</b>	<b>4,421,401</b>	<b>3,131,308</b>

7.2 As at 31 December 2013 and 2012, the balances of hire purchase and installment sales receivables (net of unearned hire purchase income) and allowance for doubtful accounts aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

Consolidated financial statements								
Aging	Hire purchase and installment sales receivables		Percentage of allowance set up by the Company		Allowance for doubtful accounts		Hire purchase and installment sales receivables, net	
	2013	2012	2013	2012	2013	2012	2013	2012
Hire purchase and installment sales receivables								
Not yet due	3,854,884	2,736,069	1	1	37,479	26,044	3,817,405	2,710,025
Past due:								
1 month	300,868	189,368	10	10	29,454	18,549	271,414	170,819
2 - 3 months	295,720	200,121	20	20	58,047	39,395	237,673	160,726
4 - 6 months	207,533	119,086	40	40	81,661	47,109	125,872	71,977
7 - 9 months	142,983	37,948	60	60	84,554	22,617	58,429	15,331
10 - 12 months	97,591	10,575	80	80	77,108	8,441	20,483	2,134
Over 12 months	22,703	12,685	100	100	22,384	12,389	319	296
Total	4,922,282	3,305,852			390,687	174,544	4,531,595	3,131,308

(Unit: Thousand Baht)

Separate financial statements								
Aging	Hire purchase and installment sales receivables		Percentage of allowance set up by the Company		Allowance for doubtful accounts		Hire purchase and installment sales receivables, net	
	2013	2012	2013	2012	2013	2012	2013	2012
Hire purchase and installment sales receivables								
Not yet due	3,746,064	2,736,069	1	1	36,441	26,044	3,709,623	2,710,025
Past due:								
1 month	298,632	189,368	10	10	29,231	18,549	269,401	170,819
2 - 3 months	295,325	200,121	20	20	57,967	39,395	237,358	160,726
4 - 6 months	207,394	119,086	40	40	81,605	47,109	125,789	71,977
7 - 9 months	142,983	37,948	60	60	84,554	22,617	58,429	15,331
10 - 12 months	97,591	10,575	80	80	77,108	8,441	20,483	2,134
Over 12 months	22,702	12,685	100	100	22,384	12,389	318	296
Total	4,810,691	3,305,852			389,290	174,544	4,421,401	3,131,308

7.3 As at 31 December 2013 and 2012, the future minimum lease payments receivable under hire purchase agreements together with the present value of the net minimum lease payments receivable are as follows:

(Unit: Thousand Baht)

Consolidated financial statements				
	2013		2012	
	Minimum payments receivable	Present value of payments receivable	Minimum payments receivable	Present value of payments receivable
Within one year	3,760,840	2,410,788	2,550,492	1,610,492
After one year but not more than five years	3,268,179	2,511,494	2,226,020	1,695,360
Total minimum lease payments receivable	7,029,019	4,922,282	4,776,512	3,305,852
Less: Amounts representing finance charges	(2,106,737)		(1,470,660)	
Present value of minimum lease payments	4,922,282		3,305,852	

(Unit: Thousand Baht)

Separate financial statements				
	2013		2012	
	Minimum payments receivable	Present value of payments receivable	Minimum payments receivable	Present value of payments receivable
Within one year	3,680,150	2,346,506	2,550,492	1,610,492
After one year but not more than five years	3,191,128	2,464,185	2,226,020	1,695,360
Total minimum lease payments receivable	6,871,278	4,810,691	4,776,512	3,305,852
Less: Amounts representing finance charges	(2,060,587)		(1,470,660)	
Present value of minimum lease payments	4,810,691		3,305,852	

7.4 On 30 April 2004, the Institute of Certified Accountants and Auditors of Thailand, with the approval of the Office of the Securities and Exchange Commission, stipulated an accounting guideline for the consumer finance business, whereby recognition of revenue is to cease for accounts receivable which are overdue by more than 3 installments. However, this accounting guideline provides an alternative whereby, in cases where a company believes that the guideline would not be appropriate, it is to disclose the method it uses. The Company has a policy to cease recognising revenue from hire purchase receivables which are overdue by more than 4 installments. As at 31 December 2013, there are outstanding hire purchase receivable amounting to approximately Baht 497.4 million (2012: Baht 219.6 million) for which installment payments are more than 3 installments overdue but for which revenue is still being recognised.

In addition, if the Company had followed this accounting guideline, the amount of revenue recognised for the year ended 31 December 2013 and 2012 would be reduced by Baht 7.3 million and Baht 7.2 million, respectively.

7.5 The Company's hire purchase agreements have terms of 1 - 3 years and require settlement in equal installments.

7.6 As at 31 December 2013, the Company had transferred rights of claim under hire purchase agreements with outstanding balances (before net of unearned hire purchase interest income) of Baht 4,845 million (2012: Baht 2,988 million), in order to secure credit facilities granted by commercial banks as discussed in Notes 17 and 19.

## 8. Assets foreclosed

As at 31 December 2013 and 2012, assets foreclosed are presented as follows:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2013	2012
Repossessed assets	42,990	31,470
Less: Allowance for diminution in value of assets foreclosed	(21,838)	(12,846)
Assets foreclosed, net	21,152	18,624

## 9. Short-term loan and interest receivable

During the third quarter of 2013, the subsidiary company entered into JPY 10.3 million and USD 0.6 million short-term loan agreement with an overseas company. The loan has a term of 1 year and the interest charge are 7.5%, respectively. As at 31 December 2013, the outstanding balance of short-term loan and interest receivable amounted to JPY 10.6 million and USD 0.6 million.

## 10. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Refundable input tax				
(Accounts receivable – Revenue Department)	-	42,653	-	42,653
Accrued income	7,797	2,894	3,357	2,894
Prepaid expenses	98,323	72,271	96,191	72,271
Other receivable – sales of assets foreclosed	17,539	6,124	17,539	6,124
Undue input tax	2,272	2,802	2,272	2,802
Others	9,727	1,704	6,740	1,704
Total	135,658	128,448	126,099	128,448
Less: Allowance for doubtful accounts	(2,526)	(2,526)	(2,526)	(2,526)
Other current assets, net	133,132	125,922	123,573	125,922

## 11. Pledged fixed deposit at financial institution

This represents fixed deposit pledged with bank for the issuance of letter of bank guarantees for the Company, as discussed in Note 28.4.

## 12. Investment in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Separate financial statements								
Company's name	Paid-up capital		Shareholdings percentage		Cost		Dividend received during the year	
	2013	2012	2013 (%)	2012 (%)	2013	2012	2013	2012
Group Lease Holdings Pte. Ltd. and its subsidiary	110,698	18,685	100	100	110,698	18,685	10,000	-

On 23 April 2013, GLH called up additional registered share capital of SGD 3.85 million and the Company invested in an additional 3.85 million ordinary shares (or 100% of the shares of the subsidiary in issue) at a price equal to the par value of SGD 1 per share, for a total amount of SGD 3.85 million. On 22 May 2013, GLH registered the increase in its paid up share capital with the Accounting and Corporate Regulatory Authority in Singapore.

On 16 December 2013, a meeting of the Board of Directors of the Company approved an additional investments in GLH totaling 13.09 million ordinary shares (or 100% of the shares of the subsidiary in issue) at a price equal to the par value of SGD 1 per share, or a total of SGD 13.09 million (equivalent to Baht 330.82 million). The Company approved the conversion of the loan and interest payable, amounting to Baht 308.77 million and USD 0.79 million, to equity in GLH as stipulated in the loan capitalisation agreement. On 27 January 2014, GLH registered the increase in its paid up share capital with the Accounting and Corporate Regulatory Authority in Singapore.

As at 31 December 2013, investment in GLH and share subscription payment in advance in the separate financial statements amounted to SGD 4.61 million and SGD 13.09 million, respectively (2012: investment in GLH represented SGD 0.76 million).

During the second quarter of current year, GLH acquired shares of GL Finance Plc. ("GLF") from a related party. GL Finance Plc. was incorporated in Cambodia and operates as a finance company providing hire purchase services for motorcycles. GLH acquired 998 ordinary shares (or 100% of the 1,000 issued and paid-up shares of GLF) with a par value of USD 200 per share, fully paid-up, for a total payment of USD 0.2 million.

During May 2013, GLH entered into an agreement to lend GLF USD 2.1 million, interest-free and due at call. On 19 June 2013, a meeting of the Board of Directors of GLH approved an additional investment in GLF, totaling USD 3.1 million (equivalent to Baht 96.49 million), and approved the conversion of the loan to equity in GLF, together with cash payment of the outstanding balance. GLF registered the resulting increase in its registered share capital with the Ministry of Commerce on 1st quarter of 2014.

### 13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land	Buildings	Building improvement and lease area	Furniture and office equipment	Computers and equipment	Motor vehicles	Work in process	Total
<b>Cost</b>								
1 January 2012	35,983	45,553	5,033	20,879	11,080	13,912	-	132,440
Additions	-	-	1,176	1,078	2,107	3,648	-	8,009
Disposals	-	-	-	(1,430)	(757)	-	-	(2,187)
31 December 2012	35,983	45,553	6,209	20,527	12,430	17,560	-	138,262
Additions	-	-	6,938	4,298	4,900	5,014	-	21,150
Disposals/Write-off	-	-	-	(610)	(582)	(55)	-	(1,247)
Transfer Out	-	-	-	-	-	-	(863)	(863)
Increase from acquisition of GLF	-	-	-	906	1,671	2,910	863	6,350
Exchange differences on translation of Financial statements in foreign currency	-	-	7	82	150	300	-	539
31 December 2013	35,983	45,553	13,154	25,203	18,569	25,729	-	164,191
<b>Accumulated depreciation</b>								
1 January 2012	-	35,417	4,781	19,474	10,314	6,158	-	76,144
Depreciation for the year	-	2,278	139	578	1,200	4,281	-	8,476
Depreciation on disposals	-	-	-	(1,426)	(756)	-	-	(2,182)
31 December 2012	-	37,695	4,920	18,626	10,758	10,439	-	82,438
Depreciation for the year	-	2,075	486	958	2,721	4,361	-	10,601
Depreciation on disposals/Write-off	-	-	-	(610)	(582)	(34)	-	(1,226)
Increase from acquisition of GLF	-	-	-	142	612	621	-	1,375
Exchange differences on translation of Financial statements in foreign currency	-	-	-	12	52	64	-	128
31 December 2013	-	39,770	5,406	19,128	13,561	15,451	-	93,316
<b>Net book value</b>								
31 December 2012	35,983	7,858	1,289	1,901	1,672	7,121	-	55,824
31 December 2013	35,983	5,783	7,748	6,075	5,008	10,278	-	70,875
<b>Depreciation for the year</b>								
2013								10,601
2012								8,476

(Unit: Thousand Baht)

Separate financial statements							
	Land	Buildings	Building improvement and lease area	Furniture and office equipment	Computers and equipment	Motor vehicles	Total
<b>Cost</b>							
1 January 2012	35,983	45,553	5,033	20,879	11,080	13,912	132,440
Additions	-	-	1,176	1,078	2,107	3,648	8,009
Disposals	-	-	-	(1,430)	(757)	-	(2,187)
31 December 2012	35,983	45,553	6,209	20,527	12,430	17,560	138,262
Additions	-	-	6,794	3,447	3,401	579	14,221
Disposals	-	-	-	(610)	(582)	-	(1,192)
31 December 2013	35,983	45,553	13,003	23,364	15,249	18,139	151,291
<b>Accumulated depreciation</b>							
1 January 2012	-	35,417	4,781	19,474	10,314	6,158	76,144
Depreciation for the year	-	2,278	139	578	1,200	4,281	8,476
Depreciation on disposals	-	-	-	(1,426)	(756)	-	(2,182)
31 December 2012	-	37,695	4,920	18,626	10,758	10,439	82,438
Depreciation for the year	-	2,075	476	827	2,197	3,453	9,028
Depreciation on disposals	-	-	-	(610)	(582)	-	(1,192)
31 December 2013	-	39,770	5,396	18,843	12,373	13,892	90,274
<b>Net book value</b>							
31 December 2012	35,983	7,858	1,289	1,901	1,672	7,121	55,824
31 December 2013	35,983	5,783	7,607	4,521	2,876	4,247	61,017
<b>Depreciation for the year</b>							
2013							9,028
2012							8,476

As at 31 December 2013, certain equipment items of the Company has been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 32.9 million (2012: Baht 31.0 million).

The Company has mortgaged land and construction thereon with a total net book value as at 31 December 2013 of Baht 21.4 million (2012: Baht 23.2 million) as collateral for bank overdraft and short-term loans from financial institutions and long-term credit facilities as discussed in Notes 17 and 19.

## 14. Intangible assets

The net book value of intangible assets as at 31 December 2013 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Exclusive Right Agreement	Computer Software	Software under development	Total
<b>As at 31 December 2013:</b>				
Cost	115,202	1,515	1,338	118,055
Less: Accumulated amortisation	(12,800)	(185)	-	(12,985)
<b>Net book value as at 31 December 2013</b>	<b>102,402</b>	<b>1,330</b>	<b>1,338</b>	<b>105,070</b>

A reconciliation of the net book value of intangible assets for the year 2013 is presented below

(Unit: Thousand Baht)

	Consolidated financial statements			
	Exclusive Right Agreement	Computer Software	Software under development	Total
<b>Net book value as at 1 January 2013</b>	-	-	-	-
Acquisitions during the year - at cost	-	582	1,290	1,872
Increase from acquisition of GLF	106,245	-	-	106,245
Transfer in	-	863	-	863
Amortisation for the year	(9,246)	(179)	-	(9,425)
Exchange differences on translation of financial statements in foreign currency	5,403	64	48	5,515
<b>Net book value as at 31 December 2013</b>	<b>102,402</b>	<b>1,330</b>	<b>1,338</b>	<b>105,070</b>

### Exclusive right agreement

A related party entered into a 5-year Exclusive Right Agreement (automatically renew for a further two years unless the parties mutually agree in writing not to renew the agreement within six months before the termination date) with a company which is the distributor of Honda motorcycles in Cambodia. The agreement grants the related party exclusive rights to act as finance agent arranging hire purchase finance for motorcycles branded "Honda". On 2 May 2012, the related party granted the exclusive rights to GLF for a fee of USD 100,000 and entered into a USD 2.9 million deposit agreement under which the related party is the representative agent to contact with such company. Conditions of the deposit agreement specify that if GLF fails to meet the minimum annual sales target set, the deposit will be forfeited in proportion to the period of six years as from 2013 to 2018.

As at 31 December 2013, the fair value of exclusive right in consolidated financial statement amounted to USD 3.12 million.



## 15. Income tax expenses/deferred tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Current income tax:</b>				
Current income tax charge	104,060	68,063	102,803	67,756
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(39,351)	37,129	(40,004)	37,129
Temporary differences from purchase of GLF	(56)	-	-	-
Effects of changes in the applicable tax rates	-	(2,791)	-	(2,791)
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>64,653</b>	<b>102,401</b>	<b>62,799</b>	<b>102,094</b>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012 is as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Accounting profit before tax	304,966	459,783	320,655	455,337
Applicable tax rate	20% , 17%	23% , 17%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	69,329	105,338	64,131	104,728
Effects of non-taxable income and expenses	(2,827)	(146)	(1,332)	157
Effects of temporary difference from appraisal fair value of exclusive right agreement	(1,849)	-	-	-
Effects of changes in the applicable tax rates	-	(2,791)	-	(2,791)
<b>Total income tax expenses reported in the statement of comprehensive income</b>	<b>64,653</b>	<b>102,401</b>	<b>62,799</b>	<b>102,094</b>

As of 31 December 2013 and 2012, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	80,083	37,134	80,083	37,134
Allowance for diminution of value foreclosed assets	4,368	2,569	4,368	2,569
Reserve for employee benefits	831	555	831	555
Prepaid commission expenses	(24,304)	(19,284)	(24,304)	(19,284)
<b>Total</b>	<b>60,978</b>	<b>20,974</b>	<b>60,978</b>	<b>20,974</b>
<b>Deferred tax liabilities</b>				
Fair value on exclusive right agreement	653	-	-	-
<b>Total</b>	<b>653</b>	<b>-</b>	<b>-</b>	<b>-</b>

The above deferred tax liabilities included the deferred tax liabilities of USD 0.02 million from the appraised value of fair value of intangible assets at acquisition date.

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30% to 23% in 2012, and then to 20% from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

## 16. Other non-current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Income tax and value added tax refundable	48,995	36,621	48,995	36,621
Deposits	80,863	4,355	709	252
Others	770	830	770	830
<b>Total other non-current assets</b>	<b>130,628</b>	<b>41,806</b>	<b>50,474</b>	<b>37,703</b>

## 17. Bank overdraft and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)	Consolidated/Separate financial statements	
		2013	2012
Bank overdraft	MOR	13,550	-
Short-term loans from financial institutions	MLR, MOR	-	50,000
<b>Total</b>		<b>13,550</b>	<b>50,000</b>

Credit facilities of short-term loans from financial institutions are secured by the transfer of rights of claim under hire purchase agreements, the mortgage of land and the construction thereon and/or to be constructed thereon in the future and motorcycle registrations as requested by the lender. The Company had repaid short-term loan balance as of 31 December 2012 at full amount during the current year.

## 18. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company, its subsidiaries and those related companies. Below is a summary of those transactions.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2013	2012	2013	2012	
<b>Transactions with subsidiary company: (Eliminated from consolidated financial statements)</b>					
Hire purchase interest and installment sales income	-	-	28	-	Contract rate
Interest income	-	-	10,750	601	7% per annum.
Dividend income	-	-	10,000	-	As per declaration
<b>Transactions with related parties:</b>					
Interest income	3,628	250	103	57	6%-9% per annum
Cash paid for acquisition of investment in subsidiaries	-	35,106	-	244	Contract rate
Rental income	-	20	-	20	Contract rate

The relationship between the Company and the related parties are summarised below.

Name of related parties	Relationship with the Company
Group Lease Holdings Pte Ltd.	Subsidiary
GL Finance Plc.	Subsidiary (held by a subsidiary)
Asia Partnership Fund Pte., Ltd.	Company's director is major shareholders of that company / Common director
A.P.F. Group Co., Ltd.	Company's director is major shareholders of that company / Common director
Devenco Management and Consulting Co., Ltd.	Common director with GLF
Tennis Federation of Cambodia	GLF's director is general secretary of the Federation

As at 31 December 2013 and 2012, the Company and its subsidiaries had outstanding balances of significant assets and liabilities with the related parties as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Short-term loans to and interest receivable from related parties Subsidiary companies</b>				
Group Lease Holding Pte. Ltd.	-	-	200,499	36,783
GL Finance Plc.	-	20,544	3,383	3,067
<b>Related parties</b>				
Devenco Management and Consulting Co., Ltd.	51,341	-	-	-
Tennis Federation of Cambodia	3,821	-	-	-
<b>Total</b>	<b>55,162</b>	<b>20,544</b>	<b>203,882</b>	<b>39,850</b>
<b>Share subscription payment in advance - related parties</b>				
GL Finance Plc.	-	34,144	-	-
Group Lease Holdings Pte. Ltd.	-	-	330,815	-
<b>Total</b>	<b>-</b>	<b>34,144</b>	<b>330,815</b>	<b>-</b>
<b>Deposit - related party (presented as part of other non-current assets)</b>				
A.P.F. Group Co., Ltd.	65,627	-	-	-
<b>Total</b>	<b>65,627</b>	<b>-</b>	<b>-</b>	<b>-</b>

Of deposits presented under the caption of non-current assets in the consolidated financial statements, a total of USD 2.0 million represented a deposit of GLH that has been pledged as collateral with a related party who assisted with procurement of loans from a financial institution. Currently, there is in the progress for arrangement.

During the current year, short-term loans to and interest receivable from related parties have movement as below:

(Unit: Thousand Baht)

Consolidated financial statements							
	Balance as at 1 January 2013	During the year		Gain (loss) from exchange rate	Exchange differences on translation of financial statement in foreign currency	Eliminated of short-term loan transactions from acquisition of GLF	Balance as at 31 December 2013
		Increase	Decrease				
Short-term loans to and interest receivable from related parties							
GL Finance Plc.	20,544	56,636	(317)	52	434	(77,349)	-
Devenco Management and Consulting Co., Ltd.	-	52,312	-	(3,294)	2,323	-	51,341
Tennis Federation of Cambodia	-	3,708	(30)	-	143	-	3,821
<b>Total</b>	<b>20,544</b>	<b>112,656</b>	<b>(347)</b>	<b>(3,242)</b>	<b>2,900</b>	<b>(77,349)</b>	<b>55,162</b>

(Unit: Thousand Baht)

Separate financial statements					
	Balance as at 1 January 2013	During the year		Gain from exchange rate	Balance as at 31 December 2013
		Increase	Decrease		
Short-term loans to and interest receivable from related parties					
Group Lease Holdings Pte. Ltd.	36,783	499,999	(336,283)	-	200,499
GL Finance Plc.	3,067	215	(121)	222	3,383
<b>Total</b>	<b>39,850</b>	<b>500,214</b>	<b>(336,404)</b>	<b>222</b>	<b>203,882</b>

#### Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

Consolidated / Separate financial statements		
	2013	2012
Short-term employee benefits	37,386	37,418
Post-employment benefits	1,076	802
<b>Total</b>	<b>38,462</b>	<b>38,220</b>

#### Warrants for directors and management

On 10 May 2009, the Company issued 118,100 warrants (GL-WB) to subscribe to the Company's ordinary shares, to be allotted to 11 directors and management. This represents 23.6% of the Company's warrants.

On 10 May 2010, the Company issued 104,700 warrants (GL-WC) to subscribe to the Company's ordinary shares, to be allotted to 10 directors and management. This represents 20.9% of the Company's warrants.

On 15 May 2012, the Company issued 255,500 warrants (GL-WD) to subscribe to the Company's ordinary shares, to be allotted to 16 directors and management. This represents 25.55% of the Company's warrants.

On 1 November 2012, the Company issued 18,731 warrants (GL-W2) to subscribe to the Company's ordinary shares, to be allotted to 5 directors and management. This represents 0.04% of the Company's warrants.

On 2 December 2013, the Company issued 731,151 warrants (GL-W3) to subscribe to the Company's ordinary shares, to be allotted to 9 directors and management. This represents 0.22% of the Company's warrants.

As at 31 December 2013, there are outstanding warrants (GL-WD, GL-W2 and GL-W3) to subscribe to the Company's ordinary shares, to be allotted to existing directors and management totaling 219,500 units, 6,199 units and 731,151 units, respectively.

## 19. Long-term loans

The long-term loans, which the Company obtained from local financial institutions, are as detailed below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	Balance		Interest rate per annum	Repayment condition
	2013	2012		
Loan agreement dated 22 October 2009 Credit facility No. 1	-	5,333	At the rate of MLR - 0.75% per annum	Thirty equal installments, with first installment due on the first interest payment date after drawing down loans under credit facility
Loan agreement dated 25 August 2010 Credit facility No. 1	-	148,834	At the rate of MLR - 1.0% per annum	Thirty equal installments, with first installment due on the first interest payment date after drawing down loans under credit facility
Loan agreement dated 26 May 2011 Credit facility No. 1	2,184,260	1,567,790	At the rate of MLR - 1.0% per annum	Thirty equal installments, with first installment due on the first interest payment date after drawing down loans under credit facility
Loan agreement dates 21 June 2013 Credit facility No. 1	433,270	-	At the rate of THBFIX1M + 1.50% per annum	Thirty equal installment, with first installment due on the first interest payment date after drawing down loans under credit facility.
Loan agreement dates 17 September 2013 Credit facility No. 1	479,990	-	At the rate of THBFIX1M + 1.50% per annum	Thirty equal installment, with first installment due on the first interest payment date after drawing down loans under credit facility.
Total	3,097,520	1,721,957		
Less: Current portion	(1,808,590)	(887,947)		
Long-term loans, net of current portion	1,288,930	834,010		

Movements in the long-term loans account during the year 2013 are summarised below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements
Balance as at 1 January 2013	1,721,957
Add: Addition borrowings	2,837,000
Less: Repayment	(1,461,437)
Balance as at 31 December 2013	3,097,520

On 22 October 2009, the Company entered into a loan agreement with three commercial banks, as co-lenders, to obtain long-term loan facilities of Baht 1,000 million. The purposes of such loans are to repay the existing short-term loan and for use in the expansion of business of the Company.

On 25 August 2010, the Company entered into a loan agreement with three commercial banks, as co-lenders, to obtain long-term loan facilities of Baht 1,000 million. The purposes of such loans are to repay the existing short-term loan and for use in the expansion of business of the Company.

On 26 May 2011, the Company entered into a loan agreement with another commercial bank obtain long-term loan facilities of Baht 500 million. The purposes of such loan are to repay the existing short-term loan and for use in the expansion of business.

During the year 2012 upto the first quarter of 2013, the Company increase the long-term credit facilities with commercial banks of loan agreement on 26 May 2011 to Baht 2,500 million. The purposes of such loan are to repay the existing short-term loan and for use in the expansion of business.

On 21 June 2013, the Company entered into a loan agreement with another commercial bank to obtain long-term loan facilities of Baht 500 million. The purpose of such loans are to repay the existing short-term loan and for use in the expansion of business. In order to reduce the fluctuation of interest rate risk, the Company has entered into an interest rate swap agreement covering this loan amount, whereby a floating interest rate is to be swapped for a fixed interest rate at 6.00% per annum.

On 17 September 2013, the Company entered into a loan agreement with another commercial bank to obtain long-term loan facilities of Baht 500 million. The purpose of such loans are to repay the existing short-term loan and for use in the expansion of business. In order to reduce the fluctuation of interest rate risk, the Company has entered into an interest rate swap agreement covering this loan amount, whereby a floating interest rate is to be swapped for a fixed interest rate at 6.00% per annum.

The loan agreements contains covenants regarding, among other things, the maintenance of the proportion of shareholding of the major shareholders, dividend payment, and maintenance of a certain debt to equity ratio, ratio of hire purchase receivables more than three months' past due to total hire purchase receivables, ratio of total hire purchase receivables to loans, prohibition of disposal of assets or rights of claim under hire purchase agreements. Moreover, if the Company obtains new loans, the financial terms and collateral of the existing lenders must not be subordinate to those of new loans.

The loans are secured by the transfer of rights of claim under hire purchase agreements, the mortgage of land and construction thereon and/or to be constructed thereon in the future, and motorcycle registrations as requested by the commercial banks.

As at 31 December 2013, the long-term credit facilities of the Company which have not yet drawn down amount to Baht 315.7 million (2012: Baht 432.0 million).



## 20. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2013	2012
Defined benefit obligation at beginning of year	2,774	1,735
Current service cost	1,081	2,673
Interest cost	117	67
Benefits paid during the year	(360)	(1,317)
Actuarial loss (gain)	545	(384)
Provisions for long-term employee benefits at end of year	4,157	2,774

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2013	2012
Current service cost	1,081	2,673
Interest cost	117	67
Actuarial loss (gain) recognised during the year	545	(384)
Total expense recognised in profit or loss	1,743	2,356
Line items under which such expenses are included in profit or loss:		
Services and administrative expenses	1,743	2,356

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated / Separate financial statements	
	2013 (% per annum)	2012 (% per annum)
Discount rate	4.4	4.2
Future salary increase rate (depending on age)	7.0	7.0
Staff turnover rate	15.88	14.92

Amounts of defined benefit obligation for the current and previous two periods are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation	Experience adjustments arising on the plan liabilities
	Consolidated / Separate financial statements	Consolidated / Separate financial statements
Year 2013	4,157	510
Year 2012	2,774	(104)
Year 2011	1,735	(1,127)

## 21. Share capital

### 21.1 Resolutions of the Annual General Meeting of the shareholders

On 26 April 2013, the Annual General Meeting of the Company's shareholders passed the following resolutions:

- 1) The following allocations of the Company's legal reserve and the payment of dividend from the operation result of the year 2012:
  - Allocation of 10% of registered capital, amounting to Baht 57.01 million, to the legal reserve.
  - 
  - Paid dividend by the Company's ordinary shares in the ratio of 5.4466230936 existing shares per 1 dividend share, not exceeding 14.464 million shares, or in the total amount not exceeding Baht 72.32 million or shall be converted as dividend payment at Baht 0.918 per share. In case that any shareholder holds the indivisible share remaining after such allocation, the dividend shall be paid by cash in the amount of Baht 0.918 per share.
  - Paid dividend by cash at the rate of Baht 0.102 per share or in the total amount not exceeding Baht 8.03 million.

In combination, the dividend payment shall be paid at the rate of Baht 1.02 per share (before change in par value). The payment of such stock dividend and cash dividend was made within 23 May 2013.

During the year 2012 and first quarter of 2013, the Company had paid interim dividend to the shareholders as cash dividend at totaling of Baht 169 million, or payment at Baht 2.45 per share. The interim dividends were paid on 20 September 2012 and 11 April 2013. As a result, total dividend per share paid for the operating results of 2012 is Baht 3.47 per share (before change in par value of shares).

- 2) To decrease the registered capital of the Company from Baht 570.4 million to Baht 470.1 million by cancelling the registered ordinary shares to the unpaid registered ordinary shares remaining after reserving shares for the exercise of the unexpired warrants totaling to 24.5 million shares.
- 3) To increase the registered capital from the previous registered capital of Baht 470.1 million to be the new registered capital of Baht 675.0 million by issuing an additional 40.9 million ordinary shares at the par value of Baht 5 each to be reserved for the increase by a general mandate, amounting to 20.8 million shares and for the payment of a stock dividend including the adjustment of the exercise price and exercise ratio of the warrants allotted to employees amounting to 20.1 million shares.

On 3 May 2013, the Company registered with the Ministry of Commerce the increase in its registered capital to Baht 675.0 million or 135.0 million ordinary shares at par value of Baht 5 each.

- 4) To change the par value of the ordinary shares from 135.0 million ordinary shares of Baht 5 each to 1,350 million ordinary shares of Baht 0.50 each and registered the changes in par value and number of shares with the Ministry of Commerce on 7 May 2013, and paid-up share capital at Baht 393.9 million.
- 5) Approved the amendment of the Company's Memorandum of Association to state a registered capital of Baht 675.0 million with the number of 1,350.0 million ordinary shares of Baht 0.5 each.

On 10 May 2013, the Company reports to the Stock Exchange of Thailand (SET) the number of 144.6 million ordinary shares (after change in par value) actually allocated to the stock dividend.

The Company registered the increase in its registered share capital to Baht 675.0 million with the Ministry of Commerce on 27 May 2013.

## 21.2 Resolutions of the Extraordinary General Meeting of the shareholders

On 8 November 2013, an Extraordinary General Meeting of the Company's shareholders passed the following resolutions.

- 1) Approved the issuance of debentures in an amount of up to Baht 2,000 million, and empower the authorised directors and/or persons granted authority by the directors to act on behalf of the Company in determining related details, appointing advisors or other persons with respect to the issue and offering of the debentures, conducting negotiations, reaching agreements, signing relevant agreements, and performing any acts necessary in relation to the issuance and offering of the Company's debentures.
  
- 2) Approved the issue of warrants (GL-W3) per the following details:
 

Allocation	:	Allocated to the existing shareholders of the Company in a ratio of 1 warrant for every 3 existing ordinary shares
Number offered	:	341,568,986 units
Offering price	:	Baht 0
Term	:	Not exceeding 2 years from the issue date
Exercise ratio	:	1 warrant per ordinary share
Exercise price	:	Baht 10.00
Exercise period	:	Last business day of every month until the expiry date
Offering period	:	Within 1 year after approval by the shareholders
Listing	:	Warrants to be listed on the Stock Exchange of Thailand
  
- 3) Approved the cancellation of the capital increase by general mandate, and to cancel the allocation of 20.9 million shares to support that increase, amounting to Baht 104.3 million.
  
- 4) Approved a reduction of Baht 124.9 million in the registered capital of the Company (249.7 million shares with a par value of Baht 0.50 each) such that it is equal to the registered capital after reserving shares to support the exercise of the unexpired warrants.
  
- 5) Approved an increase of Baht 170.8 million in the registered capital of the Company (341.6 million ordinary shares with a par value of Baht 0.50 each) to support the exercise of warrants (GL-W3).
  
- 6) Approved the amendment of the Company's Memorandum of Association to increase/decrease the registered capital to Baht 720.9 million (1,441.9 million shares with a par value of Baht 0.50 each).

The Company registered the increase in its registered share capital to Baht 720.9 million with the Ministry of Commerce on 15 November 2013. As at 31 December 2013, the Company had its paid up share capital to Baht 512.4 million.

### 21.3 Additional share subscription received from the exercise of warrants

During the current year, the Company received additional share subscription totaling Baht 612.19 million from the exercise of warrants, as detailed below.

	Warrant (units)	Ordinary share (shares)	Exercise price (Baht/share)	Amount (Million Baht)
GL-W2 (before change in par value)	9,808,255	9,808,255	35	343.29
GL-WC (after change in par value)	212,300	2,512,744	1.40166	3.52
GL-W2 (after change in par value)	7,582,146	89,742,271	2.95708	265.38

As at 31 December 2013, the Company had share premium amounting to Baht 933.68 million as a result of the capital increases (2012: Baht 414.9 million).

As at 31 December 2013, the Company had share subscription received in advance amounting Baht 1.0 million in its paid up share capital from the exercise of GL-W2 totaling 28,400 units. The Company registered the increase in its paid up share capital from the exercise of such warrants with the Ministry of Commerce on 3 January 2014. In addition, the Company also transferred of share subscription received in advance to share capital amounting Baht 19.6 million during year.

### 21.4 Reconciliation of number of ordinary shares

Movements in the number of ordinary shares, the paid-up share capital and premium on ordinary shares are as follows:

	Number of ordinary shares (Thousand Shares)	Amount (Thousand Baht)
<b>Registered share capital</b>		
At the beginning of the year	114,078	570,393
Increase from change in par value	1,026,707	-
Share capital after change in par value	1,140,785	570,393
Increase during the year	751,338	375,668
Decrease during the year	(450,271)	(225,135)
At the end of the period	1,441,852	720,926

	Number of ordinary shares (Thousand Shares)	Paid-up capital (Thousand Baht)	Premium on ordinary shares (Thousand Baht)
<b>Issued and paid-up share capital</b>			
At the beginning of the year	68,973	344,864	414,924
Increase from change in par value	620,755	-	-
Increase in capital from exercising of the rights of the warrants	190,337	95,168	518,756
Increase in capital from stock dividend	144,642	72,321	-
At the end of the year	1,024,707	512,353	933,680

## 22. Warrants/Capital reserve for share-based payment transactions

As at 31 December 2013, details of the warrants of the Company are as follows:

Type of warrant	Issue to	Issuance date of warrant	Number of warrants original issued	Warrant offer price	Period of warrant	Exercise price per share	Exercise ratio per 1 warrant
GL-W2	Existing shareholders	1 November 2012	22,775,694	Baht 0.10	2 years	Baht 35	1 ordinary share
GL-W3	Existing shareholders	2 December 2013	332,783,154	-	2 years	Baht 10	1 ordinary share
GL-WC	Directors and employees	10 May 2010	500,000	-	3 years	Baht 16.59	1 ordinary share
GL-WD	Directors and employees	15 May 2012	1,000,000	-	3 years	Baht 19.62	1 ordinary share

### Issuance and offer of warrants during the year

#### GL-W3

On 2 December 2013, the Company issued 332.78 million warrants (GL-W3) to subscribe to the Company's ordinary shares, free of charge. The warrants are exercisable at the end of every quarter for a period of 2 years from the issue date, in a ratio of 1 warrant to 1 new ordinary share, with an exercise price of Baht 10 per share.

On 16 December 2013, the warrants were listed on the Stock Exchange of Thailand, to be traded on Stock Exchange of Thailand commencing from 16 December 2013.

During the exercise period of the warrants, the Company paid a cash dividend and a stock dividend totaling 144.6 million shares (after change in par value) and changed the par value of the shares, as discussed in Note 21.1. As a result, the Company had to adjust the exercise price and exercise ratio of the warrants as detailed below.

	Exercise ratio (per 1 unit of warrants)		Exercise price (Baht/share)	
	Existing	New	Existing	New
GL-W2	1.0000	11.8360	35.0000	2.95708
GL-WC	1.0000	11.8360	16.5900	1.40166
GL-WD	1.0000	11.8360	19.6200	1.65766

The adjusted exercise price and exercise ratio of warrants are effective as from 15 May 2013.

During the current year, the movements of warrants of the Company are as follows:

Type of warrant	Number of warrants outstanding as at 1 January 2013	Issuance of warrants during the year	Number of warrants exercised during the year	Number of warrant expired/cancelled during the year	Number of warrants outstanding as at 31 December 2013
GL-W2	22,216,267	-	(16,859,374)	-	5,356,893
GL-W3	-	332,783,154	-	-	332,783,154
GL-WC	219,500	-	(212,300)	(7,200)	-
GL-WD	934,500	-	-	(62,100)	872,400

Up to 31 December 2013, the Company cancelled a total of 424,300 warrants (GL-WC and GL-WD) to purchase ordinary shares of the Company that had been allocated to the directors and management of the Company, because the directors and management who held those warrants had resigned, thus breaching the conditions under which the warrants were received.

On 15 May 2012, the Company issued 1,000,000 warrants (GL-WD) to subscribe to the Company's ordinary shares, to be allotted to directors and employees of the Company free of charge. The warrants are to have an adjust exercise ratio of 1 warrant per 11.8360 ordinary shares, an adjust exercise price of Baht 1.65766 per share, and a term of 3 years from the first issue date. The estimated fair value of each share option granted is Baht 4.08. This was calculated by applying the Black-Scholes-Merton formula. The model inputs were the share price at price determination date of Baht 24.9, exercise price of Baht 19.62, expected volatility of 32.85%, expected dividend yield of 8.62%, contractual life of 3 years, and a risk-free interest rate of 3.44%.

The distribution of the stock dividend and the change in the par value of the shares did not modify the terms and conditions of the plan, and did not change the fair value of the capital reserve for share-based payment transactions. As a result, there is no change in the fair value of the share options.

During the year ended 31 December 2013, the Company recorded expenses of the GL-WD plan amounting to Baht 1.36 million as personnel expenses (2012: Baht 0.86 million).

## 23. Dividends/stock dividends

Dividends and stock dividends declared in the year 2013 consist of the following:

Dividends/stock dividends	Approved by	Total dividend (Thousand Baht)	Dividend per share (Baht)
Outstanding balance of interim dividend on operating results during 1 January 2012 to 30 September 2012	Board of Directors meeting on 12 March 2013	69,532	1.00
Final dividends for 2012	Annual General Meeting of the shareholders on 26 April 2013	8,036	0.10
Stock dividends for 2012	Annual General Meeting of the shareholders on 26 April 2013	72,321	0.92
Dividend on 2013 half-year operating result	Board of Directors meeting on 27 August 2013	109,480	0.11
<b>Total dividends and stock dividends for the year 2013</b>		<b>259,369</b>	<b>2.13</b>

Dividends declared in the year 2012 consist of the following:

Dividends	Approved by	Total dividend (Thousand Baht)	Dividend per share (Baht)
Dividend on 2012 half-year operating result	Board of Directors meeting on 22 August 2012	99,523	1.45
Dividend on the third quarter of 2011 operating results	Board of Directors meeting on 13 February 2012	44,010	0.64
<b>Total dividends for the year 2012</b>		<b>143,533</b>	<b>2.09</b>

## 24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

## 25. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Salary and wages and other employee benefits	181,166	130,203	166,646	130,203
Service agreement expenses	40,904	29,112	40,825	29,112
Debt following expenses	21,136	19,567	21,136	19,567
Depreciation	10,601	8,476	9,028	8,476
Amortisation	9,425	-	-	-
Registration fee	7,785	7,772	7,785	7,772
Professional fee	4,816	7,374	2,427	6,928

## 26. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the distribution of the stock dividend of 144.6 million shares on 23 May 2013, and adjusting the number of ordinary shares in proportion to the change in the par value from Baht 5 to Baht 0.50 per share, as if the issue of the shares comprising such stock dividends and the change in par value had occurred at the beginning of the earliest period report.

Diluted earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, as discussed in the above paragraph, plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic earnings per share and diluted earnings per share.

Consolidated financial statements						
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2013 Thousand Baht	2012 Thousand Baht	2013 Thousand shares	2012 Thousand shares (Restated)	2013 Baht	2012 Baht (Restated)
<b>Basic earnings per share</b>						
Profit for the year	240,313	357,381	953,579	815,568	0.25	0.44
<b>Effect of dilutive potential ordinary shares</b>						
GL-W1	-	-	-	2,605		
GL-W2	-	-	91,829	27,717		
GL-WB	-	-	-	500		
GL-WC	-	-	771	1,867		
GL-WD	-	-	9,241	5,809		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	240,313	357,381	1,055,420	854,066	0.23	0.42

Separate financial statements						
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2013 Thousand Baht	2012 Thousand Baht	2013 Thousand shares	2012 Thousand shares (Restated)	2013 Baht	2012 Baht (Restated)
<b>Basic earnings per share</b>						
Profit for the year	257,856	353,243	953,579	815,568	0.27	0.43
<b>Effect of dilutive potential ordinary shares</b>						
GL-W1	-	-	-	2,605		
GL-W2	-	-	91,829	27,717		
GL-WB	-	-	-	500		
GL-WC	-	-	771	1,867		
GL-WD	-	-	9,241	5,809		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	257,856	353,243	1,055,420	854,066	0.24	0.41

However, no calculation of diluted earnings per share for the year ended 31 December 2013 was required for warrant (GL-W3), as disclosed in Note 22, since the aggregated amounts of the exercise price and the fair value of the warrant were higher than the average market price of the Company's ordinary shares.



## 27. Provident fund

The Company and employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributed to the fund monthly at the rate of 3% of basic salary. The fund, which is managed by Ayudhya Fund Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the years 2013 and 2012, the Company contributed Baht 2.6 and Baht 1.8 respectively to the fund.

## 28. Commitments

### 28.1 Capital commitments

As at 31 December 2013, the Company had capital commitments of approximately Baht 16.55 million, relating to the purchase of software license.

### 28.2 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of land and office building space. The terms of the agreements are generally between 1 and 5 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

As at 31 December				
	2013		2012	
	Thousand Baht	Thousand USD	Thousand Baht	Thousand USD
Payable:				
In up to 1 year	3,586	11	1,255	9
In over 1 and up to 5 years	2,075	-	40	-

### 28.3 Service commitments

As at 31 December 2013, the Company is required to pay fees of USD 0.04 million, JPY 0.20 million and THB 0.90 million per month to individuals who are employees of related party, for consultancy relating to overseas investment (2012: USD 0.02 million per month).

### 28.4 Guarantees

As at 31 December 2013 and 2012, there was outstanding bank guarantee of approximately Baht 0.3 million issued by the bank on behalf of the Company in respect of electricity and use of post services guarantees.

## 29. Financial information by segment

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Board of Directors.

For management purposes, the Company and its subsidiary are organised into business units based on its services and have two reportable segments as follows:

- Hire purchase services for motorcycles segment
- Financial advisory and other investment holding company segment

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit and total assets information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2013 and 2012, respectively.

(Unit: Thousand Baht)

	Hire Purchase service	Financial advisory and investment holding	Total reportable segments	Adjustments and eliminations	Consolidated
<b>Year ended 31 December 2013</b>					
Hire purchase interest income	1,258,308	-	1,258,308	(28)	1,258,280
Other income	183,044	35,621	218,665	(10,015)	208,650
Interest revenue	11,252	9,842	21,094	(16,483)	4,611
Interest expense	151,576	10,565	162,141	(16,433)	145,708
Depreciation and amortisation	11,043	-	11,043	8,984	20,027
Bad debts and doubtful accounts	343,635	-	343,635	-	343,635
Loss on disposals of foreclosed assets	314,387	-	314,387	-	314,387
Services and administrative expenses	330,328	5,864	336,192	6,626	342,818
Income tax expense or income	62,888	3,614	66,502	(1,849)	64,653
<b>Segment profit</b>	<b>238,747</b>	<b>25,420</b>	<b>264,167</b>	<b>(23,854)</b>	<b>240,313</b>
<b>Segment total assets</b>					
Additions to non-current assets other than financial instruments and deferred tax assets	116,124	-	116,124	47,682	163,806

(Unit: Thousand Baht)

	Hire Purchase service	Financial advisory and investment holding	Total reportable segments	Adjustments and eliminations	Consolidated
<b>Year ended 31 December 2012</b>					
Hire purchase interest income	837,221	-	837,221	-	837,221
Other income	112,709	-	112,709	-	112,709
Interest revenue	2,372	5,963	8,335	(602)	7,733
Interest expense	63,004	604	63,608	(604)	63,004
Depreciation and amortisation	8,476	-	8,476	-	8,476
Bad debts and doubtful accounts	45,253	-	45,253	-	45,253
Loss on disposals of foreclosed assets	140,251	-	140,251	-	140,251
Services and administrative expenses	239,981	1,450	241,431	(534)	240,897
Income tax expense or income	102,094	307	102,401	-	102,401
<b>Segment profit</b>	<b>353,243</b>	<b>3,602</b>	<b>356,845</b>	<b>536</b>	<b>357,381</b>
<b>Segment total assets</b>					
Additions to non-current assets other than financial instruments and deferred tax assets	(472)	-	(472)	-	(472)

## Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)

	2013	2012
<b>Revenue from external customers</b>		
Thailand	1,420,887	951,701
Cambodia	10,925	-
Singapore	39,729	5,963
<b>Total</b>	<b>1,471,541</b>	<b>957,664</b>
<b>Non-current assets (other than financial instruments and deferred tax assets)</b>		
Thailand	2,387,727	1,731,778
Cambodia	217,971	-
Singapore	69,187	4,102
<b>Total</b>	<b>2,674,885</b>	<b>1,735,880</b>

## 30. Financial instruments

### 30.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, hire purchase and installment sales receivables, short-term loan to, pledged fixed deposit at financial institution, accounts receivable and loans to employees, bank overdraft and short-term loans from financial institutions and long-term borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

The Company is exposed to credit risk primarily with respect to hire purchase and installment sales receivables. The Company manages the risk by adopting appropriate credit control policies and procedures. In addition, the Company does not have high concentration of credit risk since it has a large customer base. Therefore, the Company does not expect to incur material financial losses in excess of the allowance for doubtful accounts it has already provided.

#### Interest rate risk

The Company's exposure to interest rate risk relates primarily to its deposits with financial institutions, hire purchase and installment sales receivables, pledged fixed deposit at financial institution, accounts receivable and loans to employees, bank overdraft and short-term loans from financial institutions and long-term borrowings. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2013 and 2012 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
	Within 1 year	1 - 5 years			
<b>Financial assets</b>					
Cash and cash equivalent	-	-	7.63	312.91	320.54
Hire purchase and installment sales receivables, net	2,208.37	2,323.22	-	-	4,531.59
Short-term loans and interest receivable	23.37	-	-	-	23.37
Short-term loans to related parties	55.16	-	-	-	55.16
Deposits at bank with restrictions	0.32	-	-	-	0.32
Receivables and loans to employees	-	-	-	0.24	0.24
	2,287.22	2,323.22	7.63	313.15	4,931.22
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	-	-	13.55	-	13.55
Trade and other payables	-	-	-	4.32	4.32
Long-term loans	-	-	3,097.52	-	3,097.52
	-	-	3,111.07	4.32	3,115.39

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2012					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
	Within 1 year	1 - 5 years			
<b>Financial assets</b>					
Cash and cash equivalent	-	-	0.50	13.86	14.36
Hire purchase and installment sales receivables, net	1,493.37	1,637.94	-	-	3,131.31
Short-term loans to related parties	20.54	-	-	-	20.54
Deposits at bank with restrictions	0.31	-	-	-	0.31
Receivables and loans to employees	-	-	-	0.13	0.13
	1,514.22	1,637.94	0.50	13.99	3,166.65
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	-	-	50.00	-	50.00
Trade and other payables	-	-	-	14.42	14.42
Long-term loans	-	-	1,721.96	-	1,721.96
	-	-	1,771.96	14.42	1,786.38

(Unit: Million Baht)

Separate financial statements as at 31 December 2013					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
	Within 1 year	1 - 5 years			
<b>Financial assets</b>					
Cash and cash equivalent	-	-	1.35	84.81	86.16
Hire purchase and installment sales receivables, net	2,145.48	2,275.92	-	-	4,421.40
Short-term loans to related parties	203.88	-	-	-	203.88
Deposits at bank with restrictions	0.32	-	-	-	0.32
Receivables and loans to employees	-	-	-	0.24	0.24
	2,349.68	2,275.92	1.35	85.05	4,712.00
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	-	-	13.55	-	13.55
Trade and other payables	-	-	-	3.22	3.22
Long-term loans	-	-	3,097.52	-	3,097.52
	-	-	3,111.07	3.22	3,114.29

(Unit: Million Baht)

Separate financial statements as at 31 December 2012					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
	Within 1 year	1 - 5 years			
<b>Financial assets</b>					
Cash and cash equivalent	-	-	0.48	10.41	10.89
Hire purchase and installment sales receivables, net	1,493.37	1,637.94	-	-	3,131.31
Short-term loans to related parties	39.85	-	-	-	39.85
Deposits at bank with restrictions	0.31	-	-	-	0.31
Receivables and loans to employees	-	-	-	0.13	0.13
	1,533.53	1,637.94	0.48	10.54	3,182.49
<b>Financial liabilities</b>					
Trade and other payables	-	-	-	14.42	14.42
Bank overdrafts and short-term loans from financial institutions	-	-	50.0	-	50.0
Long-term loans	-	-	1,721.96	-	1,721.96
	-	-	1,771.96	14.42	1,786.38

### Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currencies of the Company and its subsidiaries are summarised below.

Foreign currency	Consolidated financial statements				Separate financial statements					
	Financial assets as at 31 December		Financial liabilities as at 31 December		Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	1.04	1.79	-	-	0.11	0.88	0.04	-	32.8136	30.6316
JPY	20.56	10	-	-	-	-	-	-	0.3130	0.3545

### 30.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear interest rates which are close to the market rates, their fair values are not expected to be materially different from the amounts presented in statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

The Company and its subsidiaries have estimated the fair value of financial instruments as follows:

a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents and short-term loans to, accounts payable and short-term loans from, their carrying amounts in the statement of financial position approximate their fair value.

b) For hire purchase and installment sales receivables, fair value is stated net of unearned hire purchase interest income and allowance for doubtful accounts.

c) For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximate their fair value.

The Company has entered into Interest Rate Swap Transaction Agreements with one bank of which the balance as at 31 December 2013 amounts to Baht 913.3 million, for part of the long term loan as discussed in note 19. The contracts have 24 - 30 installments and mature in December 2015 - June 2016. At each of the maturity dates, the Company is required to pay interest to the bank based on a fixed rate stipulated in the agreements (6.00% p.a.) and the bank is required to pay interest to the Company at the floating rate plus a stipulated rate. The agreement contains other conditions. The Company would have had unrealised losses of approximately Baht 27.1 million, if it had recorded the above contracts at fair value.

### 31. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2013, the Group's debt-to-equity ratio was 1.43:1 and the Company's was 1.43:1 (2012: 1.19:1).

### 32. Event after the reporting period

On 20 January 2014, a meeting of the Board of Directors of the Company approved a treasury stock program for the purpose of financial management. The details are as follow:

- 1) A resolution was passed to propose that the Shareholders' Annual General Meeting 2014 approve the amendment of Article 12 of the Company's Articles of Association, to enable the Company to repurchase the Company's shares.
- 2) Approved the treasury stock program for the purpose of financial management, with the repurchase period set after a shareholders' meeting has passed a resolution to approve the amendment of the Articles of Association to enable the Company to repurchase its shares.
- 3) The maximum budget for the share repurchase is Baht 330 million.
- 4) A total of 51,252,115 shares are available for repurchase with a par value of Baht 0.50 per share, equivalent to 5% of the total paid-up capital.
- 5) These shares are to be repurchased through the Stock Exchange of Thailand, by means of offerings to general shareholders. The repurchase price must not exceed 115% of the weighted average closing price over the latest 5 trading days.
- 6) The Board of Directors will reconsider the procedures for share distribution after the share repurchase scheme is complete (more than 6 months but not more than 3 years after completion date of the scheme). The resale price will not be set at no less than 85% of the weighted average closing price over the 5 trading days before the sale.
- 7) The treasury stocks carry no rights to receive dividend.

### 33. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 19 February 2014.



**บริษัท กรุ๊ปลีส์ จำกัด (มหาชน)**

**GROUP LEASE PUBLIC COMPANY LIMITED**

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