

Group Lease Public Company Limited  
Review report and interim financial statements  
For the three-month and six-month periods ended  
30 June 2011 and 2010

**Review report of Independent Auditor**

To the Shareholders of Group Lease Public Company Limited

I have reviewed the accompanying statement of financial position of Group Lease Public Company Limited as at 30 June 2011, the related statements of comprehensive income for the three-month and six-month periods ended 30 June 2011 and 2010, and the statements of changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2011 and 2010. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the financial statements of Group Lease Public Company Limited for the year ended 31 December 2010 in accordance with generally accepted auditing standards, and expressed an unqualified opinion on those statements under my report dated 7 February 2011. The statement of financial position as at 31 December 2010, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of the above report. In addition, as described in Note 1.4 to the financial statements, during the current period, the Company adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied these in its preparation and presentation of the interim financial statements.

Pimjai Manitkajohnkit  
Certified Public Accountant (Thailand) No. 4521

Ernst & Young Office Limited  
Bangkok: 10 August 2011

**Group Lease Public Company Limited**  
**Statements of financial position**  
**As at 30 June 2011 and 31 December 2010**

(Unit: Thousand Baht)

	<u>Note</u>	<u>30 June 2011</u>	<u>31 December 2010</u>
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	146,643	868
Current portion of hire purchase and installment sales receivables, net	4	1,216,788	1,227,872
Assets foreclosed, net	5	23,579	17,483
Other current assets, net	6	62,151	72,113
<b>Total current assets</b>		<u>1,449,161</u>	<u>1,318,336</u>
<b>Non-current assets</b>			
Pledged fixed deposit at financial institution	7	307	269
Hire purchase and installment sales receivables - long-term portion, net	4	1,012,768	1,182,177
Property, plant and equipment, net	8	55,872	59,026
Deferred tax assets	9	72,330	59,231
Other non-current assets, net		32,621	27,695
<b>Total non-current assets</b>		<u>1,173,898</u>	<u>1,328,398</u>
<b>Total assets</b>		<u><u>2,623,059</u></u>	<u><u>2,646,734</u></u>

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

**Group Lease Public Company Limited**  
**Statements of financial position (continued)**  
**As at 30 June 2011 and 31 December 2010**

(Unit: Thousand Baht)

	<u>Note</u>	<u>30 June 2011</u>	<u>31 December 2010</u>
		(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Bank overdraft and short-term loans from financial institutions	10	-	72,921
Trade accounts payable		1,694	3,800
Current portion of long-term loans	12	806,407	788,126
Corporate income tax payable		77,138	63,516
Insurance premium payables		7,016	15,446
Accrued expenses		6,347	15,264
Provision for short-term liabilities			
Provision for employee compensation	13	-	18,653
Other current liabilities		32,963	22,471
<b>Total current liabilities</b>		<u>931,565</u>	<u>1,000,197</u>
<b>Non-current liabilities</b>			
Long-term loans, net of current portion	12	507,747	629,459
Provision for long-term liabilities			
Reserve for long-term employee benefits	13	2,625	3,519
Cash guarantee for damage on hire purchase agreements		2,605	2,999
<b>Total non-current liabilities</b>		<u>512,977</u>	<u>635,977</u>
<b>Total liabilities</b>		<u>1,444,542</u>	<u>1,636,174</u>

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

**Group Lease Public Company Limited**  
**Statements of financial position (continued)**  
**As at 30 June 2011 and 31 December 2010**

	Note	(Unit: Thousand Baht)	
	<u>          </u>	<u>30 June 2011</u>	<u>31 December 2010</u>
		(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>			
Share capital	14, 15		
Registered			
86,300,000 ordinary shares of Baht 5 each		431,500	431,500
Issued and paid-up			
56,951,696 ordinary shares of Baht 5 each			
(31 December 2010: 56,416,996 ordinary shares			
of Baht 5 each)		284,758	282,085
Share premium		195,932	192,189
Share subscription received in advance		62,633	-
Warrants	11, 15	3,837	4,377
Retained earnings			
Appropriated - statutory reserve		43,150	43,150
Unappropriated		588,207	488,759
<b>Total shareholders' equity</b>		<u>1,178,517</u>	<u>1,010,560</u>
<b>Total liabilities and shareholders' equity</b>		<u>2,623,059</u>	<u>2,646,734</u>
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The accompanying notes are an integral part of the financial statements.

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Directors

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(Unaudited but reviewed)

**Group Lease Public Company Limited**

**Statements of comprehensive income**

**For the three-month periods ended 30 June 2011 and 2010**

(Unit: Thousand Baht)

	<u>Note</u>	<u>2011</u>	<u>2010</u>
<b>Profit or loss:</b>			
<b>Revenues</b>			
Hire purchase interest and installment sales income	11	216,838	193,196
Other income		15,526	14,926
<b>Total revenues</b>		<u>232,364</u>	<u>208,122</u>
<b>Expenses</b>			
Service and administrative expenses		36,370	46,761
Bad debts and doubtful accounts		45,814	37,539
Loss on disposals of foreclosed assets		30,059	22,217
<b>Total expenses</b>		<u>112,243</u>	<u>106,517</u>
<b>Profit before finance cost and corporate income tax</b>			
		120,121	101,605
Finance cost	11	(19,881)	(14,841)
<b>Profit before corporate income tax</b>		100,240	86,764
Corporate income tax	9	(30,077)	(26,029)
<b>Profit for the period</b>		<u>70,163</u>	<u>60,735</u>
<b>Other comprehensive income:</b>			
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<u>70,163</u>	<u>60,735</u>

(Unit: Baht)

<b>Earnings per share</b>	16		
<b>Basic earnings per share</b>			
Profit for the period		1.24	1.08
Weighted average number of ordinary shares (shares)		<u>56,758,658</u>	<u>56,374,926</u>
<b>Diluted earnings per share</b>			
Profit for the period		1.17	1.01
Weighted average number of ordinary shares (shares)		<u>59,770,820</u>	<u>60,404,291</u>

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

(Unaudited but reviewed)

**Group Lease Public Company Limited**

**Statements of comprehensive income**

**For the six-month periods ended 30 June 2011 and 2010**

(Unit: Thousand Baht)

	<u>Note</u>	<u>2011</u>	<u>2010</u>
<b>Profit or loss:</b>			
<b>Revenues</b>			
Hire purchase interest and installment sales income	11	438,786	374,401
Other income		35,953	28,946
<b>Total revenues</b>		<u>474,739</u>	<u>403,347</u>
<b>Expenses</b>			
Service and administrative expenses		78,214	88,952
Bad debts and doubtful accounts		77,058	60,972
Loss on disposals of foreclosed assets		66,596	47,348
<b>Total expenses</b>		<u>221,868</u>	<u>197,272</u>
<b>Profit before finance cost and corporate income tax</b>			
		252,871	206,075
Finance cost	11	(39,065)	(29,120)
<b>Profit before corporate income tax</b>		213,806	176,955
Corporate income tax	9	(64,147)	(46,035)
<b>Profit for the period</b>		<u>149,659</u>	<u>130,920</u>
<b>Other comprehensive income:</b>			
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<u>149,659</u>	<u>130,920</u>

(Unit: Baht)

<b>Earnings per share</b>	16		
<b>Basic earnings per share</b>			
Profit for the period		2.64	2.33
Weighted average number of ordinary shares (shares)		<u>56,588,771</u>	<u>56,281,659</u>
<b>Diluted earnings per share</b>			
Profit for the period		2.54	2.18
Weighted average number of ordinary shares (shares)		<u>58,940,868</u>	<u>60,123,367</u>

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

(Unaudited but reviewed)

**Group Lease Public Company Limited**

**Statements of cash flows**

**For the six-month periods ended 30 June 2011 and 2010**

(Unit: Thousand Baht)

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities</b>		
Profit before tax	213,806	176,955
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation	3,913	3,785
Bad debts and doubtful accounts	77,058	60,972
Gain on sale of property plant and equipment	(3,374)	(2)
Loss on disposals of assets foreclosed	66,596	47,348
Loss on diminution in value of foreclosed assets	1,931	4,142
Provision for employee benefits	3,450	6,701
Interest expenses	39,064	29,120
Profit from operating activities before changes in operating assets and liabilities	402,444	329,021
Operating assets (increase) decrease		
Hire purchase and installment sales receivables	103,435	(321,321)
Assets foreclosed	(74,623)	(66,669)
Revenue Department receivable	829	(3,515)
Other current assets	9,133	(13,501)
Other non-current assets	(4,909)	(3,811)
Operating liabilities increase (decrease)		
Trade accounts payable	(2,106)	2,135
Insurance premium payable	(8,430)	2,874
Accrued expenses	(8,693)	6,908
Provision for employee benefits	(22,997)	-
Other current liabilities	10,492	7,094
Guarantee for damage from hire purchase agreements	(394)	(2,671)
Cash flows from (used in) operating activities	404,181	(63,456)
Cash paid for interest expenses	(39,288)	(29,270)
Cash paid for corporate income tax	(63,624)	(36,911)
<b>Net cash flows from (used in) operating activities</b>	<b>301,269</b>	<b>(129,637)</b>

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

(Unaudited but reviewed)

**Group Lease Public Company Limited**

**Statements of cash flows (continued)**

**For the six-month periods ended 30 June 2011 and 2010**

(Unit: Thousand Baht)

	<u>2011</u>	<u>2010</u>
<b>Cash flows from investing activities</b>		
Increase in pledged fixed deposits at financial institution	(38)	(3)
Increase in accounts receivable and loans to employees	(17)	(15)
Proceeds from sale of property, plant and equipment	4,823	6
Acquisitions of property, plant and equipment	(2,208)	(2,818)
<b>Net cash flows from (used in) investing activities</b>	<u>2,560</u>	<u>(2,830)</u>
<b>Cash flows from financing activities</b>		
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(72,921)	4,654
Cash receipt from exercise of warrants	68,509	5,569
Cash receipt from long-term loans	365,000	620,000
Repayment of long-term loans	(468,431)	(455,442)
Dividend paid	(50,211)	(39,460)
<b>Net cash flows from (used in) financing activities</b>	<u>(158,054)</u>	<u>135,321</u>
<b>Net increase in cash and cash equivalents</b>	<u>145,775</u>	<u>2,854</u>
Cash and cash equivalents at beginning of period	868	1,768
<b>Cash and cash equivalents at the end of period (Note 3)</b>	<u><u>146,643</u></u>	<u><u>4,622</u></u>
	-	

**Supplemental cash flows information**

Non-cash item

Issuance of ordinary shares during the period

from the exercise of warrants

540

48

Dividend payable

-

48,513

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

(Unaudited by reviewed)

**Group Lease Public Company Limited**

**Statements of changes in shareholders' equity**

**For the six-month periods ended 30 June 2011 and 2010**

(Unit: Thousand Baht)

	Note	Issued and paid-up share capital	Share premium	Share subscription received in advance	Warrants	Retained earnings		Total
						Appropriated	Unappropriated	
<b>Balance as at 31 December 2009</b>		280,839	187,656	-	4,426	39,955	401,300	914,176
Issuance of ordinary shares during period								
from the exercise of warrants	14	1,020	3,711	886	(48)	-	-	5,569
Total comprehensive income for the period		-	-	-	-	-	130,920	130,920
Dividend paid	17	-	-	-	-	-	(87,973)	(87,973)
<b>Balance as at 30 June 2010</b>		<u>281,859</u>	<u>191,367</u>	<u>886</u>	<u>4,378</u>	<u>39,955</u>	<u>444,247</u>	<u>962,692</u>
<b>Balance as at 31 December 2010</b>		282,085	192,189	-	4,377	43,150	488,759	1,010,560
Issuance of ordinary shares during period								
from the exercise of warrants	14	2,673	3,743	62,633	(540)	-	-	68,509
Total comprehensive income for the period		-	-	-	-	-	149,659	149,659
Dividend paid	17	-	-	-	-	-	(50,211)	(50,211)
<b>Balance as at 30 June 2011</b>		<u>284,758</u>	<u>195,932</u>	<u>62,633</u>	<u>3,837</u>	<u>43,150</u>	<u>588,207</u>	<u>1,178,517</u>
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-

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

## **Group Lease Public Company Limited**

### **Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 2011 and 2010**

#### **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 is principally engaged in the hire purchase of motorcycles and its registered address is 63 Soi 1, Tesabalnimitretai Road, Ladyao, Chatujak, Bangkok and there are also 4 branches in Rayong, Chonburi, Nakhonratchasima and Ayutthaya.

The major shareholders of the Company are Engine Holdings Asia Pte. Ltd. (incorporated in Singapore) and A.P.F Holding Company Limited (incorporated in Thailand), which owns 48.12% and 20.78% of the Company’s share capital, respectively. The parent company of the group is Wedge Holdings Company Limited (incorporated in Japan).

On 20 April 2011, a meeting of the Board of Directors passed a resolution to accept the resignation of the Managing Director, effective from 20 April 2011. The Board also passed a resolution appointing a person to the position of General Manager, to replace the Managing Director who resigned, effective from 25 April 2011.

##### **1.2 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

### 1.3 Application of new accounting standards during the period

During the current period, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

#### Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

#### Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources



*Post-employment benefits (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, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

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

For the purposes of first time adoption to comply with TAS 19 “Employee benefits”, the Company has immediately recognised the difference between liabilities estimation in accordance with TAS19 and the prior provision made by management as an expense in profit or loss for the current period. The effect of this change is immaterial to the Company’s financial statements.

## 2. New accounting standards issued during the period not yet effective

During the current period, the Federation of Accounting Professions issued the below listed new accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

## 3. Cash and cash equivalents

	(Unit: Thousand Baht)	
	30 June 2011	31 December 2010
Cash and cash equivalents	136	79
Bank deposits	146,507	789
Total	146,643	868

As at 30 June 2011, bank deposits in saving accounts carried interest between 0.62% to 0.625% per annum (31 December 2010: 0.25% per annum).

#### 4. Hire purchase and installment sales receivables

4.1 As at 30 June 2011 and 31 December 2010, the balances of hire purchase and installment sales receivables are as follows:

(Unit: Thousand Baht)

	Current portion of		Long-term portion of		Total	
	hire purchase and installment		hire purchase and installment			
	sales receivables		sales receivables			
	30 June	31 December	30 June	31 December	30 June	31 December
	2011	2010	2011	2010	2011	2010
<b>Normal receivables</b>						
Hire purchase and installment sales receivables	1,922,858	2,000,698	1,347,018	1,570,327	3,269,876	3,571,025
Accrued hire purchase and installment sales income	63,143	58,497	-	-	63,143	58,497
Less: Unearned hire purchase and installment sales income, net	(688,114)	(756,417)	(312,609)	(375,905)	(1,000,723)	(1,132,322)
<b>Total normal receivable</b>	<b>1,297,887</b>	<b>1,302,778</b>	<b>1,034,409</b>	<b>1,194,422</b>	<b>2,332,296</b>	<b>2,497,200</b>
<b>Terminated agreements receivables</b>						
Hire purchase and installment sales receivables	132,773	116,103	85,607	72,555	218,380	188,658
Accrued hire purchase and installment sales income	17,656	14,402	-	-	17,656	14,402
Less: Unearned hire purchase and installment sales income, net	(48,508)	(41,880)	(24,154)	(19,990)	(72,662)	(61,870)
<b>Total terminated agreements receivables</b>	<b>101,921</b>	<b>88,625</b>	<b>61,453</b>	<b>52,565</b>	<b>163,374</b>	<b>141,190</b>
<b>Total receivables</b>	<b>1,399,808</b>	<b>1,391,403</b>	<b>1,095,862</b>	<b>1,246,987</b>	<b>2,495,670</b>	<b>2,638,390</b>
<b>Less: Allowance for doubtful accounts</b>	<b>(183,020)</b>	<b>(163,531)</b>	<b>(83,094)</b>	<b>(64,810)</b>	<b>(266,114)</b>	<b>(228,341)</b>
<b>Hire purchase and installment sales receivables, net</b>	<b>1,216,788</b>	<b>1,227,872</b>	<b>1,012,768</b>	<b>1,182,177</b>	<b>2,229,556</b>	<b>2,410,049</b>

4.2 As at 30 June 2011 and 31 December 2010, 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.

## (Unaudited but reviewed)

(Unit: Thousand Baht)

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	
	30 June 2011	31 December 2010		30 June 2011	31 December 2010	30 June 2011	31 December 2010
	<b>Hire purchase and installment sales receivables</b>						
Not yet due	1,838,576	2,041,280	1	17,876	19,784	1,820,700	2,021,496
Past due:							
1 month	198,907	199,050	1	1,950	1,947	196,957	197,103
2 - 3 months	212,915	192,204	2	4,187	3,776	208,728	188,428
4 - 6 months	123,769	112,239	100	122,162	110,678	1,607	1,561
7 - 12 months	90,259	70,195	100	89,280	69,170	979	1,025
Over 12 months	31,244	23,422	100	30,659	22,986	585	436
<b>Total</b>	<b>2,495,670</b>	<b>2,638,390</b>		<b>266,114</b>	<b>228,341</b>	<b>2,229,556</b>	<b>2,410,049</b>

- 4.3 As at 30 June 2011 and 31 December 2010, 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)

	30 June 2011		31 December 2010	
	Minimum payments receivable	Present value of payments receivable	Minimum payments receivable	Present value of payments receivable
Within one year	2,136,430	1,399,808	2,189,700	1,391,403
After one year but not more than five years	1,432,625	1,095,862	1,642,882	1,246,987
<b>Total minimum lease payments receivable</b>	<b>3,569,055</b>	<b>2,495,670</b>	<b>3,832,582</b>	<b>2,638,390</b>
Less: Amounts representing finance charges	(1,073,385)		(1,194,192)	
<b>Present value of minimum lease payments</b>	<b>2,495,670</b>		<b>2,638,390</b>	

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

- 4.5 As at 30 June 2011, the Company had transferred rights of claim under hire purchase agreements with outstanding balances (before net of unearned hire purchase interest income) of Baht 3,178 million (31 December 2010: Baht 4,109 million), in order to secure credit facilities granted by commercial banks, as discussed in Notes 10 and 12.

4.6 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, together with the reasons. The Company has a policy to cease recognising revenue from hire purchase receivables which are overdue by more than 4 installments. If the Company had followed this accounting guideline, the amount of revenue recognised for the three-month and six-month periods ended 30 June 2011 would be reduced by Baht 1.61 million and Baht 2.09 million, respectively (2010: decreased by Baht 1.06 million and Baht 1.66 million, respectively). However, allowance is fully provided for accounts receivable which are overdue by more than 3 installments and the cessation of recognising revenue only from hire purchase receivables which are overdue by more than 4 installments therefore has no significant effect to the Company's profit and loss for the periods.

As at 30 June 2011, there are outstanding hire purchase receivable amounting to approximately Baht 93.53 million for which installment payments are more than 3 installments overdue but for which revenue is still being recognised (31 December 2010: Baht 82.69 million).

## 5. Assets foreclosed

As at 30 June 2011 and 31 December 2010, assets foreclosed are presented as follows:

	(Unit: Thousand Baht)	
	30 June 2011	31 December 2010
Reposessed assets	33,839	25,812
Less: Allowance for diminution in value of assets foreclosed	(10,260)	(8,329)
Assets foreclosed, net	<u>23,579</u>	<u>17,483</u>

**6. Other current assets**

(Unit: Thousand Baht)

	30 June 2011	31 December 2010
Accrued income	4,462	5,741
Prepaid expenses	47,168	50,343
Other receivable - sales of assets foreclosed	11,474	15,940
Undue input tax	181	1,657
Others	1,392	958
Total	64,677	74,639
Less: Allowance for doubtful accounts	(2,526)	(2,526)
Other current assets, net	<u>62,151</u>	<u>72,113</u>

**7. 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 18.2.

**8. Property, plant and equipment**

Movements of the property, plant and equipment account during the six-month period ended 30 June 2011 are summarised below.

(Unit: Thousand Baht)

	Amount
Net book value as at 31 December 2010	59,026
Acquisitions during period - cost	2,208
Disposal during period - net book value	(1,449)
Depreciation for period	(3,913)
Net book value as at 30 June 2011	<u>55,872</u>

As at 30 June 2011 and 31 December 2010, certain equipment items of the Company has been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 28.69 million and Baht 30.02 million, respectively.

The Company has mortgaged land and construction thereon with a total net book value as at 30 June 2011 of Baht 26.08 million (31 December 2010: Baht 27.06 million) as collateral for bank overdrafts and short-term loans from financial institutions and long-term credit facilities as discussed in Notes 10 and 12.

## 9. Corporate income tax/deferred tax assets

Corporate income tax for the three-month and six-month periods ended 30 June 2011 and 2010, have been calculated at the rate of 30%, on the income after adding back certain provisions and expenses which are disallowable for tax computation purposes.

Corporate income tax of the Company for the three-month and six-month periods ended 30 June 2011 and 2010 are as follow:

	(Unit: Thousand Baht)			
	For the three-month		For the six-month periods	
	periods ended 30 June		ended 30 June	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Income tax on taxable income	36,682	32,780	77,245	62,943
Increase in deferred tax assets	(6,605)	(6,751)	(13,098)	(9,837)
Effect from changing tax rate	-	-	-	(7,071)
Income tax as included in the income statements	<u>30,077</u>	<u>26,029</u>	<u>64,147</u>	<u>46,035</u>

The components of deferred tax assets as presented in the statements of financial position as at 30 June 2011 and 31 December 2010 consist of:

	(Unit: Thousand Baht)	
	30 June 2011	31 December 2010
Tax effect of non-deductible expenses		
Allowance for doubtful accounts	83,171	71,839
Allowance for diminution of value foreclosed assets	3,078	2,499
Reserve for employee benefits	788	6,652
Accrued bonus	3,630	-
Prepaid commission expense	(18,337)	(21,759)
Total	<u>72,330</u>	<u>59,231</u>

**10. Bank overdrafts and short-term loans from financial institutions**

	Interest rate (% per annum)	(Unit: Thousand Baht)	
		30 June 2011	31 December 2010
Bank overdrafts	MOR	-	22,921
Short-term loans from financial institutions	MLR, MOR	-	50,000
Total		-	72,921

As at 31 December 2010, bank overdrafts and 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 the loans balances during the period.

**11. Related party transactions**

During the periods, the Company had significant business transactions with related parties, which are summarised below, arose in the ordinary course of businesses and were concluded on commercial terms and based agree upon between the Company and those parties.

	(Unit: Thousand Baht)				Transfer pricing policy
	For the three-month periods ended		For the six-month periods ended		
	30 June		30 June		
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
<u>Transactions with related companies</u>					
Interest expenses	45	-	45	-	At the rates of 7.5% per annum
Hire purchase interest income	-	209	-	292	Contract price

As at 30 June 2011 and 31 December 2010, the Company had no outstanding balances with the related party.

During the current period, the Company had loan from a related party. The movement of loan from a related party was as follows:

	(Unit: Thousand Baht)			Balance as at 30 June 2011
	Balance as at 31 December 2010	During the year		
		Increase	Decrease	
<u>Loan from a related party</u>				
A.P.F. Holdings Company Limited	-	5,000	(5,000)	-
Total	-	5,000	(5,000)	-

**Directors and management's benefits**

During the six-month period ended 30 June 2011, the Company paid salaries, bonus, meeting allowance, gratuities and reserve for short-term and long-term employee benefits to its directors and management totaling Baht 7.64 million (2010: Baht 5.36 million).

**Warrants for directors and management**

On 20 May 2008, the Company issued 206,300 warrants (GL-WA) to subscribe to the Company's ordinary shares, to be allotted to 11 directors and management. This represents 20.6% of the Company's warrants.

On 4 February 2009, the Company issued 2,412,996 warrants (GL-W1) to subscribe to the Company's ordinary shares, to be allotted to 6 existing shareholders who are directors and management. This represents 9.9% of the Company's warrants.

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.

**12. Long-term loans**

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

(Unit: Thousand Baht)

	Balance		Interest rate per annum	Repayment condition
	30 June 2011	31 December 2010		
<u>Loan agreement dated 28 April 2008</u>				
Credit facility No. 1	-	47,833	At the rate of MLR - 0.5% per annum	Thirty equal installments, with first installment due on the first interest payment date after drawing down loans under credit facility
<u>Loan agreement dated 29 January 2009</u>				
Credit facility No. 1	35,994	113,585	At the rate of MLR - 0.5% per annum	Twenty seven equal installments, with first installment due on the first interest payment date after drawing down loans under credit facility
<u>Loan agreement dated 22 October 2009</u>				
Credit facility No. 1	520,667	720,667	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

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Balance		Interest rate per annum	Repayment condition
	30 June 2011	31 December 2010		
<u>Loan agreement dated 25 August 2010</u>				
Credit facility No. 1	631,833	535,500	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
<u>Loan agreement dated 26 May 2011</u>				
Credit facility No. 1	125,660	-	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
Total	<u>1,314,154</u>	<u>1,417,585</u>		
Less: Current portion	<u>(806,407)</u>	<u>(788,126)</u>		
Long-term loans, net of current portion	<u>507,747</u>	<u>629,459</u>		

Movements in the long-term loans account during the six-month period ended 30 June 2011 are summarised below.

(Unit: Thousand Baht)

Balance as at 31 December 2010	1,417,585
Add: Addition borrowings	365,000
Less: Repayment	<u>(468,431)</u>
Balance as at 30 June 2011	<u>1,314,154</u>

On 28 April 2008, 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. In order to reduce the fluctuation of interest rate risk, the Company has proportionately entered into an interest rate swap agreement, whereby a floating interest rate is to be swapped for a fixed interest rate at 6.75% per annum.

On 29 January 2009, the Company entered into a loan agreement with another commercial bank to obtain long-term loan facilities of Baht 400 million. The purposes of such loan are to repay the existing short-term loan and for use in the expansion of business.

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.

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 and prohibition of entering into new loan agreements.

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 30 June 2011, the long-term credit facilities of the Company which have not yet drawn down amount to Baht 625 million.

### **13. Reserve for employee benefits**

As at 31 December 2010, the Company has separately recorded reserve for employee benefits relating for employees taking early retirement in the account "Provision for employee compensation", which is presented as current liabilities in the statement of financial position. This reserve is the provision made by management using judgement and estimates of the amounts to be paid based on reasonable assumptions, and rates consistent with the provisions of the Labour Law. The reserve for long-term employee benefits as discussed in Notes 1.3 and 1.4 recorded in the account "Reserve for long-term employee benefits" was calculated using actuarial techniques and is presented as liabilities in the statement of financial position.

During the current period, the Company recorded reserve for employee benefits, amounting to Baht 3.45 million as an expense in the statement of comprehensive income.

On 19 April 2011 and 30 May 2011, The Company made payment totaling of Baht 18.7 million and Baht 4.3 million, respectively, under its Early Retirement Program, to employees who were entitled to join this program and early retired during this year.

## 14. Share capital

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

During the current period, the Company received additional share subscription totaling Baht 68.51 million from the exercise of warrants, as detailed below.

	Warrant	Ordinary share	Exercise price	Amount
	(Units)	(Shares)	(Baht/share)	(Million Baht)
GL-WA	534,700	534,700	12	6.42
GL-W1	2,699,700	2,699,700	23	62.09
	3,234,400	3,234,400		68.51

The Company registered the increase in its paid up share capital from the exercise of GL-WA to Baht 284.76 million with the Ministry of Commerce on 24 May 2011.

The Company registered the increase in its paid up share capital from the exercise of GL-W1 to Baht 298.25 million with the Ministry of Commerce on 6 July 2011.

As at 30 June 2011, the Company had share premium amounting to Baht 195.93 million (31 December 2010: Baht 192.19 million) as a result of the capital increases.

### 14.2 Reconciliation of number of ordinary shares

	(Unit: Shares)	
	For the six-month periods ended	
	30 June	
	2011	2010
<u>Registered share capital</u>		
Number of ordinary shares at the beginning of period	86,300,000	79,800,000
Increase in number of ordinary shares due to registration during the period	-	6,500,000
Number of ordinary shares at the end of period	86,300,000	86,300,000

(Unaudited but reviewed)

(Unit: Shares)

For the six-month periods ended  
30 June

	2011	2010
<u>Issued and paid-up share capital</u>		
Number of ordinary shares at the beginning of period	56,416,996	56,167,890
Increase in number of ordinary shares due to exercise of warrants during the period	<u>534,700</u>	<u>203,906</u>
Number of ordinary shares at the end of period	<u><u>56,951,696</u></u>	<u><u>56,371,796</u></u>

## 15. Warrants

As at 30 June 2011, details of the warrants, which were issued by 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-WA	Directors and employees	20 May 2008	1,000,000	-	3 years	Baht 12	1 ordinary share
GL-W1	Existing shareholders	4 February 2009	24,300,000	Baht 0.20	3 years	Baht 23	1 ordinary share
GL-WB	Directors and employees	10 May 2009	500,000	-	3 years	Baht 14.50	1 ordinary share
GL-WC	Directors and employees	10 May 2010	500,000	-	3 years	Baht 16.59	1 ordinary share

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

Type of warrant	Number of warrants outstanding as at 31 December 2010	Number of warrants exercised during the period	Number of warrants outstanding as at 30 June 2011
GL-WA	1,000,000	(534,700)	465,300
GL-W1	21,883,004	(2,699,700)	19,183,304
GL-WB	500,000	-	500,000
GL-WC	500,000	-	500,000

## 16. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.



**17. Dividends**

Dividends declared in 2011 consist of the following:

Dividends	Approved by	Total dividend (Thousand Baht)	Dividend per share (Baht)
Outstanding balance of dividend on 2010 operating result	Annual General Meeting of the shareholders on 20 April 2011	50,211	0.89
		<u>50,211</u>	<u>0.89</u>

Dividends declared in 2010 consist of the following:

Dividends	Approved by	Total dividend (Thousand Baht)	Dividend per share (Baht)
Outstanding balance of dividend on 2009 operating result	Annual General Meeting of the shareholders on 21 April 2010	39,460	0.70
Dividend on the first quarter of 2010 operating result	Board of Directors meeting on 16 June 2010	48,513	0.86
		<u>87,973</u>	<u>1.56</u>

**18. Commitments****18.1 Service commitments**

As at 30 June 2011, the Company has the outstanding service commitments which are to be repaid within one year amounting to Baht 1.15 million (31 December 2010: Baht 0.39 million).

**18.2 Guarantees**

As at 30 June 2011, there was outstanding bank guarantee of approximately Baht 282,700 issued by the bank on behalf of the Company in respect of electricity and use of post services guarantees.

**19. Financial information by segment**

The majority of the operations of the Company involves the single business segment of hire purchase of motorcycles, and is carried on in a single geographic area, Thailand. As a result, all revenues, operating income and assets as reflected in these financial statements pertain to the aforementioned industry and geographic area.

**20. Reclassification**

Certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current period's classification but with no effect to previously reported profit or shareholders' equity. The reclassifications are as follow:

	(Unit: Thousand Baht)	
	<u>As reclassified</u>	<u>As previously reported</u>
<b>Current liabilities</b>		
Provision for employee compensation	18,653	-
<b>Non-current liabilities</b>		
Reserve for long-term employee benefits	3,519	-
Provisions for employee compensation	-	22,172

**21. Approval of interim financial statements**

These interim financial statements were authorised for issue by the authorised directors of the Company on 10 August 2011.