

Group Lease Public Company Limited
Report and financial statements
31 December 2011 and 2010

Report of Independent Auditor

To the Shareholders of Group Lease Public Company Limited

I have audited the accompanying statements of financial position of Group Lease Public Company Limited as at 31 December 2011 and 2010, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended. 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 express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my 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 as at 31 December 2011 and 2010, and the results of its operations and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 3 to the financial statements, during the current year, the Company adopted the revised and new accounting standard issued by the Federation of Accounting Professions, and applied them in its preparation and presentation of the financial statements.

Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

Ernst & Young Office Limited

Bangkok: 13 February 2012

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

			(Unit: Baht)
	<u>Note</u>	<u>2011</u>	<u>2010</u>
Assets			
Current assets			
Cash and cash equivalents	7	187,955,970	868,417
Current portion of hire purchase and installment sales receivables	8, 15	676,415,286	1,227,871,783
Assets foreclosed	9	15,415,888	17,482,797
Other current assets	10	54,475,675	72,113,291
Total current assets		<u>934,262,819</u>	<u>1,318,336,288</u>
Non-current assets			
Pledged fixed deposit at financial institution	11	306,830	268,598
Hire purchase and installment sales receivables - long-term portion	8, 15	1,239,334,039	1,182,177,315
Property, plant and equipment	12	56,295,628	59,026,233
Deferred tax assets	13	65,509,469	80,990,611
Other non-current assets		37,043,005	27,694,679
Total non-current assets		<u>1,398,488,971</u>	<u>1,350,157,436</u>
Total assets		<u><u>2,332,751,790</u></u>	<u><u>2,668,493,724</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 31 December 2011 and 2010

			(Unit: Baht)
	<u>Note</u>	<u>2011</u>	<u>2010</u>
Liabilities and shareholders' equity			
Current liabilities			
Bank overdraft and short-term loans from			
financial institutions	14	-	72,921,439
Trade accounts payable		3,304,715	3,800,250
Current portion of long-term loans	16	694,953,333	788,126,025
Corporate income tax payable		46,019,450	63,515,509
Insurance premium payables		7,270,559	15,446,334
Accrued expenses		6,441,316	15,263,654
Provision for short-term liabilities			
Provision for employee compensation	17	-	18,653,628
Other current liabilities		21,557,180	22,470,925
Total current liabilities		<u>779,546,553</u>	<u>1,000,197,764</u>
Non-current liabilities			
Long-term loans, net of current portion	16	189,366,667	629,458,975
Provision for long-term liabilities			
Reserve for long-term employee benefits	17	1,735,106	3,518,625
Cash guarantee for damage on hire purchase agreements		2,428,973	2,999,067
Deferred tax liabilities	13	10,197,704	21,759,123
Total non-current liabilities		<u>203,728,450</u>	<u>657,735,790</u>
Total liabilities		<u>983,275,003</u>	<u>1,657,933,554</u>

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

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

			(Unit: Baht)
	<u>Note</u>	<u>2011</u>	<u>2010</u>
Shareholders' equity			
Share capital	18		
Registered			
86,300,000 ordinary shares of Baht 5 each		431,500,000	431,500,000
Issued and paid-up			
62,321,196 ordinary shares of Baht 5 each			
(2010: 56,416,996 ordinary shares of Baht 5 each)		311,605,980	282,084,980
Share premium	18	293,657,127	192,189,327
Share subscription received in advance	18.1	149,500,452	-
Warrants	18, 19	2,013,904	4,376,601
Retained earnings			
Appropriated - statutory reserve	21	43,150,000	43,150,000
Unappropriated		549,549,324	488,759,262
Total shareholders' equity		<u>1,349,476,787</u>	<u>1,010,560,170</u>
Total liabilities and shareholders' equity		<u>2,332,751,790</u>	<u>2,668,493,724</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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Group Lease Public Company Limited
Statements of comprehensive income
For the years ended 31 December 2011 and 2010

			(Unit: Baht)
	<u>Note</u>	<u>2011</u>	<u>2010</u>
Profit or loss			
Revenues			
Hire purchase interest income		824,154,007	802,770,766
Other income		67,108,585	62,545,061
Total revenues		<u>891,262,592</u>	<u>865,315,827</u>
Expenses			
Selling and administrative expenses	15	136,288,889	186,580,734
Bad debts and doubtful accounts	8	205,361,867	118,888,740
Loss on disposals of foreclosed assets		132,598,963	118,811,813
Total expenses		<u>474,249,719</u>	<u>424,281,287</u>
Profit before finance cost and corporate income tax		417,012,873	441,034,540
Finance cost	16	(74,657,512)	(75,032,333)
Profit before corporate income tax		342,355,361	366,002,207
Corporate income tax	13	(127,277,776)	(102,749,168)
Profit for the year		<u>215,077,585</u>	<u>263,253,039</u>
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>215,077,585</u>	<u>263,253,039</u>
Earnings per share	23		
Basis earnings per share			
Profit for the year		3.65	4.67
Weighted average number of ordinary shares (shares)		<u>58,926,163</u>	<u>56,348,138</u>
Diluted earnings per share			
Profit for the year		3.63	4.25
Weighted average number of ordinary shares (shares)		<u>59,199,375</u>	<u>61,919,676</u>

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

Group Lease Public Company Limited**Statements of cash flows****For the years ended 31 December 2011 and 2010**

	(Unit: Baht)	
	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Profit before tax	342,355,361	366,002,207
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation	7,900,785	7,835,899
Bad debts and doubtful accounts	205,361,867	118,888,740
Loss (gain) on sales of property, plant and equipment	(3,693,864)	12,632
Loss on disposals of assets foreclosed	132,598,963	118,811,813
Loss on diminution in value of assets foreclosed (reversal)	(392,477)	4,950,423
Provision for employee benefits	3,308,161	22,172,253
Interest expenses	74,657,512	65,032,333
Income from operating activities before changes in operating assets and liabilities	762,096,308	703,706,300
Operating assets (increase) decrease		
Hire purchase and installment sales receivables	288,937,906	(627,365,980)
Assets foreclosed	(130,139,577)	(133,853,635)
Other current assets	17,637,616	(32,140,874)
Other non-current assets	(9,320,173)	(3,826,674)
Operating liabilities increase (decrease)		
Trade accounts payable	(495,535)	2,303,875
Insurance premium payables	(8,175,775)	225,486
Accrued expenses	(8,675,184)	5,423,356
Provision for employee benefits	(23,745,308)	-
Other current liabilities	(913,745)	6,509,317
Guarantee for damage from hire purchase agreements	(570,094)	(3,999,068)
Cash flows from (used in) operating activities	886,636,439	(83,017,897)
Cash paid for interest expenses	(74,804,666)	(64,924,780)
Cash paid for corporate income tax	(140,854,112)	(99,872,696)
Net cash flows from (used in) operating activities	670,977,661	(247,815,373)

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

Group Lease Public Company Limited
Statements of cash flows (continued)
For the years ended 31 December 2011 and 2010

	(Unit: Baht)	
	<u>2011</u>	<u>2010</u>
Cash flows from investing activities		
Increase in pledged fixed deposits at financial institutions	(38,232)	(3,287)
Proceeds from redemption of long-term investment	-	2,000,000
Increase in accounts receivable and loans to employees	(28,153)	(16,907)
Proceeds from sales of property, plant and equipment	5,195,832	10,124
Acquisitions of property, plant and equipment	(6,672,148)	(16,526,527)
Net cash flows used in investing activities	<u>(1,542,701)</u>	<u>(14,536,597)</u>
Cash flows from financing activities		
Increase (decrease) in bank overdraft and short-term loans from financial institutions	(72,921,439)	47,574,980
Cash receipt from long-term loans	365,000,000	1,350,000,000
Repayment of long-term loans	(898,265,000)	(969,254,000)
Cash receipt from exercise of warrants	129,914,900	5,729,438
Cash receipt from share subscription received in advance	148,211,655	-
Dividend paid	(154,287,523)	(172,598,348)
Net cash flows from (used in) financing activities	<u>(482,347,407)</u>	<u>261,452,070</u>
Net increase (decrease) in cash and cash equivalents	<u>187,087,553</u>	<u>(899,900)</u>
Cash and cash equivalents at beginning of year	868,417	1,768,317
Cash and cash equivalents at the end of year (note 7)	<u>187,955,970</u>	<u>868,417</u>
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Supplement cash flows information

Non-cash items

Issuance of ordinary shares during the year from the exercise of warrants	2,362,697	49,821
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The accompanying notes are an integral part of the financial statements.

Group Lease Public Company Limited

Statements of changes in shareholders' equity

For the years ended 31 December 2011 and 2010

(Unit: Baht)

		Issued and paid-up	Share premium	Share subscription received in advance	Warrants	Retained earnings		Total
	Note	share capital				Appropriated	Unappropriated	
Balance as at 31 December 2009		280,839,450	187,655,598	-	4,426,422	39,954,571	401,300,000	914,176,041
Issuance of ordinary shares during year								
from the exercise of warrants	18	1,245,530	4,533,729	-	(49,821)	-	-	5,729,438
Total comprehensive income for the year		-	-	-	-	-	263,253,039	263,253,039
Dividend paid	20	-	-	-	-	-	(172,598,348)	(172,598,348)
Transfer unappropriated retained earnings to statutory reserve	21	-	-	-	-	3,195,429	(3,195,429)	-
Balance as at 31 December 2010		<u>282,084,980</u>	<u>192,189,327</u>	<u>-</u>	<u>4,376,601</u>	<u>43,150,000</u>	<u>488,759,262</u>	<u>1,010,560,170</u>
Balance as at 31 December 2010		282,084,980	192,189,327	-	4,376,601	43,150,000	488,759,262	1,010,560,170
Issuance of ordinary shares during year								
from the exercise of warrants	18	29,521,000	101,467,800	149,500,452	(2,362,697)	-	-	278,126,555
Total comprehensive income for the year		-	-	-	-	-	215,077,585	215,077,585
Dividend paid	20	-	-	-	-	-	(154,287,523)	(154,287,523)
Balance as at 31 December 2011		<u>311,605,980</u>	<u>293,657,127</u>	<u>149,500,452</u>	<u>2,013,904</u>	<u>43,150,000</u>	<u>549,549,324</u>	<u>1,349,476,787</u>
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-

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

Group Lease Public Company Limited

Notes to financial statements

For the years ended 31 December 2011 and 2010

1. General 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 43.98% and 22.70% 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.

2. Basis of preparation

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547, except for the Thai Accounting Standard No. 12 regarding “Income Taxes”, which the Company had early adopted before the date of enforcement.

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.

3. Adoption of new accounting standards

During the current year, 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

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31

Revenue-Barter Transactions Involving Advertising Services

These accounting standards do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company previously accounted for such employee benefits when they were incurred. The management uses judgement and estimates the amounts to be paid based on reasonable assumptions, using rates consistent with the provisions of the Labour Law.

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 year. The effect of this change is immaterial to the Company’s financial statements.

4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

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

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

However, the Company has early adopted TAS 12. In addition, the Company’s management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied.

5. Significant accounting policies

5.1 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.

5.2 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 contracts.

The Company recognises initial commissions and direct expenses arising in respect of hire purchase contracts as expenses by amortising them over the installment period using the effective interest rate method, with amortisation presented as a deduction from hire purchase interest income.

Unearned interest income is stated net of initial commissions and direct expenses of hire purchase contracts.

5.3 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.

5.4 Hire purchase and installment sales receivables

Hire purchase and installment sales receivables are stated at the net realisable value. Unearned hire purchase interest income are deducted from hire purchase and installment sales receivables. The Company provides allowance for doubtful accounts at the percentage of the amount of outstanding receivables net of unearned hire purchase interest income, based on the number of months overdue.

5.5 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.

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

Buildings	20 years
Building improvement and lease area	10 years
Furniture and office equipment	5 years

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.

5.7 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.

5.8 Impairment of assets

The Company assesses 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 estimates 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 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 income statement.

5.9 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, 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 year. The effect of this change is immaterial to the Company’s financial statements.

5.10 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 recognises deferred tax liabilities for all taxable temporary differences while it recognises 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 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 records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.11 Interest rate swap contracts

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

5.12 Provisions

Provisions are recognised when the Company has 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.

6. 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:

6.1 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.

6.2 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.

6.3 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.

6.4 Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these 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 profits.

6.5 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.

6.6 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.

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2011</u>	<u>2010</u>
Cash	104	79
Bank deposits	<u>187,852</u>	<u>789</u>
Total	<u>187,956</u>	<u>868</u>

As at 31 December 2011, bank deposits in saving accounts carried interest 0.75% per annum (2010: 0.25% per annum).

8. Hire purchase and installment sales receivables

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

(Unit: Thousand Baht)

	Current portion of hire purchase and installment sales receivables		Long-term portion of hire purchase and installment sales receivables		Total	
	2011	2010	2011	2010	2011	2010
Normal receivables						
Hire purchase and installment sales receivables	1,373,121	2,000,698	1,467,291	1,570,327	2,840,412	3,571,025
Accrued hire purchase and installment sales income	78,844	58,497	-	-	78,844	58,497
Less: Unearned hire purchase and installment sales income, net	(663,786)	(756,417)	(190,180)	(375,905)	(853,966)	(1,132,322)
Total normal receivable	788,179	1,302,778	1,277,111	1,194,422	2,065,290	2,497,200
Terminated agreements receivables						
Hire purchase and installment sales receivables	100,148	116,103	84,865	72,555	185,013	188,658
Accrued hire purchase and installment sales income	14,597	14,402	-	-	14,597	14,402
Less: Unearned hire purchase and installment sales income, net	(42,658)	(41,880)	(15,195)	(19,990)	(57,853)	(61,870)
Total terminated agreements receivables	72,087	88,625	69,670	52,565	141,757	141,190
Total receivables	860,266	1,391,403	1,346,781	1,246,987	2,207,047	2,638,390
Less: Allowance for doubtful accounts	(183,851)	(163,531)	(107,447)	(64,810)	(291,298)	(228,341)
Hire purchase and installment sales receivables, net	676,415	1,227,872	1,239,334	1,182,177	1,915,749	2,410,049

8.2 As at 31 December 2011 and 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.

(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	
	2011	2010		2011	2010	2011	2010
Hire purchase and installment sales receivables							
Not yet due	1,438,968	2,041,280	1	14,053	19,784	1,424,915	2,021,496
Past due:							
1 month	236,704	199,050	1	2,326	1,947	234,378	197,103
2 - 3 months	258,686	192,204	2	5,097	3,776	253,589	188,428
4 - 6 months	164,448	112,239	100	162,713	110,678	1,735	1,561
7 - 12 months	87,228	70,195	100	86,517	69,170	711	1,025
Over 12 months	21,013	23,422	100	20,592	22,986	421	436
Total	2,207,047	2,638,390		291,298	228,341	1,915,749	2,410,049

- 8.3 As at 31 December 2011 and 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)

	2011		2010	
	Minimum payments receivable	Present value of payments receivable	Minimum payments receivable	Present value of payments receivable
Within one year	1,566,710	860,266	2,189,700	1,391,403
After one year but not more than five years	1,552,156	1,346,781	1,642,882	1,246,987
Total minimum lease payments receivable	3,118,866	<u>2,207,047</u>	3,832,582	<u>2,638,390</u>
Less: Amounts representing finance charges	<u>(911,819)</u>		<u>(1,194,192)</u>	
Present value of minimum lease payments	<u>2,207,047</u>		<u>2,638,390</u>	

- 8.4 The Company's hire purchase agreements have terms of 1 - 3 years and require settlement in equal installments.
- 8.5 As at 31 December 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 1,696 million (2010: Baht 4,109 million), in order to secure credit facilities granted by commercial banks as discussed in Notes 14 and 16.
- 8.6 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 years ended 31 December 2011 and 2010 would be reduced by Baht 11.27 million and Baht 1.48 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 net income for the years.

As at 31 December 2011 and 2010, there are outstanding hire purchase receivable amounting to approximately Baht 136.35 million and Baht 82.69 million, respectively for which installment payments are more than 3 installments overdue but for which revenue is still being recognised.

9. Assets foreclosed

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

	(Unit: Thousand Baht)	
	2011	2010
Reposessed assets	23,353	25,812
Less: Allowance for diminution in value of assets foreclosed	(7,937)	(8,329)
Assets foreclosed, net	15,416	17,483

10. Other current assets

	(Unit: Thousand Baht)	
	2011	2010
Accrued income	3,271	5,741
Prepaid expenses	41,676	50,343
Other receivable - sales of assets foreclosed	10,618	15,940
Undue input tax	-	1,657
Others	1,437	958
Total	57,002	74,639
Less: Allowance for doubtful accounts	(2,526)	(2,526)
Other current assets, net	54,476	72,113

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 25.2.

12. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings	Building improvement and lease area	Furniture and office equipment	Computers and equipment	Motor vehicles	Total
Cost							
31 December 2010	35,983	45,405	4,908	20,320	10,802	19,697	137,115
Additions	-	148	125	638	347	5,413	6,671
Disposals	-	-	-	(79)	(69)	(11,198)	(11,346)
31 December 2011	35,983	45,553	5,033	20,879	11,080	13,912	132,440
Accumulated depreciation							
31 December 2010	-	33,132	4,721	19,039	8,993	12,204	78,089
Depreciation for the year	-	2,285	60	486	1,385	3,684	7,900
Depreciation on disposals	-	-	-	(51)	(64)	(9,730)	(9,845)
31 December 2011	-	35,417	4,781	19,474	10,314	6,158	76,144
Net book value							
31 December 2010	35,983	12,273	187	1,281	1,809	7,493	59,026
31 December 2011	35,983	10,136	252	1,405	766	7,754	56,296
Depreciation for the year							
2011							7,900

(Unit: Thousand Baht)

	Land	Buildings	Building improvement and lease area	Furniture and office equipment	Computers and equipment	Motor vehicles	Total
Cost							
31 December 2009	30,379	42,821	4,773	19,750	9,404	13,678	120,805
Additions	5,604	2,584	135	721	1,451	6,032	16,527
Disposals	-	-	-	(151)	(53)	(13)	(217)
31 December 2010	35,983	45,405	4,908	20,320	10,802	19,697	137,115
Accumulated depreciation							
31 December 2009	-	30,984	4,643	18,760	7,001	9,059	70,447
Depreciation for the year	-	2,148	78	407	2,045	3,158	7,836
Depreciation on disposals	-	-	-	(128)	(53)	(13)	(194)
31 December 2010	-	33,132	4,721	19,039	8,993	12,204	78,089
Net book value							
31 December 2009	30,379	11,837	130	990	2,403	4,619	50,358
31 December 2010	35,983	12,273	187	1,281	1,809	7,493	59,026
Depreciation for the year							
2010							7,836

As at 31 December 2011, 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 27.08 million (2010: Baht 30.02 million).

The Company has mortgaged land and construction thereon with a total net book value as at 31 December 2011 of Baht 25.10 million (2010: Baht 27.06 million) as collateral for bank overdraft and short-term loans from financial institutions and long-term credit facilities as discussed in Notes 14 and 16.

13. Corporate income tax/deferred tax

Income tax expenses for the years ended 31 December 2011 and 2010 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2011</u>	<u>2010</u>
Current income tax:		
Current income tax charge	123,358	126,626
Deferred tax:		
Relating to origination and reversal of temporary differences	(20,658)	(16,807)
Effects of changes in the applicable tax rates	<u>24,578</u>	<u>(7,070)</u>
Income tax expense reported in the statement of comprehensive income	<u>127,278</u>	<u>102,749</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2011 and 2010 is as follows.

	(Unit: Thousand Baht)	
	<u>2011</u>	<u>2010</u>
Accounting profit before tax	<u>342,355</u>	<u>366,002</u>
Applicable tax rate	30%	30%
Accounting profit before tax multiplied by applicable tax rate	102,707	109,800
Adjustment in respect of current income tax of previous year		
Effects of non-taxable income and expenses	(7)	19
Effects of changes in the applicable tax rates	<u>24,578</u>	<u>(7,070)</u>
Total income tax expenses reported in the statement of comprehensive income	<u>127,278</u>	<u>102,749</u>

As of 31 December 2011 and 2010, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)	
	2011	2010
<u>Deferred tax assets</u>		
Allowance for doubtful accounts	63,337	71,839
Allowance for diminution of value foreclosed assets	1,825	2,499
Reserve for employee benefits	347	6,652
Total	65,509	80,990
<u>Deferred tax liabilities</u>		
Prepaid commission expense	10,198	21,759
Total	10,198	21,759

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 reflected the changes in tax rates in its deferred tax calculation, as presented above.

14. Bank overdraft and short-term loans from financial institutions

		(Unit: Thousand Baht)	
	Interest rate (% per annum)	2011	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 overdraft 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 bank overdraft and loans from financial institutions balances during the year.

15. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transaction, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	2011	2010	(Unit: Thousand Baht) Transfer pricing policy
<u>Transactions with related companies</u>			
Hire purchase interest	-	542	Contract price
Rental income	20	-	Contract price
Interest expenses	45	-	At the rates of 7.25% per annum

As at 31 December 2011 and 2010, the Company has no balances with related parties.

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

	Balance as at 31 December 2010	During the year		Balance as at 31 December 2011
		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 year ended 31 December 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 19.9 million (2010: Baht 17.1 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 19 May 2011, 112,100 GL-WA warrants which had not been exercised by the warrant holders and expired.

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 31 December 2011, 21,646 GL-WA warrants which had not been exercised by the warrantholders.

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.

As at 31 December 2011, there are outstanding warrants (GL-WB, GL-WC) to subscribe to the Company's ordinary shares, to be allotted to existing directors and management totaling 53,500 units and 48,600 units, respectively.

16. 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
	2011	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	1,200	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	320,667	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
<u>Loan agreement dated 25 August 2010</u>				
Credit facility No. 1	470,833	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	91,620	-	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	884,320	1,417,585		
Less: Current portion	(694,953)	(788,126)		
Long-term loans, net of current portion	189,367	629,459		

(Unit: Thousand Baht)

Movements in the long-term loans account during the year 2011 are summarised below.

	(Unit: Thousand Baht)
Balance as at 31 December 2010	1,417,585
Add: Addition borrowings	365,000
Less: Repayment	<u>(898,265)</u>
Balance as at 31 December 2011	<u>884,320</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 31 December 2011, the long-term credit facilities of the Company which have not yet drawn down amounted to Baht 565 million.

17. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)
	2011
Balance at beginning of year	22,172
Current service cost	2,448
Interest cost	860
Benefits paid during the year	(23,745)
Balance at end of year	1,735

Principal actuarial assumptions at the valuation date were as follows:

	2011	2010
	(% per annum)	(% per annum)
Discount rate	3.9	4.2
Future salary increase rate (average)	7.5	7.5
Staff turnover rate	17.36	13.98

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 Note 3 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.

18. Share capital

18.1 Additional share subscription received from the exercise of warrants

During the current year, the Company received additional share subscription totaling Baht 129.9 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	5,369,500	5,369,500	23	123.50

The Company registered the increase in its paid up share capital to Baht 311.6 million with the Ministry of Commerce on 3 October 2011 .

As at 31 December 2011, the Company had share premium amounting to Baht 293.7 million as a result of the capital increases (2010: Baht 192.2 million).

As at 31 December 2011, the Company had share subscription received in advance amounting Baht 149.5 million in its paid up share capital from the exercise of GL-WA totaling 6,443,985 units.

18.2 Reconciliation of number of ordinary shares

	(Unit: Shares)	
	2011	2010
<u>Registered share capital</u>		
Number of ordinary shares at the beginning of year	86,300,000	79,800,000
Increase in number of ordinary shares due to registration during the year	-	6,500,000
Number of ordinary shares at the end of year	86,300,000	86,300,000
<u>Issued and paid-up share capital</u>		
Number of ordinary shares at the beginning of year	56,416,996	56,167,890
Increase in number of ordinary shares due to exercise of warrants during the year	5,904,200	249,106
Number of ordinary shares at the end of year	62,321,196	56,416,996

19. Warrants

As at 31 December 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 year, the movements of warrants of the Company are as follows: -

Type of warrant	Number of warrants outstanding as at 31 December 2010	Issuance of warrants during the year	Number of warrants exercised during the year	Number of warrant expired during the year	Number of warrants outstanding as at 31 December 2011
GL-WA	1,000,000	(534,700)	(465,300)	-	-
GL-W1	21,883,004	(11,813,485)	-	-	10,069,519
GL-WB	500,000	-	-	(276,700)	223,300
GL-WC	500,000	-	-	(254,400)	245,600

On 19 May 2011, 465,300 GL-WA warrants which had not been exercised by the warrant holders expired.

On 30 December 2011, 10,069,519 GL-W1 warrants which had not been exercised by the warrant holders.

Up to 31 December 2011, the Company cancelled a total of 531,100 warrants (GL-WB and GL-WC) 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.

20. Dividend

Dividends declared in 2011 consist of the following:

		(Unit: Thousand Baht)	
Dividends	Approved by	Total dividends	Dividend per share
Dividend on the first half year of 2011 operating result	Board of Directors' meeting on 14 September 2011	104,076	1.67
Outstanding balance of dividend on 2010	Annual General Meeting of the shareholders on 20 April 2011	50,211	0.89
Total for 2011		154,287	2.56

Dividends declared in 2010 consist of the following:

		(Unit: Thousand Baht)	
Dividends	Approved by	Total dividends	Dividend per share
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
Dividend for three quarters of 2010 operating result	Board of Directors' meeting on 9 December 2010	84,625	1.50
Total for 2010		172,598	3.06

21. 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 income 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.

22. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)		
	<u>2011</u>	<u>2010</u>
Salary and wages and other employee benefits	74,084	109,474
Depreciation	7,900	7,836

23. 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.

Diluted earnings per share is calculated by dividing profit for the year attributable to the equity holders of the Company by the sum of the weighted average number of ordinary shares outstanding during the year and the weighted average number of ordinary shares to be issued for conversion of all dilutive potential ordinary shares into ordinary shares and potential ordinary shares are cancelled or expire during the year. 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:

	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit for the year	215,078	263,253	58,926	56,348	<u>3.65</u>	<u>4.67</u>
Effect of dilutive potential ordinary shares						
GL-WA	-	-	-	533		
GL-W1	-	-	-	4,643		
GL-WB	-	-	150	218		
GL-WC	-	-	123	177		
Total	<u>-</u>	<u>-</u>	<u>273</u>	<u>5,571</u>		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>215,078</u>	<u>263,253</u>	<u>59,199</u>	<u>61,919</u>	<u>3.63</u>	<u>4.25</u>

24. 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 2011 and 2010, the Company contributed Baht 1.0 and Baht 1.3 respectively to the fund.

25. Commitments

25.1 Service commitments

As at 31 December 2011, the Company has the outstanding service commitments which are to be repaid within one year amounting to Baht 0.8 million (2010: Baht 0.4 million).

25.2 Guarantees

As at 31 December 2011, there was outstanding bank guarantee of approximately Baht 0.3 million (2010: Baht 0.3 million) issued by the bank on behalf of the Company in respect of electricity and post guarantee.

26. 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.

27. Financial instruments

27.1 Financial risk management

The Company's financial instruments principally comprise cash and cash equivalents, 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. 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 2011 and 2010 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)

	2011				
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total
	Within 1 year	1-5 years			
Financial assets					
Cash and cash equivalents	-	-	167.60	20.36	187.96
Hire purchase and installment sales receivables, net	676.42	1,239.33	-	-	1,915.75
Pledged fixed deposit at financial institution	0.31	-	-	-	0.31
Accounts receivable and loans to employees	-	-	-	0.10	0.10
Financial liabilities					
Long-term loans	694.95	189.37	-	-	884.32

(Unit: Million Baht)

	2010				
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total
	Within 1 year	1-5 years			
Financial assets					
Cash and cash equivalents	-	-	0.41	0.46	0.87
Hire purchase and installment sales receivables, net	1,227.87	1,182.18	-	-	2,410.05
Pledged fixed deposit at financial institution	0.27	-	-	-	0.27
Accounts receivable and loans to employees	-	-	-	0.07	0.07
Financial liabilities					
Bank overdraft and short-term loans from financial institutions	-	-	72.92	-	72.92
Long-term loans	788.13	629.46	-	-	1,417.59

The Company entered into interest rate swap agreements to manage risk associated with the financial liabilities carrying floating interest. The detail of long-term loans is set out in Note 16. The detail of the interest rate swap agreements expired on 31 March 2011, as mentioned in Note 16, to fixed rate of 6.75% per annum.

Foreign currency risk

The Company considers itself no foreign currency risk because it has no foreign currency transactions.

27.2 Fair values of financial instruments

Methodology of fair value measurement depends upon characteristics of the financial instruments. For the financial instruments which are regarded as traded in an active market, fair value has been determined by the latest quoted market price. If however the appropriate quoted market price cannot be determined, the fair value is determined using an appropriate valuation technique.

The Company establishes fair value of its financial instruments by adopting the following methods and assumptions:

- a) For financial assets and liabilities which have short-term maturity, including deposits with financial institutions, accounts receivable and loans to employees and bank overdraft and short-term loans from financial institutions, the carrying amounts at the balance sheet date are considered to be a reasonable approximation of their fair value.
- b) For hire purchase and installment sales receivables, fair values are the carrying amount net of unearned hire purchase income and allowance for doubtful accounts.
- c) For long-term loans from financial institutions carrying interest at the rates close to the market rates, fair value is the carrying amount in the balance sheet.

28. Capital management

The primary objectives of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2011, the Company had a debt-to-equity ratio of 0.73:1 (2010: 1.62:1).

29. Event after the reporting period

On 30 December 2011, the Company entered into a USD 1.0 million short-term loan agreement with an overseas company. The loan has a term of six months and the interest charge is fixed at USD 0.07 million. Subsequently, on 11 January 2012 the overseas company drew down USD 0.5 million of the loan from the Company.

30. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, following the adoption of presentation of the financial statements in accordance with the stipulations of the Notification of the Department of Business Development described in Note 2, and the adoption of new and revised accounting standards described in Note 3.

The reclassifications had no effect to previously reported profit (loss) or shareholder's equity.

31. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 13 February 2012.