

Group Lease Public Company Limited
and its subsidiary company
Report and consolidated financial statements
31 December 2012

Independent Auditor's Report

To the Shareholders of Group Lease Public Company Limited

I have audited the accompanying consolidated financial statements of Group Lease Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Group Lease Public Company Limited for the same year.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Group Lease Public Company Limited and its subsidiary and of Group Lease Public Company Limited as at 31 December 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

Ernst & Young Office Limited

Bangkok: 15 February 2013

Group Lease Public Company Limited and its subsidiary company

Statement of financial position

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated	Separate financial statements	
		financial statements	2012	2011
		2012	2012	2011
Assets				
Current assets				
Cash and cash equivalents	6	14,360,790	10,891,968	187,955,970
Current portion of hire purchase and installment sales receivables	7	1,493,368,747	1,493,368,747	676,415,286
Assets foreclosed	8	18,624,090	18,624,090	15,415,888
Short-term loan to and interest receivable from related parties	16	20,544,438	39,850,184	-
Share subscription payment in advance	16, 30	34,143,984	-	-
Other current assets	10	125,921,655	125,921,655	54,475,675
Total current assets		1,706,963,704	1,688,656,644	934,262,819
Non-current assets				
Pledged fixed deposit at financial institution	11	310,788	310,788	306,830
Investment in subsidiary company	12	-	18,684,970	-
Hire purchase and installment sales receivables - long-term portion	7	1,637,939,369	1,637,939,369	1,239,334,039
Property, plant and equipment	13	55,823,928	55,823,928	56,295,628
Deferred tax assets	14	40,257,819	40,257,819	65,509,469
Other non-current assets		41,805,932	37,703,449	37,043,005
Total non-current assets		1,776,137,836	1,790,720,323	1,398,488,971
Total assets		3,483,101,540	3,479,376,967	2,332,751,790

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

Group Lease Public Company Limited and its subsidiary company

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

		Consolidated	Separate financial statements	
	<u>Note</u>	<u>2012</u>	<u>2012</u>	<u>2011</u>
Liabilities and shareholders' equity				
Current liabilities				
Bank overdraft and short-term loans from financial institutions	15	50,000,000	50,000,000	-
Trade accounts payable		14,421,800	14,421,800	3,304,715
Current portion of long-term loans	17	887,946,667	887,946,667	694,953,333
Income tax payable		30,528,958	30,221,840	46,019,450
Insurance premium payables		12,675,873	12,675,873	7,270,559
Accrued expenses		23,993,624	23,639,873	6,441,316
Other current liabilities		17,338,372	17,170,693	21,557,180
Total current liabilities		<u>1,036,905,294</u>	<u>1,036,076,746</u>	<u>779,546,553</u>
Non-current liabilities				
Long-term loans, net of current portion	17	834,010,000	834,010,000	189,366,667
Provision for long-term liabilities				
Reserve for long-term employee benefits	18	2,774,260	2,774,260	1,735,106
Cash guarantee for damage on hire purchase agreements		2,315,889	2,315,889	2,428,973
Deferred tax liabilities	14	19,284,106	19,284,106	10,197,704
Total non-current liabilities		<u>858,384,255</u>	<u>858,384,255</u>	<u>203,728,450</u>
Total liabilities		<u>1,895,289,549</u>	<u>1,894,461,001</u>	<u>983,275,003</u>

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

Group Lease Public Company Limited and its subsidiary company

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated	Separate financial statements	
		financial statements	2012	2011
		2012	2012	2011
Shareholders' equity				
Share capital	19			
Registered				
114,078,527 ordinary shares of Baht 5 each				
(2011: 86,300,000 ordinary shares of Baht 5 each)		570,392,635	570,392,635	431,500,000
Issued and paid-up				
68,972,781 ordinary shares of Baht 5 each				
(2011: 62,321,196 ordinary shares of Baht 5 each)		344,863,905	344,863,905	311,605,980
Share premium	19	414,923,758	414,923,758	293,657,127
Share subscription received in advance		19,635,888	19,635,888	149,500,452
Warrants	20	2,221,627	2,221,627	2,013,904
Capital reserve for share-based payment transactions	20	861,605	861,605	-
Exchange differences on translation of financial statements in foreign currency		(1,242,764)	-	-
Retained earnings				
Appropriated - statutory reserve	22	57,039,263	57,039,263	43,150,000
Unappropriated		749,508,709	745,369,920	549,549,324
Total shareholders' equity		1,587,811,991	1,584,915,966	1,349,476,787
Total liabilities and shareholders' equity		3,483,101,540	3,479,376,967	2,332,751,790
		0	0	0

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

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 Directors

Group Lease Public Company Limited and its subsidiary company

Statement of comprehensive income

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated	Separate financial statements	
		financial statements	2012	2011
		2012	2012	2011
Profit or loss				
Revenues				
Hire purchase interest income		837,220,599	837,220,599	824,154,007
Other income		120,442,900	115,081,169	67,108,585
Total revenues		957,663,499	952,301,768	891,262,592
Expenses				
Services and administrative expenses		249,372,946	248,457,122	136,288,889
Bad debts and doubtful accounts	7	45,252,879	45,252,879	205,361,867
Loss on disposals of foreclosed assets		140,250,897	140,250,897	132,598,963
Total expenses		434,876,722	433,960,898	474,249,719
Profit before finance cost and income tax expenses				
Finance cost	17	(63,004,080)	(63,004,080)	(74,657,512)
Profit before income tax expenses		459,782,697	455,336,790	342,355,361
Income tax expenses	14	(102,401,329)	(102,094,211)	(127,277,776)
Profit for the year		357,381,368	353,242,579	215,077,585
Other comprehensive income				
Exchange differences on translation of financial statements in foreign currency		(1,242,764)	-	-
Other comprehensive income for the year		(1,242,764)	-	-
Total comprehensive income for the year		356,138,604	353,242,579	215,077,585
Earnings per share				
Basis earnings per share				
Profit for the year	24	5.19	5.13	3.65
Weighted average number of ordinary shares (shares)		68,905,724	68,905,724	58,926,163
Diluted earnings per share				
Profit for the year		4.99	4.93	3.52
Weighted average number of ordinary shares (shares)		71,638,098	71,638,341	61,155,469

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

Group Lease Public Company Limited and its subsidiary company

Statements of changes in shareholders' equity

For the year ended 31 December 2012

(Unit: Baht)

Consolidated financial statements											
	Note	Issued and paid-up		Share subscription received		Retained earnings		Capital reserve for share-based payment transactions	Other components of equity		Total shareholders' equity
		share capital	Share premium	in advance	Warrants	Appropriated	Unappropriated		Other comprehensive income		
									Exchange differences on translation of financial statements in foreign currency	Total other components of shareholders' equity	
Balance as at 1 January 2012		311,605,980	293,657,127	149,500,452	2,013,904	43,150,000	549,549,324	-	-	-	1,349,476,787
Issuance of ordinary shares during period											
from the exercise of warrants	19	33,257,925	119,252,727	(149,500,452)	(55,943)	-	-	-	-	-	2,954,257
Share subscription received in advance											
from the exercise of warrants	19	-	-	19,635,888	-	-	-	-	-	-	19,635,888
Warrants issued during the year	20	-	-	-	2,277,570	-	-	-	-	-	2,277,570
Transferred of the expired warrants to share premium	20	-	2,013,904	-	(2,013,904)	-	-	-	-	-	-
Capital reserve for share-based payment transactions	20	-	-	-	-	-	-	861,605	-	861,605	861,605
Total comprehensive income for the year		-	-	-	-	-	357,381,368	-	(1,242,764)	(1,242,764)	356,138,604
Dividend paid	21	-	-	-	-	-	(143,532,720)	-	-	-	(143,532,720)
Transferre to statutory reserve	22	-	-	-	-	13,889,263	(13,889,263)	-	-	-	-
Balance as at 31 December 2012		<u>344,863,905</u>	<u>414,923,758</u>	<u>19,635,888</u>	<u>2,221,627</u>	<u>57,039,263</u>	<u>749,508,709</u>	<u>861,605</u>	<u>(1,242,764)</u>	<u>(381,159)</u>	<u>1,587,811,991</u>
		-	-	-	-	-	-	-	-	-	-

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

Group Lease Public Company Limited and its subsidiary company

Statement of changes in shareholders' equity

For the year ended 31 December 2012

(Unit: Baht)

Separate financial statements

	Note	Retained earnings						Other components of equity		
		Issued and paid-up share capital	Share premium	Share subscription received in advance	Warrants	Retained earnings		Capital reserve for share-based payment transactions	Total other components of shareholders' equity	Total shareholders' equity
						Appropriated	Unappropriated			
Balance as at 1 January 2011		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	19	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	21	-	-	-	-	-	(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>-</u>	<u>-</u>	<u>1,349,476,787</u>
Balance as at 1 January 2012		311,605,980	293,657,127	149,500,452	2,013,904	43,150,000	549,549,324	-	-	1,349,476,787
Issuance of ordinary shares during year from the exercise of warrants	19	33,257,925	119,252,727	(149,500,452)	(55,943)	-	-	-	-	2,954,257
Share subscription received in advance from the exercise of warrants	19	-	-	19,635,888	-	-	-	-	-	19,635,888
Warrants issued during the year	20	-	-	-	2,277,570	-	-	-	-	2,277,570
Transferred of the expired warrants to share premium	20	-	2,013,904	-	(2,013,904)	-	-	-	-	-
Capital reserve for share-based payment transactions	20	-	-	-	-	-	-	861,605	861,605	861,605
Total comprehensive income for the year		-	-	-	-	-	353,242,579	-	-	353,242,579
Divident paid	21	-	-	-	-	-	(143,532,720)	-	-	(143,532,720)
Transferred to statutory reserve	22	-	-	-	-	13,889,263	(13,889,263)	-	-	-
Balance as at 31 December 2012		<u>344,863,905</u>	<u>414,923,758</u>	<u>19,635,888</u>	<u>2,221,627</u>	<u>57,039,263</u>	<u>745,369,920</u>	<u>861,605</u>	<u>861,605</u>	<u>1,584,915,966</u>
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-

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

Group Lease Public Company Limited and its subsidiary company

Statement of cash flows

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated	Separate financial statements	
	financial statements	2012	2011
	<u>2012</u>	<u>2012</u>	<u>2011</u>
Cash flows from operating activities			
Profit before tax	459,782,697	455,336,790	342,355,361
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation	8,475,774	8,475,774	7,900,785
Bad debts and doubtful accounts	45,252,879	45,252,879	205,361,867
Loss (gain) on disposal of property, plant and equipment	4,639	4,639	(3,693,864)
Loss on disposals of assets foreclosed	140,250,897	140,250,897	132,598,963
Loss on diminution in value of assets foreclosed (reversal)	4,909,128	4,909,128	(392,477)
Unrealised exchange loss	52,843	462,192	-
Provision for employee benefits	2,356,554	2,356,554	3,308,161
Capital reserve for share-based payment transactions	861,605	861,605	-
Written-off the access of purchase price of investment in subsidiary over the net asset value	207,882	-	-
Interest income	(7,305,931)	(1,946,212)	-
Interest expenses	63,004,080	63,004,080	74,657,512
Income from operating activities before changes in operating assets and liabilities	717,853,047	718,968,326	762,096,308
Operating assets (increase) decrease			
Hire purchase and installment sales receivables	(1,260,810,173)	(1,260,810,173)	288,937,906
Assets foreclosed	(148,368,227)	(148,368,227)	(130,139,577)
Other current assets	(71,369,032)	(71,447,477)	17,637,616
Other non-current assets	(4,737,071)	(634,587)	(9,320,173)
Operating liabilities increase (decrease)			
Trade accounts payable	11,117,085	11,117,085	(495,535)
Insurance premium payables	5,405,314	5,405,314	(8,175,775)
Accrued expenses	17,421,261	17,092,384	(8,675,184)
Provision for employee benefits	(1,317,400)	(1,317,400)	(23,745,308)
Other current liabilities	(4,237,176)	(4,386,487)	(913,745)
Guarantee for damage from hire purchase agreements	(113,084)	(113,084)	(570,094)
Cash flows from (used in) operating activities	(739,155,456)	(734,494,326)	886,636,439
Cash paid for interest expenses	(62,897,907)	(62,897,907)	(74,804,666)
Cash paid for corporate income tax	(83,553,769)	(83,553,769)	(140,854,112)
Net cash flows from (used in) operating activities	(885,607,132)	(880,946,002)	670,977,661

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

Group Lease Public Company Limited and its subsidiary company

Statement of cash flows (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated	Separate financial statements	
	financial statements	2012	2011
	<u>2012</u>	<u>2012</u>	<u>2011</u>
Cash flows from investing activities			
Increase in pledged fixed deposits at financial institutions	(3,958)	(3,958)	(38,232)
Cash paid for additional in share capital of subsidiary company	-	(18,441,049)	-
Net cash paid for purchase of subsidiary company (Note 1.2)	(243,921)	(243,921)	-
Share subscription payment in advance	(34,143,984)	-	-
Increase in accounts receivable and loans to employees	(25,857)	(25,857)	(28,153)
Proceeds from sales of property, plant and equipment	-	-	5,195,832
Cash paid for acquisitions of property, plant and equipment	(8,008,713)	(8,008,713)	(6,672,148)
Cash paid for short-term loan to related parties	(20,479,849)	(40,087,175)	-
Cash paid for short-term loan (Note 9)	(31,302,500)	(31,302,500)	-
Cash receipt from short-term loans (Note 9)	31,304,924	31,304,924	-
Interest receipt	7,186,912	1,718,587	-
Net cash flows used in investing activities	<u>(55,716,946)</u>	<u>(65,089,662)</u>	<u>(1,542,701)</u>
Cash flows from financing activities			
Increase (decrease) in bank overdraft and short-term loans from financial institutions	50,000,000	50,000,000	(72,921,439)
Cash receipt from exercise of warrants	3,010,200	3,010,200	129,914,900
Cash receipt from issued warrants	2,277,570	2,277,570	-
Cash receipt from long-term loans	1,830,000,000	1,830,000,000	365,000,000
Repayment of long-term loans	(992,363,333)	(992,363,333)	(898,265,000)
Cash receipt from share subscription received in advance	19,579,945	19,579,945	148,211,655
Dividend paid	(143,532,720)	(143,532,720)	(154,287,523)
Net cash flows from (used in) financing activities	<u>768,971,662</u>	<u>768,971,662</u>	<u>(482,347,407)</u>
Exchange differences on translation of financial statements in foreign currency	(1,242,764)	-	-
Net increase (decrease) in cash and cash equivalents	<u>(173,595,180)</u>	<u>(177,064,002)</u>	<u>187,087,553</u>
Cash and cash equivalents at beginning of year	187,955,970	187,955,970	868,417
Cash and cash equivalents at the end of year (Note 6)	<u>14,360,790</u>	<u>10,891,968</u>	<u>187,955,970</u>
Supplement cash flows information			
Non-cash items			
Issuance of ordinary shares during the year from the exercise of warrants	-	-	2,362,697
Transferred share subscription in advance to issued and paid-up share capital and share premium	149,500,452	149,500,452	-
Transferred expired warrants to share premium	2,013,094	2,013,094	-
Transferred the exercise of warrants to share subscription received in advance	55,943	55,943	1,288,797

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

Group Lease Public Company Limited and its subsidiary company

Notes to consolidated financial statements

For the year ended 31 December 2012

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.

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 39.74% and 21.35% of the Company’s share capital, respectively. The parent company is Wedge Holdings Company Limited (incorporated in Japan).

1.2 Acquisition of Group Lease Holding Pte. Ltd.

On 28 March 2012, a meeting of the Company’s Board of Directors approved an acquisition of shares of Group Lease Holding Pte. Ltd. from a related party. Group Lease Holding Pte. Ltd. was incorporated in Singapore and operates as a holding company to invest in other companies. The acquisition agreement can be summarised as follows:

- 1) The Company and the seller entered into a sale and purchase agreement relating to the acquisition of Group Lease Holding Pte. Ltd. on 28 March 2012, whereby the Company purchased 100 shares of Group Lease Holding Pte. Ltd. at net book value, equivalent to 100 % of the issued and paid up share capital. The total value of the entity is thus SGD 10,000.
- 2) The Company agreed to make full payment for the 100 shares at a price of SGD 100 per share, or for a total of SGD 10,000 on 5 April 2012.

The net asset value of Group Lease Holding Pte. Ltd. at the acquisition date consisted of the following:

(Unit: Thousand Baht)

Assets	
Other assets - net	79
Total assets	<u>79</u>
Liabilities	
Other liabilities	43
Total liabilities	<u>43</u>
Net assets value at the acquisition date	36
Equity of the Company (%)	<u>100</u>
Net asset value attributable to the Company's investment	36
The excess of purchase price over net asset value	<u>208</u>
Net cash paid for purchase of subsidiary company	<u>244</u>

The Company recorded the net assets acquired at their net book value as of the acquisition date, since the majority of Group Lease Holding Pte. Ltd.'s assets and liabilities are financial assets and liabilities of which the fair value is close to book value. In addition, the Company decided to write-off the excess of purchase price over the net asset value as an expense in the consolidate statement of comprehensive income because the Company does not expect the differences to be utilized in the future.

2. Basis of preparation

- 2.1 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.

2.2 Basis of consolidation

- a) The consolidated financial statements for year ended 31 December 2012 were prepared for the first time, combining the financial statements of Group Lease Public Company Limited and its subsidiary company. During the current year, the Company acquired a subsidiary company in Singapore, Group Lease Holding Pte. Ltd. These consolidated financial statements include the statement of financial position of the subsidiary company as at 31 December 2012 and the comprehensive income statement for the period as from the acquisition date to 31 December 2012.

The Company's holding in the subsidiary is as follows:

Company's name	Country of incorporation	Percentage owned by the Company		Nature of business
		31 December 2012	31 December 2011	
Group Lease Holding Pte. Ltd.	Singapore	100	-	Other investment holding company

- b) Subsidiary company is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiary company are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary company that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

- 2.3 The separate financial statements, which present investments in subsidiary, under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

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

Financial Reporting Standard:

TFRS 8	Operating Segments
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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 other accounting standards referred to above will not have any significant impact on the financial statements for the year when they are initially applied.

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Standard Interpretation:	
SIC 29 Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of these standards and believes that Accounting Treatment Guidance for Transfers of Financial Assets, SIC 29, TFRIC 4 and TFRIC 12 are not relevant to the business of the Company. Management is still evaluating the first-year impact to the financial statements of the adoption of TFRIC 13 and has yet to reach a conclusion.

4. Significant accounting policies

4.1 Revenue recognition

a) Hire purchase interest income

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

b) Penalty income

Penalty income is recognised when received.

c) Other fee income

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

d) Interest income

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

4.2 Expense recognition

a) Interest expenses

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

b) Commissions and direct expenses of the hire purchase business

The Company recorded the initial commissions and direct expenses arising in respect of hire purchase contracts origination from 1 January 2008, by the effective interest method, and deducting them from unearned income over the installment period to reflect the effective rate of return of hire purchase agreements, and recorded as expenses when occurred for hire purchase

contracts originated before 1 January 2008.

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

4.3 Cash and cash equivalents

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

4.4 Receivables and allowance for doubtful accounts

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

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

4.5 Assets foreclosed

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

4.6 Investment in subsidiary company

Investment in subsidiary company is accounted for, in the separate financial statements, using the cost method. Loss on impairment (if any) of investment in subsidiary is included in the comprehensive income statements.

4.7 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). 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.

4.8 Related party transactions

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

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

4.9 Impairment of assets

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

An impairment loss is recognised in the comprehensive income statement.

4.10 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

4.11 Equity-settled share-based payment transactions

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

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

4.12 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.13 Provisions

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

5. Significant accounting judgments and estimates

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

5.1 Leases

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

5.2 Allowance for doubtful accounts

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

5.3 Diminution in value of assets foreclose

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

5.4 Deferred tax assets

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

5.5 Property, plant and equipment/Depreciation

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

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

5.6 Post-employment benefits under defined benefit plans

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

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial		financial statements	
	statements		2012	2011
	2012		2012	2011
Cash	283		283	104
Bank deposits	14,078		10,609	187,852
Total	14,361		10,892	187,956

As at 31 December 2012, bank deposits in saving accounts carried interest 0.62% per annum (2011: 0.75% per annum).

7. Hire purchase and installment sales receivables

7.1 As at 31 December 2012 and 2011, the balances of hire purchase and installment sales receivables are as follows:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements					
	Current portion of		Long-term portion of		Total	
	hire purchase and installment		hire purchase and installment			
	sales receivables		sales receivables			
	2012	2011	2012	2011	2012	2011
Normal receivables						
Hire purchase and installment sales receivables	2,346,899	1,373,121	2,161,708	1,467,291	4,508,607	2,840,412
Accrued hire purchase and installment sales income	103,451	78,844	-	-	103,451	78,844
Less: Unearned hire purchase and installment sales income, net	(909,441)	(663,786)	(513,540)	(190,180)	(1,422,981)	(853,966)
Total normal receivable	1,540,909	788,179	1,648,168	1,277,111	3,189,077	2,065,290
Terminated agreements receivables						
Hire purchase and installment sales receivables	90,961	100,148	64,312	84,865	155,273	185,013
Accrued hire purchase and installment sales income	9,181	14,597	-	-	9,181	14,597
Less: Unearned hire purchase and installment sales income, net	(30,559)	(42,658)	(17,120)	(15,195)	(47,679)	(57,853)
Total terminated agreements receivables	69,583	72,087	47,192	69,670	116,775	141,757
Total receivables	1,610,492	860,266	1,695,360	1,346,781	3,305,852	2,207,047
Less: Allowance for doubtful accounts	(117,123)	(183,851)	(57,421)	(107,447)	(174,544)	(291,298)

Hire purchase and installment

sales receivables, net	<u>1,493,369</u>	<u>676,415</u>	<u>1,637,939</u>	<u>1,239,334</u>	<u>3,131,308</u>	<u>1,915,749</u>
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7.2 As at 31 December 2012 and 2011, the balances of hire purchase and installment sales receivables (net of unearned hire purchase income) and allowance for doubtful accounts aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

Consolidated / Separate financial statements								
Aging	Hire purchase and installment sales receivables		Percentage of allowance set up by the Company		Allowance for doubtful accounts		Hire purchase and installment sales receivables, net	
	2012	2011	2012	2011	2012	2011	2012	2011
Hire purchase and installment sales receivables								
Not yet due	2,736,069	1,438,968	1	1	26,044	14,053	2,710,025	1,424,915
Past due:								
1 month	189,368	236,704	10	1	18,549	2,326	170,819	234,378
2 - 3 months	200,121	258,686	20	2	39,395	5,097	160,726	253,589
4 - 6 months	119,086	164,448	40	100	47,109	162,713	71,977	1,735
7 - 9 months	37,948	66,224	60	100	22,617	65,640	15,331	584
10 - 12 months	10,575	21,004	80	100	8,441	20,877	2,134	127
Over 12 months	12,685	21,013	100	100	12,389	20,592	296	421
Total	<u>3,305,852</u>	<u>2,207,047</u>			<u>174,544</u>	<u>291,298</u>	<u>3,131,308</u>	<u>1,915,749</u>

7.3 As at 31 December 2012 and 2011, the future minimum lease payments receivable under hire purchase agreements together with the present value of the net minimum lease payments receivable are as follows:

(Unit: Thousand Baht)

Consolidated / Separate financial statements				
	2012		2011	
	Minimum payments receivable	Present value of payments receivable	Minimum payments receivable	Present value of payments receivable
Within one year	2,550,492	1,610,492	1,566,710	860,266
After one year but not more than five years	2,226,020	1,695,360	1,552,156	1,346,781
Total minimum lease payments receivable	4,776,512	<u>3,305,852</u>	3,118,866	<u>2,207,047</u>
Less: Amounts representing finance charges	(1,470,660)		(911,819)	
Present value of minimum lease payments		<u>3,305,852</u>		<u>2,207,047</u>

7.4 During the current year, the Company changed its accounting estimates with respect to the percentage of allowance for doubtful accounts set up to comply with the actual business circumstance of the Company by considering the receivables' ability to make payment, past experience and historical data on actual losses on collection.

The Company applied this change in estimate prospectively. The effect of the change was to decrease allowance for doubtful accounts by a total of Baht 35.9 million, decrease deferred tax assets for the year by Baht 7.2 million and increase profit for the year by Baht 28.7 million or increase diluted earnings per share of Baht 0.40 per share.

- 7.5 On 30 April 2004, the Institute of Certified Accountants and Auditors of Thailand, with the approval of the Office of the Securities and Exchange Commission, stipulated an accounting guideline for the consumer finance business, whereby recognition of revenue is to cease for accounts receivable which are overdue by more than 3 installments. However, this accounting guideline provides an alternative whereby, in cases where a company believes that the guideline would not be appropriate, it is to disclose the method it uses. The Company has a policy to cease recognising revenue from hire purchase receivables which are overdue by more than 4 installments. As at 31 December 2012, there are outstanding hire purchase receivable amounting to approximately Baht 219.6 million (2011: Baht 136.4 million) for which installment payments are more than 3 installments overdue but for which revenue is still being recognised.

In addition, if the Company had followed this accounting guideline, the amount of revenue recognised for the year ended 31 December 2012 and 2011 would be reduced by Baht 7.2 million and Baht 11.3 million, respectively.

- 7.6 The Company's hire purchase agreements have terms of 1 - 3 years and require settlement in equal installments.
- 7.7 As at 31 December 2012, the Company had transferred rights of claim under hire purchase agreements with outstanding balances (before net of unearned hire purchase interest income) of Baht 2,988 million (2011: Baht 1,696 million), in order to secure credit facilities granted by commercial banks as discussed in Notes 15 and 17.

8. Assets foreclosed

As at 31 December 2012 and 2011, assets foreclosed are presented as follows:

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	2012	2011
Repossessed assets	31,470	23,353
Less: Allowance for diminution in value of		

assets foreclosed	(12,846)	(7,937)
Assets foreclosed, net	<u>18,624</u>	<u>15,416</u>

9. Short-term loan and interest receivable

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.

On 2 July 2012, the Company entered into an agreement to sell a short-term loan receivable to a subsidiary company. During 2012, the subsidiary had received the full amount of such loan.

10. Other current assets

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2012	2011
Refundable input tax	42,653	-
Accrued income	2,894	3,271
Prepaid expenses	72,271	41,676
Other receivable - sales of assets		
foreclosed	6,124	10,618
Undue input tax	2,802	-
Others	1,704	1,437
Total	<u>128,448</u>	<u>57,002</u>
Less: Allowance for doubtful		
accounts	(2,526)	(2,526)
Other current assets, net	<u>125,922</u>	<u>54,476</u>

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 26.3.

12. Investment in subsidiary company

Details of investment in subsidiary company as presented in separate financial statements as at 31 December 2012 are as follows:

Separate financial statements				
Company's name	Nature of business	Paid-up capital	Percentage of shareholding	Investment - cost method
		Thousand Baht	%	Thousand Baht
Group Lease Holding Pte. Ltd.	Other investment holding company	18,685	100	18,685

On 5 April 2012, the Company invested in 100 ordinary shares of Group Lease Holding Pte. Ltd. at par value of SGD 100 each, totaling of SGD 10,000 (or 100% of shares of the subsidiary in issue).

On 14 June 2012, the subsidiary company called up additional registered share capital of SGD 0.75 million and the Company invested in an additional 0.75 million ordinary shares (or 100% of the shares of the subsidiary in issue) at a price equal to the par value of SGD 1 per share, for a total amount of SGD 0.75 million. On 8 October 2012, the subsidiary company registered the increase in its paid up share capital with the Accounting and Corporate Regulatory Authority in Singapore.

As at 31 December 2012, investment in subsidiary in the separate financial statements amounted to SGD 0.76 million.

13. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated / Separate financial statements						Total
	Land	Buildings	Building improvement and lease area	Furniture and office equipment	Computers and equipment	Motor vehicles	
Cost							
1 January 2011	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
Additions	-	-	1,176	1,078	2,107	3,648	8,009
Disposals	-	-	-	(1,430)	(757)	-	(2,187)
31 December 2012	35,983	45,553	6,209	20,527	12,430	17,560	138,262

(Unit: Thousand Baht)

Consolidated / Separate financial statements							
	Land	Buildings	Building improvement and lease area	Furniture and office equipment	Computers and equipment	Motor vehicles	Total
Accumulated depreciation							
1 January 2011	-	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
Depreciation for the year	-	2,278	139	578	1,200	4,281	8,476
Depreciation on disposals	-	-	-	(1,426)	(756)	-	(2,182)
31 December 2012	-	37,695	4,920	18,626	10,758	10,439	82,438
Net book value							
31 December 2011	35,983	10,136	252	1,405	766	7,754	56,296
31 December 2012	35,983	7,858	1,289	1,901	1,672	7,121	55,824
Depreciation for the year							
2012							8,476
2011							7,900

As at 31 December 2012, 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 31 million (2011: Baht 27 million).

The Company has mortgaged land and construction thereon with a total net book value as at 31 December 2012 of Baht 23.2 million (2011: Baht 25.1 million) as collateral for bank overdraft and short-term loans from financial institutions and long-term credit facilities as discussed in Notes 15 and 17.

14. Corporate income tax/deferred tax

Income tax expenses for the years ended 31 December 2012 and 2011 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Separate financial statements		
	<u>2012</u>	<u>2012</u>	<u>2011</u>
Current income tax:			
Current income tax charge	68,063	67,756	123,358
Deferred tax:			
Relating to origination and reversal of temporary differences	37,129	37,129	(20,658)
Effects of changes in the applicable tax rates	(2,791)	(2,791)	24,578
Income tax expense reported in the statement of comprehensive income	<u>102,401</u>	<u>102,094</u>	<u>127,278</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2012 and 2011 is as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Separate financial statements		
	<u>2012</u>	<u>2012</u>	<u>2011</u>
Accounting profit before tax	<u>459,783</u>	<u>455,337</u>	<u>342,355</u>
Applicable tax rate	23%, 17%	23%	30%
Accounting profit before tax multiplied by applicable tax rate	105,338	104,728	102,707
Effects of non-taxable income and expenses	(146)	157	(7)
Effects of changes in the applicable tax rates	(2,791)	(2,791)	24,578
Total income tax expenses reported in the statement of comprehensive income	<u>102,401</u>	<u>102,094</u>	<u>127,278</u>

As of 31 December 2012 and 2011, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2012	2011
<u>Deferred tax assets</u>		
Allowance for doubtful accounts	37,134	63,337
Allowance for diminution of value foreclosed assets	2,569	1,825
Reserve for employee benefits	555	347
Total	<u>40,258</u>	<u>65,509</u>
<u>Deferred tax liabilities</u>		
Prepaid commission expenses	19,284	10,198
Total	<u>19,284</u>	<u>10,198</u>

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.

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

		(Unit: Thousand Baht)	
		Consolidated/Separate financial statements	
	Interest rate (% per annum)	2012	2011
Short-term loans from financial institutions	MLR, MOR	50,000	-
Total		<u>50,000</u>	<u>-</u>

As at 31 December 2012, 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.

16. Related party transactions

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

transactions.

(Unit: Thousand Baht)

	Consolidated	Separate financial		Pricing policy
	financial statements	statements	statements	
	2012	2012	2011	
Transactions with subsidiary company:				
(Eliminated from consolidated financial statements)				
Interest income	-	601	-	7% per annum
Transactions with related parties:				
Interest income	250	57	-	6% - 9% per annum
Rental income	-	-	20	Contract rate
Acquisition of subsidiary company	244	244	-	Contract rate
Interest expense	-	-	45	7.5% per annum

As at 31 December 2012 and 2011, the Company and its subsidiary company had outstanding balances of significant assets and liabilities with the related parties as follows:

(Unit : Thousand Baht)

	Consolidated	Separate financial	
	financial statements	statements	statements
	2012	2012	2011
Short-term loans to and interest receivable from related parties			
Subsidiary company			
(Eliminated from consolidated financial statements)			
Group Lease Holding Pte. Ltd.	-	36,783	-
Related party			
GL Finance Plc.	20,544	3,067	-
Total	20,544	39,850	-
Share subscription payment in advance - related party			
GL Finance Plc.	34,144	-	-
Total	34,144	-	-

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at	During the year		Balance as at
	1 January 2012	Increase	Decrease	31 December 2012
Loans to and interest receivable from subsidiary				
GL Finance Plc.	-	20,675	(131)	20,544

Total	-	20,675	(131)	20,544
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(Unit: Thousand Baht)

	Separate financial statements				
	Balance as at	During the year			Balance as at
	1 January 2012	Increase	Decrease		31 December 2012
Loans to and interest receivable from related parties					
Group Lease Holding Pte. Ltd.	-	37,175	(392)	36,783	
GL Finance Plc.	-	3,106	(39)	3,067	
Total	-	40,281	(431)	39,850	

Directors and management's benefits

During the year ended 31 December 2012, the Company paid salaries, bonus, meeting allowance, gratuities, share-based payment and reserve for short-term and long-term employee benefits to its directors and management totaling Baht 37.4 million (2011: Baht 19.9 million).

Warrants for directors and management

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 3 February 2012, 21,646 GL-W1 warrants which had not been exercised by the warrant holders and already expired.

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

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

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

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

As at 31 December 2012, there are outstanding warrants (GL-WC, GL-WD and GL-W2) to subscribe to the Company's ordinary shares, to be allotted to existing directors and management totaling 42,400 units, 219,500 units and 16,098 units,

respectively.

17. Long-term loans

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

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			Repayment condition
	Balance		Interest rate per annum	
	2012	2011		
<u>Loan agreement dated 29 January 2009</u>				
Credit facility No. 1	-	1,200	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	5,333	320,667	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	148,834	470,833	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	1,567,790	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	1,721,957	884,320		
Less: Current portion	(887,947)	(694,953)		
Long-term loans, net of current portion	834,010	189,367		

Movements in the long-term loans account during the year 2012 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2012	884,320
Add: Addition borrowings	1,830,000
Less: Repayment	(992,363)
Balance as at 31 December 2012	1,721,957

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.

During the year 2012, the Company increase the long-term credit facilities with commercial banks of loan agreement on 26 May 2011 to Baht 2,000 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 2012, the long-term credit facilities of the Company which have not yet drawn down amount to Baht 432 million (2011: Baht 565 million).

18. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	2012	2011
Defined benefit obligation at beginning of year	1,735	3,519
Current service cost	2,673	4,039
Interest cost	67	148
Benefits paid during the year	(1,317)	(5,092)
Actuarial gain	(384)	(879)
Provisions for long-term employee benefits at end of year	2,774	1,735

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

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	2012	2011
Current service cost	2,673	4,039
Interest cost	67	148
Actuarial gain recognised during the year	(384)	(879)
Total expense recognised in profit or loss	2,356	3,308
Line items under which such expenses are included in profit or loss:		
Services and administrative expenses	2,356	3,308

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated / Separate	
	financial statements	
	2012	2011
	(% per annum)	(% per annum)
Discount rate	4.2	3.9
Future salary increase rate (depending on age)	7.0	7.5

Staff turnover rate	14.92	17.36
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Amounts of defined benefit obligation for the current and previous two periods are as follows:

(Unit: Thousand Baht)

	<u>Defined benefit obligation</u>	<u>Experience adjustments arising on the plan liabilities</u>
	<u>Consolidated / Separate financial statements</u>	<u>Consolidated / Separate financial statements</u>
Year 2012	2,774	(104)
Year 2011	1,735	(1,127)
Year 2010	3,519	-

19. Share capital

19.1 Resolutions of the Extraordinary General Meeting of the shareholders

During the year 2012, the Extraordinary General Meeting No.1/2012 of the shareholders of the Company passed the following resolutions regarding the Company's share capital:

- 1) Approved the issuance of 23 million warrants (GL-W2) to subscribe to the Company's ordinary shares, at a price of Baht 0.10 each. The warrants are exercisable at the end of every quarter for a period of 2 years from the issuance date, in a ratio of 1 warrant to 1 new ordinary share, with an exercise price of Baht 35 per share.
- 2) Approved a reduction of the registered capital of the Company from Baht 456.9 million to Baht 352.4 million by cancelling the unpaid registered ordinary shares remaining after reserving shares for the exercise of the unexpired warrants and the capital increase by a general mandate.
- 3) Approved an increase of the registered capital of the Company from Baht 352.4 million to Baht 570.4 million, through the issue of new ordinary shares to be reserved for the exercise of Warrant (GL-W2) amounting to 23.0 million ordinary shares and the capital increase by a general mandate, amounting to 20.6 million
- 4) Approved the amendment of the Company's Memorandum of Association to stipulate a registered capital of Baht 570.4 million.

The Company registered the increase in its registered share capital to Baht 570.4 million on 29 October 2012.

19.2 Additional share subscription received from the exercise of warrants

During the current year, the Company received additional share subscription totaling Baht 151.2 million from the exercise of warrants, as detailed below.

	Warrant	Ordinary share	Exercise price	Amount
	(Units)	(Shares)	(Baht/share)	(Million Baht)
GL-W1	6,443,985	6,443,985	23.00	148.21
GL-WB	207,600	207,600	14.50	3.01

The Company registered the increase in its paid up share capital to Baht 344.86 million with the Ministry of Commerce on 11 May 2012. In addition the Company has transferred share subscription received in advance to share capital during the current year.

As at 31 December 2012, the Company had share premium amounting to Baht 414.9 million as a result of the capital increases (2011: Baht 293.7 million).

As at 31 December 2012, the Company had share subscription received in advance amounting Baht 19.6 million in its paid up share capital from the exercise of GL-W2 totaling 559,427 units. The Company registered the increase in its paid up share capital from the exercise of such warrants with the Ministry of Commerce on 7 January 2013.

19.3 Reconciliation of number of ordinary shares

	(Unit: Shares)	
	Consolidated / Separate financial statements	
	2012	2011
<u>Registered share capital</u>		
Number of ordinary shares at the beginning of year	86,300,000	86,300,000
Increase in number of ordinary shares due to registration during the year	<u>27,778,527</u>	<u>-</u>
Number of ordinary shares at the end of year	<u>114,078,527</u>	<u>86,300,000</u>
<u>Issued and paid-up share capital</u>		
Number of ordinary shares at the beginning of year	62,321,196	56,416,996
Increase in number of ordinary shares due to		

exercise of warrants during the year	6,651,585	5,904,200
Number of ordinary shares at the end of year	<u>68,972,781</u>	<u>62,321,196</u>

20. Warrants/Capital reserve for share-based payment transactions

As at 31 December 2012, details of outstanding 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-W1	Existing shareholders	4 February 2009	24,300,000	Baht 0.20	3 years	Baht 23	1 ordinary share
GL-W2	Existing shareholders	1 November 2012	22,775,694	Baht 0.10	2 years	Baht 35	1 ordinary shares
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
GL-WD	Directors and employees	15 May 2012	1,000,000	-	3 years	Baht 19.62	1 ordinary share

Issuance and offer of warrants during the year

GL-W2

On 1 November 2012, the Company issued 22.7 million warrants (GL-W2) to subscribe to the Company's ordinary shares, at a price of Baht 0.10 each. The warrants are exercisable at the end of every quarter for a period of 2 years from the issuance date, in a ratio of 1 warrant to 1 new ordinary share, with an exercise price of Baht 35 per share.

On 14 November 2012, the warrants were listed on the Stock Exchange of Thailand, to be traded on Stock Exchange of Thailand commencing from 22 November 2012.

GL-WD

On 15 May 2012, the Company issued 1,000,000 warrants (GL-WD) to subscribe to the Company's ordinary shares, to be allotted to directors and employees of the Company free of charge. The warrants are to have an exercise ratio of 1 warrant per 1 ordinary share, an exercise price of Baht 19.62 per share, and a term of 3 years from the first issue date. The warrants will be exercisable at the end of their term, as detailed in the Employee Share Ownership Plan (ESOP). These ESOP warrants will not be listed on the Stock Exchange of Thailand.

The estimated fair value of each share option granted is Baht 4.08. This was calculated by applying the Black-Scholes-Merton formula. The model inputs were the share price at price determination date of Baht 24.9, exercise price of Baht 19.62, expected volatility of 32.85%, expected dividend yield of 8.62%, contractual life of 3 years, and a risk-free interest rate of 3.44%.

During the year 2012, the Company recorded expenses of the GL-WD plan

amounting to Baht 0.86 million as personnel expenses.

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

Type of warrant	Number of warrants		Number of		Number of warrants	
	outstanding as at 1 January 2012	Issuance of warrants during the year	warrants exercised during the year	warrant expired/cancelled during the year	outstanding as at 31 December 2012	
GL-W1	10,069,519	-	-	(10,069,519)	-	
GL-W2	-	22,775,694	(559,427)	-	22,216,267	
GL-WB	223,300	-	(207,600)	(15,700)	-	
GL-WC	245,600	-	-	(26,100)	219,500	
GL-WD	-	1,000,000	-	(65,500)	934,500	

On 3 February 2012, 10,069,519 GL-W1 warrants which had not been exercised by the warrant holders and already expired. The Company therefore transferred the outstanding balance of warrants of Baht 2.0 million to share premium in the statement of financial position.

Up to 31 December 2012, the Company cancelled a total of 638,400 warrants (GL-WB, GL-WC and GL-WD) to purchase ordinary shares of the Company that had been allocated to the directors and management of the Company, because the directors and management who held those warrants had resigned, thus breaching the conditions under which the warrants were received.

21. Dividend

Dividends declared in 2012 consist of the following:

Dividends	Approved by	(Unit: Thousand Baht)	
		Total dividends	Dividend per share
Dividend on the first half year of 2012 operating result	Board of Directors Meeting on 22 August 2012	99,523	1.45
Dividend on the third quarter of 2011 operating result	Board of Directors Meeting on 13 February 2012	44,010	0.64
Total for 2012		143,533	2.09

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		<u>154,287</u>	<u>2.56</u>

22. 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.

23. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements	
	<u>2012</u>	<u>2012</u>	<u>2011</u>
Salary and wages and other employee benefits	130,203	130,203	74,084
Service agreement expenses	29,112	29,112	18,911
Debt following expenses	19,567	19,567	5,509
Depreciation	8,476	8,476	7,900
Registration fee	7,772	7,772	6,264
Professional fee	7,374	6,928	1,158

24. Earnings per share

Basic earnings per share is calculated by dividing the profit (excluding other comprehensive income) for the year by weighted average number of ordinary shares in issue during the year.

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

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

Consolidated financial statements		
For the year ended 31 December 2012		
Profit for the year	Weighted average number of ordinary shares	Earnings per share
Thousand Baht	Thousand shares	Baht
Basic earnings per share		
Profit for the year	357,381	68,906
		<u>5.19</u>
Effect of dilutive potential ordinary shares		
GL-W1	-	89
GL-W2	-	2,076
GL-WB	-	35
GL-WC	-	144
GL-WD	-	388
Diluted earnings per share		
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>357,381</u>	<u>71,638</u>
		<u>4.99</u>

Separate financial statements					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
2012	2011	2012	2011	2012	2011
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share					
Profit for the year	353,243	215,078	68,906	58,926	5.13
					<u>3.65</u>
Effect of dilutive potential ordinary shares					
GL-W1	-	-	89	1,956	
GL-W2	-	-	2,076	-	
GL-WB	-	-	35	150	
GL-WC	-	-	144	123	
GL-WD	-	-	388	-	
Diluted earnings per share					
Profit of ordinary shareholders assuming the conversion of dilutive					

25. 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 2012 and 2011, the Company contributed Baht 1.8 and Baht 1.0 respectively to the fund.

26. Commitments

26.1 Rental and service commitments

As at 31 December 2012, the Company has the outstanding rental and service commitments which are to be repaid within one year amounting to Baht 1.3 million and USD 0.01 million (2011: Baht 0.8 million).

26.2 Service commitments

The Company is required to pay fees of USD 0.02 million per month to individuals who are employees of related party, for consultancy relating to overseas investment.

26.3 Guarantees

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

27. 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.

28. Financial instruments

28.1 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 2012 and 2011 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

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

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2012

Fixed interest rates			Non- interest bearing	Total
Within 1 year	1 - 5 years	Floating interest rate		
-	-	1,771.96	14.42	1,786.38

(Unit: Million Baht)

Separate financial statements as at 31 December 2012

	Fixed interest rates			Non- interest bearing	Total
	Within 1 year	1 - 5 years	Floating interest rate		
Financial assets					
Cash and cash equivalent	-	-	0.48	10.41	10.89
Hire purchase and installment sales receivables, net	1,493.37	1,637.94	-	-	3,131.31
Short-term loans to related parties	39.85	-	-	-	39.85
Deposits at bank with restrictions	0.31	-	-	-	0.31
Receivables and loans to employees	-	-	-	0.13	0.13
	<u>1,533.53</u>	<u>1,637.94</u>	<u>0.48</u>	<u>10.54</u>	<u>3,182.49</u>
Financial liabilities					
Bank overdrafts and short-term loans from financial institutions	-	-	50.00	-	50.00
Trade and other payables	-	-	-	14.42	14.42
Long-term loans	-	-	1,721.96	-	1,721.96
	<u>-</u>	<u>-</u>	<u>1,771.96</u>	<u>14.42</u>	<u>1,786.38</u>

(Unit: Million Baht)

Separate financial statements as at 31 December 2011

	Fixed interest rates			Non- interest bearing	Total
	Within 1 year	1 - 5 years	Floating interest rate		
Financial assets					
Cash and cash equivalent	-	-	167.60	20.36	187.96
Hire purchase and installment sales receivables, net	676.42	1,239.33	-	-	1,915.75
Short-term loans to related parties	0.31	-	-	-	0.31
Receivables and loans to employees	-	-	-	0.10	0.10
	<u>676.73</u>	<u>1,239.33</u>	<u>167.60</u>	<u>20.46</u>	<u>2,104.12</u>
Financial liabilities					
Trade and other payables	-	-	-	3.30	3.30
Long-term loans	-	-	884.32	-	884.32

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2012

Fixed interest rates		Non-		Total
Within 1 year	1 - 5 years	Floating interest rate	interest bearing	
-	-	884.32	3.30	887.62

Foreign currency risk

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

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

Foreign currency	Financial assets as at 31 December		Average exchange rate as at 31 December	
	<u>2012</u> (Million)	<u>2011</u> (Million)	<u>2012</u> (Baht per 1 foreign currency unit)	<u>2011</u>
USD	1.79	-	30.63	31.69
JPY	10.00	-	0.3545	0.4084

28.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature, hire purchase and instalment sales receivables, fair values are the carrying amount net of unearned hire purchase income and allowance for doubtful accounts. The loan bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

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

29. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2012, the Group's debt-to-equity ratio was 1.19:1 and the Company's was 1.19:1 (2011: 0.73:1).

30. Event after the reporting period

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

On 22 August 2012, a meeting of the Company's Board of Directors approved the subsidiary's acquisition of shares GL Finance Plc. from a related party. GL Finance Plc. was incorporated in Cambodia and operates as a finance company providing the hire purchase services for motorcycles. The acquisition agreement can be

summarised as follows:

- 1) The subsidiary company and the seller entered into a sale and purchase agreement relating to the acquisition of GL Finance Plc. on 25 August 2012, whereby the Company was to purchase 998 shares of GL Finance Plc., equivalent to 99.8 % of its issued and paid up share capital. The total value of the entity was thus USD 1,120,000.
- 2) The subsidiary company agreed to pay 80% of the share value within five days of the date of the sales and purchase agreement, and pay the remaining amount USD 896,000 on the date that the transaction is completed.

The acquisition of this business is currently in progress, and the Company's management expect the transaction to be completed during the first quarter of 2013. As at 31 December 2012, the outstanding balance of share subscription payment in advance amounted to Baht 34.14 million as presented in consolidated statement of financial position.

Short-term loan to related party

On 22 January 2013, the Company entered into a Baht 4.0 million short-term loan agreement with a related party. The loan has a term of one year and the interest rate at 7% per annum.

31. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 15 February 2013.