

รายงานประจำปี 2555



ANNUAL REPORT 2012

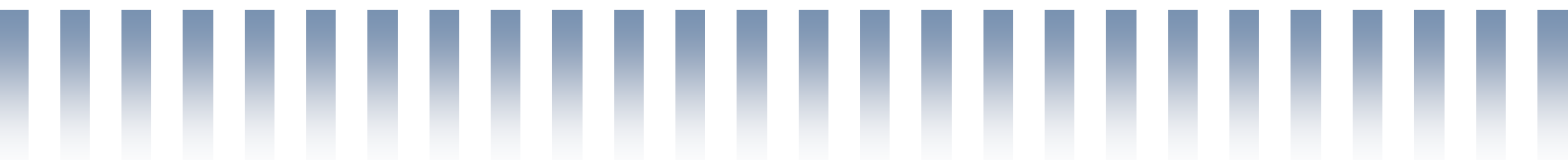
SIAM GENERAL FACTORING PUBLIC COMPANY LIMITED



● ● ● **S**HORT TERM FINANCING

GROWING TOGETHER

FINANCIAL DEVELOPMENT



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		2555 2012	2554 2011	2553 2010
ผลประกอบการ (ล้านบาท)		Performance (Million Baht)		
รายได้จากการซื้อสิทธิเรียกร้อง	Factoring Income	38.66	3.36	9.01
รายได้รวม	Total Income	64.81	69.12	49.44
กำไรขั้นต้น	Gross Profit	63.26	58.36	36.86
กำไร(ขาดทุน)สุทธิ	Net Profit (Loss)	27.54	(8.21)	(53.98)
ฐานะการเงิน ณ 31 ธันวาคม (ล้านบาท)		Financial Status as at 31 December (Million Baht)		
ลูกหนี้จากการซื้อสิทธิเรียกร้อง (สุทธิ)	Factoring receivables (net)	34.54	27.12	41.83
สินทรัพย์หมุนเวียน	Current assets	125.83	107.77	133.01
สินทรัพย์รวม	Total Assets	168.27	131.36	236.54
หนี้สินหมุนเวียน	Currents Liabilities	42.48	37.02	196.88
หนี้สินรวม	Total Liabilities	48.34	38.97	230.93
ส่วนของผู้ถือหุ้น	Shareholders' Equity	119.93	92.39	5.61
เทียบเป็นรายหุ้น (บาท)		PER SHARE (Baht)		
กำไรสุทธิต่อหุ้น	Net Profit per share	0.02	(0.01)	(0.09)
เงินปันผลต่อหุ้น	Dividend per share	-	-	-
มูลค่าหุ้นตามบัญชี	Book valued per share	0.08	0.06	0.01
อัตราส่วนทางการเงิน		FINANCIAL RATIO		
อัตราส่วนระหว่างสินทรัพย์หมุนเวียนกับหนี้สินหมุนเวียน	Current Ratio	2.96	2.91	0.68
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น	Debt to Equity Ratio	0.40	0.42	41.20
อัตราส่วนกำไรจากการดำเนินงาน	Net Profit Margin	42.49%	-11.88%	-109.18%
อัตราส่วนผลตอบแทนของส่วนผู้ถือหุ้นสามัญ	Return on Equity	22.96%	-8.89%	-962.98%
อัตราผลตอบแทนจากสินทรัพย์รวม	Return on Assets	16.37%	-6.25%	-22.82%



Siam General Factoring Public Company Limited engages in the main business of providing short-term funds in the form of transferred invoice discounting and normal commercial debt (factoring). It has been established in 1985. At present, the registered capital is Baht 1,774.27 million. There are 78.01% of main incomes comes from factoring, 9.20% of income comes from loans because our customer needs to use it before transferring the right of contract for factoring and 4.14% of income comes from personal loans. Furthermore, we offer other credit services which enable any business to increase working capital such as leasing service, etc.

For the operating result in 2012, the Company was increased in factoring income Baht 35.30 million, increased in loan income Baht 2.69 million and increased in income from bad debt collection Baht 2.83 million, but the total revenue was decreased from Baht 69.12 million to Baht 64.81 million due to the gain from debt restructuring with 2 financial institute Baht 42.17 million in 2011. The operating expense decreased from Baht 46.42 million to Baht 33.80 million, equivalent to 27.18%. The Company had doubtful accounts which were outstanding amount of Baht 1.92 million decrease from 2011 amounting to Baht 18.23 million, so the Company had net profit Baht 27.54 million better than 2011 which had net loss Baht 8.21 million. As of 31 December 2012, the Company had total asset Baht 168.27 million, which was Baht 36.91 million greater than the previous year, equivalent to 28.09%. The net factoring debtor was Baht 34.54 million, which was 27.35% greater than the previous year due to the credit expansion. The registered capital was Baht 1,774.27 million. The shareholders' equity was Baht 119.93 million which the Company is on the process to solve the possible delisting problem.

In previous year, after the company had debt restructuring with 2 financial institutions in 2011, the company had much lower interest payment. Therefore, the company had a policy to chase NPL debts, control operational expenses with factoring credit and loan credit offer to governmental sections as primary debtors. Even though the company has not provided additional loan sources from financial institutions, the company could use cash collected from NPL as additional credit offer in order to increase income causing the net profit of the company.

Regarding business goal for the year 2013, the company still focused on credit offer policy to governmental sections or private sections those had clear assignment of claim in order to reduce risks and further chase and collect debts. At the same time, the company was seeking additional capital and loan sources including new investing partners for co-investing in the business in order to be able to expand the credit facility and continually create more stability of the business.

The Company Board of Directors stands firmly to continue administering the Company business in carefully manner in order to enable the Company to firmly grow in the future, which makes highest interest to shareholders in the long term. In this occasion, the Company Board of Directors, company executives, and all staffs would like to convey appreciations to all the shareholders who gave fine supports and confidences to the Company. The company believes that according to our previous operation trend, it shall lead the company to stable growth in the future.



Mr. Wisait Panutat
Chairman of the Board



Mr. Chavalit Saleepol
Chief Executive Officer



(Mr. Wisait Panutat)

Chairman of the Board



(Mr. Thitisak Skulkroo)

Director



(Mr. Chavalit Saleepol)

Chief executive officer



(Mr. Pinij Wuthipand)

Chairman of Audit Committee



(Mrs. Supanut Pongserm)

Audit Committee Member



(Mr. Pipat Inphongphand)

Audit Committee Member

Siam General Factoring Public Company Limited is engaged in financial service of factoring. SGF was the first company to service factoring in Thailand beginning on August 7, 1985.

In 1997, The Company increase The Letter of guarantee service to support customer for bidding by the governmental agency.

In 1999, The Company increase service as following:

- The service for Pre-financial.
- L/C providing and Purchase service, L/C Opening service.
- The Service for the financial support guarantee.

In 2000, The Company made debt restructuring agreement and the creditor agree to settled Loan of US\$ 11.55 million (Baht 452 million) by issuing preferred shares. So all 9 of the Company's creditors are holding their shares altogether equivalent to 68.89 %

In 2003, The Company had changed the major shareholders to be Paolo Medic Co.,Ltd. The Company had a policy to increase the service for Leasing.

In 2005, The Company has permitted to operate personal loan business from BOT and has this service now.



1) Factoring

Factoring is a financial service that allows a business to sell its outstanding receivables and receive immediate cash funding to manipulate its cash flow. The factoring companies receive the invoice and collect the full amount from the commercial invoice such as invoice, statement, receipt, etc.

The incomes from factoring services comprise of 2 parts (1) factoring fee or interest and (2) debt collection fee from customer's debtors. The company offers Recourse – Notification Factoring where the compulsory performance from customers and debtors is conducted. The receivable aging is approximately 37 days.

The customer's debtors comprise of :

1. Debtors which are governments, state enterprises and other authorities concerned, arising from the purchasing/procurement/service agreements made with the customer. These accounts receivables of governments and state enterprises are equivalent to 86.75% of total accounts receivables.
2. Private debtors which are industries, commerce and services, arising from the trading transaction between customers and debtors in normal business practice. These accounts receivables of private debtor are equivalent to 13.25% of total accounts receivables.

The accepted commercial documents are work order, delivery order, inspection slip, statement, invoice, cheque and promissory note where the purchasing proportion of each document shall depend on the level of its compulsory performance.

2) Leasing of Machine, Equipment and Automobile

The leasing service is a long-term financial lease. It is a financial instrument which supports the leasing of machine, equipment and automobile. A lessee provides a leased asset and notifies a lessor to be purchaser for the lessee's leasing of 3-5 years on a monthly installment. Now, the Company policy is delay to giving for this business.

3) Loan Credit

Loan Credit is a short-term pre-financing approximately 3 months. This loan is given to a customer for starting his work according to the service contract or sale-purchase contract which has been signed. The contract must be transferred to the company and the customer receives the short-term pre-financing to start and complete his work within the schedule. The credit amount depends on each work project.

4) Personal Loan

Service on Personal Loan is a new service of the company which begins from June 2005 to provide credit lines to employees of general company. The agreement of the settlement is the disbursement from the salary account. The duration of loan is approximately 1-5 years. The company will define the credit line and application rate in accordance with the regulations of the Bank of Thailand.

5) Other Services

Other supporting services are rendered to a customer for the full range of services such as

- Letter of Guarantee

Letter of Guarantee supports the credit amount in bidding, contract execution, advance payment and goods procurement. It helps the bidding or service contract with governments, state enterprises and private sectors by providing the Letter of Guarantee from bank or company itself.

- Letter of Credit Support

The company issues the Letter of Credit Support to the bidder to execute and complete the work project.

Risk factors could occur and effect the operation of the company in the future. The company has realized the importance of the management of the aforementioned risks which are as follows:

1. Risk occurred by the change of the interest rate

The Company's main source of income is the interests earned on financing, which are changed at fixed rates, while funding costs from financial institutions are float rates which vary with the market rate. Therefore, the fluctuation of the market interest rate can affect the Company's interest margin. However, since the buy-in duration of company loans regarding factoring or Pre-finance business are the short-term loan, the company can flexibly adjust the interest rate used with customers to keep the spread.

2. Risks from the competitors

Even in present, most factoring credit facilitators shall have financial institute both domestic and international as major shareholders and resulting low financial cost, this has increased stronger competition among the operators and the company thus under disadvantage due to financial cost that higher than the competitor. However, banks are more process and condition to consider credit, cause delays, while the Company has less than them, so the Company can find customers among the person who inconvenient to use bank facilities. The Company reduce risk by emphasize on factoring service to the debtor who is government department/ state enterprise and large professional private company that we are specially expert, maintaining good relation with the customers, maintain good quality service and grant credit facilities that corresponding to the customer's requirement in order to maintain the company's customer base.

3. Credits Risk

In factoring business operation, the entrepreneur is able to expand loan according to its potentiality without restriction from any authorities like credit granted from financial institute. Taking into account of credit quality, efficiency of debt follow up, good internal control system including integrity of personnel are thus important major factors in such business operation. To this end, we therefore introduce Credit Rating and Credit Scoring to support careful and strict consideration and analysis of customers and debtor status, we have credit meeting to consider credit to reduce risk, duly emphasized on purchase of debt after job inspection and acceptance, including having control system and reporting the quality of current receivables, closely following up and regularly reviewing quality analysis data. However, due to risk that can be occurred at any time, the company therefore increase preventive system to prevent damage by demanding for additional security from the customer in some cases.

4. Risk on concentration of debtors and customers

In 2011 and 2012 the first 10 buy-in factoring customers of the company valued 67.62% and 64.40% of total numbers of buy-in respectively, which is a high portion compared to 32 and 34 of all customers respectively. However, according to the concentration of debtors, we found that the first 10 buy-in amounts are at the portion of 66.03% and 52.42% of total buy-in amount in 2011 and in 2012 the portion is smaller compared to the concentration of customers.

The company has a policy to solve problems on concentration of debtors and customers by limiting the maximum credit line of customers and debtors including the extension of factoring credit in the future by emphasizing on the expansion to the government sectors/privatized organizations debtor, which has low risk and could share the concentration of debtors.

5. Risk from being delisting

Since 15 June 2007, SET had as announcement indicating that the Company's facing possible delisting from the Stock Exchange of Thailand due to the Company financial statement showing shareholder equity less than zero which is not the result of the Company's ordinary operation. And the Company's securities was prohibited to be traded from 17 August 2007 until the problems are solved according to SET basis. On 10 March 2012, the SET was announce the Company to be in the Non-performing group - Stage 2 (SET allow the Company to undertake rehabilitation period to resolve the delisting grounds for 3 years).

As of 31 December 2012, the Company paid-up capital was Baht 1,541.40 million, retain loss was Baht 616.07 million and the shareholders' equity was Baht 119.93 million, which was increased steadily since 2010. (Shareholders' equity in year 2010 -2013 was Baht 5.60 million, 92.39 million and 119.93 million, respectively)

In 2012, Thai economy has grown from the previous year since there were some investments for recovering industrial business, preventing floods, repairing all damages from floods made by both public and private sectors. There was more acceleration of production after floods due to continually increasing demand on commodities with governmental supportive measures enhancing the economy such as increasing labor income, mega projects investing to prevent floods, and promoting liquidity via credit approval to business sector with suitable financial situation for running businesses. Even though domestic economy was affected from world economic recession since the midyear onwards, its effects were limited among exporters and industry of manufacturing for export only. Entire economic situation still has good stability.

In 2013, it has been expected that domestic economy tended to have more growth from the previous year since domestic demands had high growth, better situation of exportation, growing domestic spending in all regions, more purchasing power of people due to direct and indirect impacts of the measure of increasing the minimum labor rate over the country with continuous investments for expanding production capacity and effectiveness in business sector.

Factoring business still had continuously high competition among financial institutions, commercial banks and non-bank organizations. The market leader still was in commercial bank group having more advantages on large existing customer base of other financial services. Continuous offers for services were easier with very low costs of commercial banks. It was very hard for non-bank group could compete with. Many commercial banks offering factoring credit services were good things because factoring credit service would be more known and accepted among enterprisers. Such competition caused factoring credit service had continuous development.

The company still lack of fund for lending so the customer numbers decrease all across services, and the competitive environment drives the need of professional management by improving quality and service, which are essential ingredients to retain customer satisfactions. The company still focuses on small and medium enterprise customers which are partner with government or state enterprise or large private sectors that are able to transfer receivable rights. The company specializes in servicing those customers from continuous operations so the company has a large customer database which includes document format, creditor quality, and debt collection. This is important for the debt collection management to prevent the damage from low debt quality transferring. So, in the past year, the Company had low NPL credit.

The company has the following policy in 2013

- ♦ **Factoring** loan service focuses on small and medium enterprise customers which are partner with government or state enterprise or large private sectors that are able to transfer receivable rights, and able to verify the completion of the debt.
- ♦ **Pre-Finance** is an advanced credit given to customers who would like to use the company's factory loan service. The customer will be granted money in advance to operate in the business that has been transferred the right to the company. This service is a special service from existing potential customers only and collaterals are required for consideration.
- ♦ **Leasing** service for machine and cars is provided as a supplementary service for factoring customers. When customers would like to purchase new machines to expand businesses or replace the damaged one or expired. The company will service only widely used equipment with an obvious target market include leasing for cars.
- ♦ **Personal loan** will be given to the corporate employees that have been certified for personal loan service. The loan will be given based on income, ability to repay, credit scoring, and credit bureau verification under the Bank of Thailand regulations.

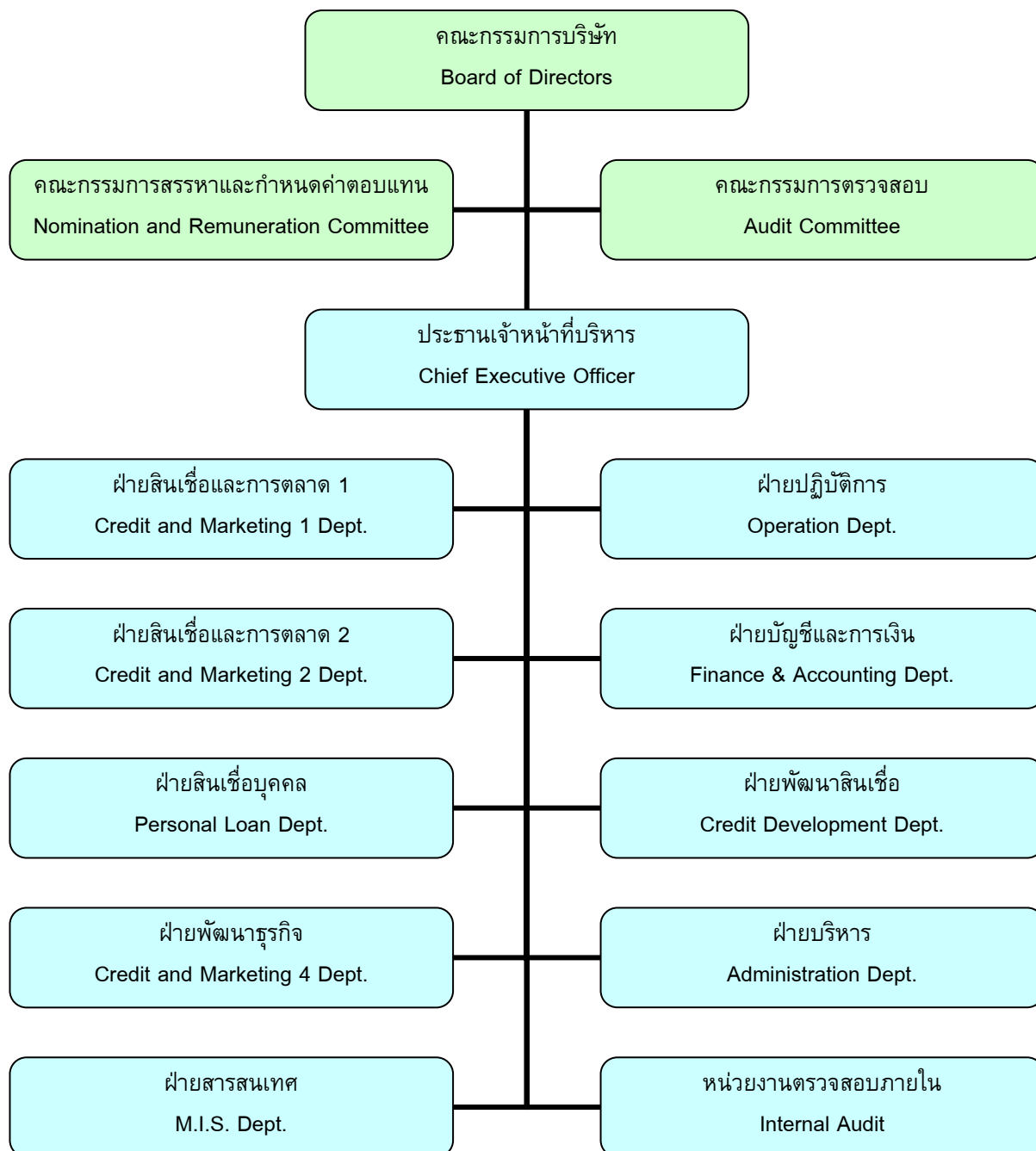
As of 31 December 2012, the company has a registered capital of Baht 1,774,267,851 with Baht 1,541,400,252 paid up capital, divided into

1. a common shares per value Baht 1.00 totaling 1,774,267,831 shares with paid up capital 1,541,400,232 share.
2. a preferred shares per value Baht 1.00 totaling 20 shares (in the form of unaccumulated dividend right at the rate 3 percent per annum, the Company shall firstly pay dividend only when the Company earn profits after provisioning for legal reserves and other required reserves and there is no accumulated loss)

รายชื่อผู้ถือหุ้นรายใหญ่ 10 อันดับแรก (ณ. วันที่ 5 เมษายน 2555) List of Major Shareholders (as of 5 April 2012)	จำนวนหุ้น Shares	ร้อยละ (%)
1. นายทองไทโร บุปผชัยศรี Mr. Tongsai Burapachaisri	315,000,000	20.44
2. บจก. ไทรทองธุรกิจ Sai-Thong Business Co.,Ltd.	127,500,000	8.27
3. นายอำนาจ วงศ์สุวรรณ Mr. Um-nad Wongsuwan	75,000,000	4.87
4. นายพิชัย ประทีปธรรม Mr. Pichai Prateepthum	68,821,905	4.46
5. นางรัชนิกร จินตกานนท์ Mrs. Ratchaneekorn Jintakanon	63,000,000	4.09
6. นส. กานาณู เล็กวิจิตร Ms. Kananuch Lekvijit	62,634,420	4.06
7. นายสันติ เสริมสวัสดิ์ Mr. Santi Setsawat	56,520,000	3.67
8. นายชาญพล ประทีปธรรม Mr. Chanphon Prateepthum	52,500,000	3.41
9. นางกอบแก้ว เมตตริย์ Mrs. Korkaew Maetri	49,000,000	3.18
10. นางวัลลีย์ สังข์ศิริ Mrs. Wanlee Sangsiri	43,352,000	2.81

- **The dividend payment policy**

Normally, the Company has the policy to pay its dividend to the shareholders about 60% of the net profit. However, the Company still has retained loss this year, so the Company will not pay its dividend.



• **Independent Directors and definition**

The number of Board members should fit the size of the business. Currently, there are 6 directors, 3 of which are executive directors and the remaining 3 are independent directors. Independent Director is 50% of the Board of Directors, consists of;

1. Mr. Pinit Wuthipand	Independent Director
2. Mrs. Supanut Pongserm	Independent Director
3. Mr. Pipat Inphongphand	Independent Director

Definition of Independent Director as following:-

- (1) To hold the company shares not exceeding 1% of number of total shares entitled to vote in the company, affiliated companies, joint companies or person who may have conflict (are considered as related person pursuant to Article 258 according to the Security Law)
- (2) Not being or used to be the director who takes part in the management of the company, or an employee, staff member or advisor who receives a regular salary or is a controlling person of the company, holding company, subsidiary company, associated company, subsidiary company of the same level or corporate with possible conflict, except having been out of the above position for at least two years prior to the appointment.
- (3) Not being a person who is related by blood or by law as a parent, spouse, sibling and child including a child's spouse, to any management member, major shareholder, controlling person or the person whom has been proposed to become the management member or controlling person of the company or subsidiary company.
- (4) Not having or used to have business relationship with the company, holding company, subsidiary company, associated company or corporate with possible conflict in a way which may prevent independent judgment, as well as not being or used to be the major shareholder, non-independent director or management member of the entity having business relationship with the company, holding company, subsidiary company, associated company or corporate with possible conflict, except having been out of the above position for at least two years prior to the appointment.

The business relationship stated in the first paragraph shall include normal commercial transactions for business operation, rent or rent out of real estate, transactions concerning the property or service, giving or receiving financial support, receiving or giving loan, standing security, giving property as collateral security or other similar actions, which make the applicant or party in the contract pay debt obligation to the other party from 3% of net tangible asset of the applicant or from twenty million baht, whichever is lower. In this respect, the calculation of such debt obligation shall be in compliance with the method to calculate the value of related transactions as prescribed by the notification of the Commission of Stock Exchange of Thailand relating to the data presentation and operation of registered company for related transactions, mutatis mutandis. However, in consideration of such debt obligation, it shall include debt obligation incurred one year prior to the date of business relationship with the same person.

- (5) Not being or used to be the auditor of the company, holding company, subsidiary company, associated company or corporate with possible conflict and not being the major shareholder, non- non-independent director or management member or managing partner of the audit firm with staff being the auditor of the company, holding company, subsidiary company, associated company or corporate with possible conflict, except having been out of the above position for at least two years prior to the appointment.
- (6) Not being or used to be the service provider in any professions including legal advisor or financial advisor receiving the service fee exceeding Baht 2 million per year from the company, holding company, subsidiary company, associated company or corporate with possible conflict. Nevertheless, in the case of the professional service provider being a corporate, the consideration shall extend to the major shareholder, non-independent director, management member or managing partner of such professional service provider, except having been out of the above position for at least two years prior to

the appointment.

- (7) Not being the director who has been appointed as the representative of the company, major shareholder or shareholder whom is related to the major shareholder of the company.
- (8) Having no other characteristic which may prevent from giving independent opinions concerning with the business operation of the company.

- **Board Structure**

The Company's Board structure consists of 3 groups of committee are the board of directors, the nomination and remuneration committee, and audit committee the name listed by duty as follow;

The Board of Directors as of 31 December 2012 consists of

1. Mr. Wisait Panutat Chairman of the Board Executive Director
(Term of office from 29 April 2010 until the 2013 Annual General Meeting of Shareholders)
2. Mr. Chavalit Saleepol Chief Executive Officer Executive Director
(Term of office from 29 April 2010 until the 2013 Annual General Meeting of Shareholders)
3. Mr. Thitisak Skulkroo Director Executive Director
(Term of office from 27 April 2011 until the 2014 Annual General Meeting of Shareholders)
4. Mr. Pinit Wuthipand Director Independent Director
(Term of office from 29 April 2012 until the 2015 Annual General Meeting of Shareholders)
5. Mrs. Supanut Pongserm Director Independent Director
(Term of office from 27 April 2011 until the 2014 Annual General Meeting of Shareholders)
6. Mr. Pipat Inphongphand Director Independent Director
(Term of office from 29 April 2012 until the 2015 Annual General Meeting of Shareholders)

Miss Apinya Borivachanon has been appointed as the secretary of board of directors. She was responsible for duties as prescribed by the Securities and Exchange Act (Book No. 4), B.E. 2551, and coordination to be in compliance with the resolution of board of directors according to the corporate governance policy.

Authorized Directors

Directors authorized to sign in binding the company consist of Mr. Wisait Panutat, Mr. Chavalit Saleepol and Mr. Thitisak Skulkroo. Any two out of these three Directors shall commonly sign and affix the company common seal.

Powers and Duties of the Company's Board of Directors

The Board of Directors is responsible for shareholders in relation with the Company's business operation and supervision of the management to be in accordance with the policy, guidelines and objectives with the maximum benefit to the shareholders and within the frame of good ethics and morality and to take the interest of all interested parties into account.

The Board of Directors has the duties to act in compliance with laws, objectives and articles of Association of the Company and the meeting of shareholders' resolutions with honesty and care for the shareholders' interests, at the present and in the long term, including the acting in compliance with the criteria and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand.

In supervising all the Company's business, the Board of Directors has determined the following matters to be the authority and responsibility of the Board of Directors who shall consider for the approval.

1. The Company's policies, business strategies, business plans and annual budget.
2. Appointment and termination of directors and the secretary of the Board of Directors.
3. Appointment and determination of authority of the Sub-committee.
4. Execution of any report pertaining to transaction with related persons that small or medium sized

which is not the normal business but does not require a resolution of shareholders' meeting.

Nomination and Remuneration Committee as of 31 December 2012 consists of

- | | | |
|----|-------------------------|---|
| 1. | Mr. Wisait Panutat | Chairman of the Board |
| 2. | Mr. Chavalit Saleepol | Chief Executive Officer |
| 3. | Mr. Thitisak Skulkroo | Director |
| | Ms. Apinya Borivachanon | The Company Secretary be the secretary of the meeting |

Powers and Duties of the Nomination and Remuneration Committee

1. To recommend the remuneration payment method paid to the Board of Directors in various areas appointed by the Board of Directors.
2. To review the directors' remuneration based on duties and responsibilities, financial status of company, remuneration rate paid by similar types of businesses and propose to the shareholders for approval.
3. To consider and propose policy relating to the remuneration and benefit in order to keep and motivate employees who possess required qualifications.
4. To review adjustment of wage and bonus annually and propose to the Board of Management and Board of Directors.
5. To help the Board of Management and Board of Directors assess the operating result and ability of managing director based on the short-term and long-term objectives and business plans.
6. To recruit qualified persons to be directors of company and report to the Board of Directors to propose to the Shareholders' Meeting, or report to the Board of Directors for consideration and appointment.
7. To recruit qualified persons to be managing director and report to the Board of Directors for consideration and appointment.
8. To conduct any activities assigned by the Company Board of Directors.

Audit Committee as of 31 December 2012 consists of all independent directors

- | | | |
|----|------------------------|--|
| 1. | Mr. Pinit Wuthipand | Chairman of Audit Committee / Independent Director |
| 2. | Mrs. Supanut Pongserm | Audit Committee Member / Independent Director |
| 3. | Mr. Pipat Inphongphand | Audit Committee Member / Independent Director |
| | Mrs. Sugunya Chunthep | Internal Audit be secretary of the meeting |

Audit Committee member who have financial statement review knowledge

Mr.Pinit Wuthipand is the director who has the knowledge and experiences to review the financial statement. All of the Audit Committee Members are not the employee of the company.

Powers and Duties of Audit Committee

1. To ensure that the financial statements of the Company have adequate accuracy.
2. To ensure that the internal control and internal audit systems of the Company are appropriate and effective and to consider the independence of the internal audit department including the approval of any appointment, allocation, or dismissal of the head of internal audit department or any other department relating to the internal audit responsibilities.
3. To ensure that the Company complies with the laws on the Securities and Exchange, the regulations of the Stock Exchange and other laws in connection with the businesses of the Company.
4. To consider, select and propose for election of any independent person to act as the Company's auditor and propose the remuneration for such person and meet privately with the auditor without any member of the management team present at least once a year.
5. To ensure that in conducting all the connected transactions or transactions that may lead to conflict of interests, the Company complies with all the laws and regulations of the Stock Exchange and ensure that such transactions are reasonable and give the most benefits to the Company.
6. To prepare a report of the Audit Committee to be included in the annual Report of the Company. Such Report shall be signed by the Chairman of the Audit Committee and shall consist of at least the following

information:

- (a) Comments on the accurateness, completeness and credibility of the financial statements of the Company.
 - (b) Comments on the adequacy of the internal control system of the Company.
 - (c) Comments on the compliance to the laws on Securities and Exchange, regulations of the Stock Exchange or any other laws in connection with the businesses of the Company
 - (d) Comments on the suitability of the auditor.
 - (e) Comments on the transactions that may lead to conflict of interests.
 - (f) The number of meetings held by the Audit Committee and the attendance of each member of the Audit Committee.
 - (g) Comments on other concerns that have arisen as the Audit Committee perform its duties as defined in the Committee's charter.
 - (h) Any other matters that the shareholders and general investors should be informed within the scope of duties and responsibilities assigned by the Board of Directors of the Company.
7. To perform any tasks assigned by the Board of Directors with the approval from the Audit Committee.
 8. While undertaking their duties, if the Audit Committee found out or have doubts over any of the following transactions or actions, which would have an adverse affect to the financial status and the operational outcome of the Company, the Audit Committee shall report to the Board of Directors of the Company so the Board could resolve the matter within the time frame deemed appropriate by the Audit Committee.
 - (1) Any transaction that may lead to conflict of interests.
 - (2) Any fraud, unusual matter or critical failure in the internal control system.
 - (3) Any violation of Securities and Exchange laws, Regulations of the Stock Exchange or any laws in connection with the businesses of the Company.

• **Board of Directors' Meetings**

The Company assigns the Board of Directors' Meeting as refer in the Cooperate Governance Policy (detail is in the Company website) In 2012, The Company had 17 total meeting, detail as follows:

Director's Name	Position	Attend / Total Meeting (Times)		
		Board of Director	Audit Committee	Nomination & Remuneration Committee
1. Mr. Wisait Panutat	Chairman of the Board	12 / 12	-	1 / 1
2. Mr. Chavalit Saleepol	Chief Executive officer	12 / 12	-	1 / 1
3. Mr. Thitisak Skulkroo	Director	11 / 12	-	1 / 1
4. Mr. Pinij Wuthipand	Chairman of Audit Committee / Independent Director	11 / 12	4 / 4	-
5. Mrs. Supanut Pongserm	Audit Committee member / Independent Director	12 / 12	4 / 4	-
6. Mr. Pipat Inphongphand	Audit Committee member / Independent Director	11 / 12	4 / 4	-

For all meetings, minutes will be taken and kept, after approved by the directors, for future reference by the directors and relevant parties.

• **Executive** as of 31 December 2012 consists of

- | | |
|-----------------------------------|---|
| 1. Mr. Chavalit Saleepol | Chief Executive Officer |
| 2. Mr. Kobsak Soraprajum | Manager, Credit and Marketing Department 1 |
| 3. Mr. Visit Dej-amnuaypon | Manager, Credit and Marketing Department 2 |
| 4. Mr. Suthiphong Buranachaitawee | Manager, Personal Loan / Business Development Dept. |
| 5. Ms. Apinya Borivachanon | Senior Manager (M.I.S. / Administration Department) |
| 6. Ms. Chiraporn Madsathan | Manager, Operation Department |
| 7. Ms. Wipajaree Tanusate | Manager, Finance and Accounting Department |
| 8. Mr. Boontavee Leartsilpa | Manager, Credit Development Department |

Powers and Duties of Managing Director

Managing Director have power and duty to supervise, execute, operate and perform on behalf of the company in accordance with purpose and regulations of the company as well as with principles, resolutions, policy, strategy and budget submitted by the Board of Directors within legal lines and power restriction defined by the Board of Directors of the company who transfers the power of attorney to Directors to perform on behalf of the company as well as delegation power to executives and/or employees, and/or other persons as appropriate, except the following case on which Directors have to be granted the approval from the Board of Executive Directors or the Board of Directors of the company (case by case) to perform:

- 1) The investment of any project development exclusive from the annual policy of the company.
- 2) The procurement, purchase or land or real property transfer for the use of the company operation, including any requirement on permission or procedure with concerned government sectors in order to achieve the aforesaid tasks.
- 3) The guaranty by rights or land or real property ownership which are assets of the company, for individual and/or individual group and/or juristic person and/or government sector and/or public organization for the use of the company operation.
- 4) The different types of account opening, the overdraft loan application and other service application with commercial banks including the account opening or cancellation of the aforesaid service.
- 5) The approval on organization structure, salary structure, operation plans and annual budget.

Managing Director has authorized to approve credit line for client with credit committee not exceed than 100 % of debtor or client standard credit line (Debtor Standard Credit line calculate from credit scoring), other must approved by the Board of Director.

The Board of Director Meeting No.13/2011 which held on 18 October 2011 has unanimously resolved to assign power, authority and duty in the responsibility of Managing Director to be the power, authority and duty in the responsibility of Chief Executive Officer in all.

• ***Nominating of Directors and Executives***

To make it to be conformed to the corporate governance policy, the Company's board of directors assigning the nomination and remuneration committee to recruit the qualified persons to be directors of company and report to the Board of Directors to propose to the Shareholders' Meeting for consideration and appointment. The nomination and remuneration committee will procedures for the recruitment depending on the Company's situation and requirement.

• ***Directors and Executive remuneration***

Remuneration of Directors

The Board of Directors shall designate a Nomination and Remuneration Committee to recommend guidelines for setting directors' remuneration. The levels of remuneration shall be comparable to those of companies in the same industry taking into consideration the duties and responsibilities of the directors concerned. Directors' remuneration is approved at a shareholders' meeting.

The directors' remuneration has monthly compensation and meeting allowance as following:

Board of directors:

The Chairman of the Board Baht 30,000 per month.
Other Board member Baht 20,000 per month per person.

Audit Committee, The Nomination and Remuneration Committee:

The Chairman of the committee Baht 20,000 per attendance.
Other Board member Baht 15,000 per attendance per person.

All directors receive monthly remuneration, attendance payment will pay only when director attend the meeting. (not include Board of Director Meeting). The directors' remuneration in 2012 is as following:

1. Cash Remuneration

Director's Name	Remuneration (per month)	Attendance payment		Directors Bonus	Total
		Audit Committee	Nomination and Remuneration Committee		
1. Mr. Wisait Panutat (Chairman of the Board)	360,000	-	20,000	-	380,000
2. Mr. Chavalit Saleepol (Chief Executive Officer)	240,000	-	15,000	-	255,000
3. Mr. Thitisak Skulkroo (Director)	240,000	-	15,000	-	255,000
4. Mr. Pini Wuthipand (Chairman of Audit Committee / Independent Director)	240,000	80,000	-	-	320,000
5. Mrs. Supanut Pongserm (Audit Committee member / Independent Director)	240,000	60,000	-	-	300,000
6. Mr. Pipat Inphongphand (Audit Committee member / Independent Director)	240,000	60,000	-	-	300,000
Total	1,560,000	200,000	50,000	-	1,810,000

2. Others Remuneration

- Entertain Expense for Chairman of the Board Baht 20,000 per month.

Remuneration of Company's executives

The remuneration of Company's executives as defined by the SEC in the form of salary, bonus (no provident fund) as following:

	2011	2012
Management (person)	9	8
Total Salary (Baht)	11,503,627.57	8,485,440.24
Bonus	-	-
Total remuneration	11,503,627.57	8,485,440.24

- The supervision of the internal information application**

The Company has the policy in supervising and controlling not to allow the executives to use the Company's internal information for their personal benefits including for the advantage of their security purchasing by permitting each unit to be able to look into the information specifically in their own area of activities only, leaving only few concerned executives to obtain the information in general. However, the concerned executives have been informed by the Company of their obligation to disclose reports on their respective holding of securities and the holding of securities by their spouses and underage offspring as well as the penalty pursuant to the Securities and Exchange Act B.E. 2535 (1992).

Moreover, The work rules of the Company prohibit staff from disclosing Company secrets. Any violation of this is deemed to be a disciplinary wrongdoing resulting in employment termination. In the past, there has never been any occurrence of the use of inside information for personal interests.

- Personnel**

As of 31 December 2011 and 2012, there were 31 and 24 employees working with the Company respectively (not include 9 and 8 executive officers defined by the SEC respectively). Detail as following:

	Employee (person)	
	31 Dec 2011	31 Dec 2012
Credit and marketing 1	3	3
Credit and marketing 2	2	1
Credit and marketing 3	1	-
Credit and marketing 4	2	-
Credit development	3	2
Personal Loan	2	2
Operation	2	2
Financial and Accounting	4	4
Administration	6	5
M.I.S.	1	-
Internal Audit Section	1	1
Chiang Mai Branch	2	2
Nakorn Rajchasiima Branch	1	2
Had-yai Branch	1	-
Total	31	24

The remuneration of employee in the form of salary, bonus and others as following;

	2011	2012
No. of employee (person)	31	24
Total Salary (Baht)	8,045,597.44	7,543,196.92
Bonus	-	-
Total remuneration	8,045,597.44	7,543,196.92

Executive and Chief Executive Officer remuneration is based on the rules and policies prescribed by the Board of Directors which is connected to the operation result of the company and performance of each executive. Chief Executive Officer shall consider and propose suitable remuneration to the Remuneration Committee for approval and report to the Board of Directors onwards.

- **Remuneration of Company's executives**

1. The Company has the policy in giving the employees the proper training and developing both from inside and outside of the organization by considering their educational qualifications, experiences and positions.
2. The Company has equal and fair treatment towards staff in compliance with the provisions of law, and provision of appropriate remuneration.
3. The Company has provides yearly general medical examination and specific medical examination based on age and gender to ensure the good quality of living for staff.



Mr. Wisait Panutat

Position	: Chairman of the Board
Age	: 70 years
Education	: Master of Management, Sasin, Chulalongkorn University Mini M.B.A, Thammasat University B.A. in Political Science, Thammasat University Certificate : DAP, DCP from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2010 – Present Chairman of the Board, Siam General Factoring Pcl. 1999 – Present Audit Committee member, Independent Director, Sin Mun Kong Insurance Public Company Limited. 2003 – 2011 Nomination and Remuneration Committee member / Independent Director, Prasit Pattana Pcl., Phyathai Hospital Group. 2007 – 2010 Director, General Engineering Public Company Limited. 2006 – 2010 Audit Committee member / Independent director, Dragon one Public Company Limited. 2003 – 2010 Audit Committee member / Independent director, Siam General Factoring Pcl. 1997 – 2003 Executive with President, Thai Military Bank Pcl.

Mr. Chavalit Saleepol

Position	: Chief Executive Officer
Age	: 65 years
Education	: M.B.A, Rangsit University B.A. in Law, Thammasat University B.A (Accounting), Thammasat University Certificate : DAP from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2011 – Present Chief executive officer, Siam General Factoring Pcl. 2012 – Present Chairman, Solution Conner 1998 Pcl. 2011 – Present Chairman of Audit Committee, Prasit Pattana Pcl. 2006 – Present Director, Phyathai Hospital 1, 2 and 3 Co.,Ltd. 2001 – Present Director, SGB Associates Co.,Ltd. 2008 – 2011 Subcommittee, The Board of Investment of Thailand 2007 – 2011 Audit Committee Member, Sriracha-nakorn Hospital Co.,Ltd.. 2003 – 2011 Chairman of Audit Committee, Siam General Factoring Pcl. 2009 – 2010 Director, Software Industry Promotion Agency 2009 – 2010 Chairman of Audit Committee / Director, TOT Public Company Limited 2004 – 2009 Director, Chanprida International Co.,Ltd. 2004 – 2008 Director, Micronetic Public Company Limited

Mr. Thitisak Skulkroo

Position	: Director
Age	: 58 years
Education	: B.A (Account), Chiang Mai University Mini M.B.A. #26 (Certificate), Kasetsart University Certificate : DAP, DCP, The Role of the chairman from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2003 – Present Director, Siam General Factoring Pcl. 2010 – Present Advisor to the Board of directors, Asia joint Panorama Pcl. 2005 – Present Executive Director, Sai-Thong Property Co.,Ltd. 2010 – 2011 Managing Director, SBT Star Co.,Ltd. 2010 – 2011 Executive Director, Siri Project Construction Co.,Ltd. 2004 – 2011 Executive Director, S.F. Pass International Co.,Ltd. 2006 – 2010 Director, Health Network Co.,Ltd. 1999 – 2010 Executive Director, Paolo Medic Co.,Ltd. 2003 – 2009 Chairman, Micronetic Pcl. 2005 – 2006 Chairman of the Executive Board, Paolo Medic Co.,Ltd.

Mr. Pinij Wuthipand

Position	: Chairman of Audit Committee
Age	: 66 years
Education	: B.A. in Account, Thammasat University Certified Public Accountant Certificate : DAP, DCP from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2011 – Present Chairman of Audit Committee / Independent director, Siam General Factoring Pcl. 2003 – Present Internal Audit, Rungsit University. 2010 – 2011 Chairman of Audit Committee / Independent director, Paolo Medic Co.,Ltd. 2009 – 2011 Chairman of Audit Committee / Independent director, Health Network Co.,Ltd. 2004 – 2011 Audit Committee member / Independent director, Siam General Factoring Pcl. 2009 – 2010 Examine and Evaluation Subcommittee, Software Industry Promotion Agency 1997 – 2005 Consultant, Eastern Asia University 2001 – 2002 Consultant, Deputy Minister of Education

Mrs. Supanut Pongserm

Position	: Audit Committee Member / Independent Director
Age	: 53 years
Education	: Barrister-at-law, The Thai Barrister LLB., Thammasat University Certificate : DAP, DCP, CSP, FND from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2004 – Present Director, Office of the CEO and legal Department, Prasit Pattana Pcl., Phyathai Hospital Group. 2004 – Present Director, Siam General Factoring Pcl. 2007 – 2009 Director, Sriracha-nakorn Hospital Co.,Ltd.. 2005 – 2007 Director, Paolo Medic Co.,Ltd. 2003 – 2004 Director, Big Development Planner Co.,Ltd.

Mr. Pipat Inphongphand

Position	: Audit Committee Member / Independent Director
Age	: 54 years
Education	: Barrister-at-law, The Thai Barrister LLB. in 1980. Certificate : DAP from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2011 – Present Audit Committee Member, Siam General Factoring Pcl. 2005 – Present Director, Didomon Group Pcl. 2005 – 2011 Director, Thai Doctor Center Pcl. 2010 – 2011 Director, Siam General Factoring Pcl.

Ms. Apinya Borivachanon

Position	: Company Secretary / Senior Manager
Age	: 44 years
Education	: B.B.A. Commerce (Hon.), Chulalongkorn University Certificate : DAP, CSP, EMT from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2008 – Present Company Secretary, Siam General Factoring Pcl. 2008 – Present Senior Manager, Siam General Factoring Pcl. 2004 – 2010 Director, Siam General Factoring Pcl. 1997 – 2008 Manager, M.I.S. Department, Siam General Factoring Pcl. 2000 – 2008 Acting Manager, Administration Department, Siam General Factoring Pcl.

Mr.Kobsak Soraprajum

Position : Manager, Credit and Marketing Department 1
Age : 52 years
Education : M.B.A. Financial Management, Thurakit Bundit University
: B.B.A. (Economics), Ramkhamhaeng University
% of shareholding : - None –
Experiences : 2003 – Present Manager, Credit and Marketing 1 Dept., Siam General Factoring Pcl.
1999 – 2002 Lecturer, Rajabhat Institutes Suan Sunandha

Mr.Visit Dej-amnuaypon

Position : Manager, Credit and Marketing Department 2
Age : 49 years
Education : B.B.A. (General Management) Sukhothai Thammathirat University
% of shareholding : - None –
Experiences : 2001 – Present Manager, Credit and Marketing 2 Dept., Siam General Factoring Pcl.
1997 – 2001 Assistant Manager, Credit and Marketing Dept.,
Siam General Factoring Pcl.

Mr.Suthiphong Buranachaitawee

Position : Manager, Personal Loan and Business Development Department
Age : 49 years
Education : M.B.A. Financial and Banking, Siam University
: B.B.A. (General Management), Sukhothai Thammathirat University
% of shareholding : - None –
Experiences : 2012 – Present Manager, Personal Loan and Business Development Dept.,
Siam General Factoring Pcl.
2001 – 2012 Manager, Credit and Marketing 3 Dept., Siam General Factoring Pcl.
1998 – 2001 Assistant Manager, Credit and Marketing Dept.,
Siam General Factoring Pcl.

Ms. Chiraporn Madsathan

Position : Manager, Operation Department
Age : 46 years
Education : B.B.A. (Money and Banking), Ramkhamhaeng University
% of shareholding : - None –
Experiences : 2002 – Present Manager, Operation Dept., Siam General Factoring Pcl.
1997 – 2001 Assistant Manager, Operation Dept., Siam General Factoring Pcl.

Ms. Wipajaree Tanusate

Position : Manager, Finance and Accounting Department
Age : 44 years
Education : B.B.A. (Accounting) Rajabhat Institues Suansunandha
% of shareholding : - None –
Experiences : 2002 – Present Manager, Finance & Accounting Dept., Siam General Factoring Pcl.
1999 – 2001 Assistant Manager, Finance & Accounting Dept.,
Siam General Factoring Pcl.

Mr. Boontavee Leartsilpa

Position : Manager, Credit Development Department
Age : 63 years
Education : Vocation Certificate of Administration, Sermsiri Collage
% of shareholding : 5,000 Shares
Experiences : 2006 – Present Manager, Credit Development Dept., Siam General Factoring Pcl.
2001 – 2006 Assistant Manager, Credit Development Dept.,
Siam General Factoring Pcl.
2000 – 2001 Assistant Manager, Credit & Marketing Dept.,
Siam General Factoring Pcl.

In 2012, the Company complied with the corporate governance in 5 categories namely, Shareholders' right, Equitable treatment of shareholders, Role of Stakeholders, Disclosure and transparency, Directors' responsibility (details as appeared in Good Corporate Governance in company website: www.sgf.co.th) as follows:-

• Shareholders' right

The Company gave the opportunity to the shareholders to participate in the corporate governance and share their opinion on business operation as follow:

1. Give an opportunity for shareholders to inspect operation of the company, inquire and express their comments and suggestions and recorded all inquires and important comments including name list of directors participating in the Meeting and number of votes in each agenda in minutes of meeting.
2. The Chairman of the Board, Chief executive officer and Chairman of Audit committee had participated the meeting.
3. Inform the scoring method and score counting method prior to shareholders' meeting.
4. Present the directors' remuneration to the shareholders to consider and approve every year as well as the guideline on remuneration specification.
5. Give an opportunity for shareholders to election director on an individual basis.
6. The Company is publicizing on the shareholders' meeting report in order to provide the information to shareholders and enabling them to investigate the correctness via Company's website within 14 days from the meeting date.
7. The Company did not add the meeting agenda or change the significant information without information the shareholders in the Annual General Meeting of Shareholder in 2012.

In 2012, The Company still not offered the shareholders opportunity to propose the meeting agenda nor sending questions about the company in advance before the meeting date since the company was still not ready for such action.

• Equitable treatment of shareholders

The Company had the policy for equitable treatment of shareholders on both major and minor shareholders, or institutional investor to create the true fairness such as arrange the shareholders' meeting, specify the process to facilitate shareholders to join the meeting easily etc. The Company practiced the following matters:-

1. Give the equal right to vote to the shareholder.
2. The company has policy for related transaction (details as appeared on company's website) by using the same rules on transaction with the outsider, the stakeholder or related person had to declare the fact to the Meeting and did not involved in consideration of such matter. In 2012, no transaction among the associate companies that would create the significant conflict of interests.
3. The Company has facilitated foreign shareholders by prepare the documentation for the meeting in English as well as publicizing these in the Company's website so that shareholders could easily download.
4. The Company had attached the power of attorney type B of which shareholders could vote independently for each period with the appointment letter in order for unavailable shareholders to give the power of attorney to others to join and vote as well as publicizing these in the Company's website so that shareholders could easily download.
5. No financial aids to other companies besides the subsidiaries.
6. The director and executive must report their shares holding, their spouse and sons according to the section 59 of Stock and Stock Market Act B.E.2551
7. No any director or executive used internal information for private benefit.



In 2012, the Company had Annual General Meeting of Shareholder on 26 April 2012. All directors had joined the meeting and assigned the Thailand Securities Depositories Co.,Ltd. which was the Company's registrar to process on delivering invitation to shareholders 16 days prior and publicized it in both Thai and English on the Company's website 26 days prior to the meeting for the shareholders to study.

In 2012, the Company still not offered the shareholders opportunity to propose director's name in advance due to the company was still not ready for such action.

- **Roles of the Stakeholders**

The company had realized to the supports of the stakeholders which promoted competitive potentiality and profit to the company. The company therefore emphasized to the rights of all groups of stakeholders' regardless internal stakeholders, namely, employee and executive officer, or external stakeholders, namely, competitor, debtor and others agencies by set role of stakeholders in the governance policy. (Details as appeared in company's website)

- **Disclosure and Transparency**

The Company gives important on the presentation of significant information of the Company regarding their correct, timely and transparent manner such as shareholder's structure, business operation, governance, director and executive officers information. There is corporate governance topic separate from news in the Company's website for shareholders and stakeholders to be able to easily access information as well as presentation of information and transparency for sustainability in the following matters:

1. Submit the financial report to the Securities and Exchange Commission and Stock Exchange of Thailand within the specified period of time and no transaction reported with condition by the auditor.
2. Present the information regarding annual report and website such as financial statement, corporate governance policy, annual report, annual report presentation form, remuneration and director's attendance and shareholder's meeting etc.
3. Present the guideline on directors and executives' remuneration in the annual report.
4. Present the information regarding directors and executives' share hold in the Company.
5. Present the details on relationship and equity of directors and executive to prevent the conflict of interests.
6. No record of financial statement revision order by the Stock Exchange of Thailand and Securities Exchange Commission.
7. Present the directors and executives' information in the Company's website.

- **Directors' Responsibilities**

The Company gives high important on directors' role and responsibility to protect the shareholders and stakeholders' interest, conduct the transparency business, and also conducting on the following matters in order to create the sustainability:

1. The Company's directors consist of person with knowledge and competency. The Company specified the number of the directors appropriated with the business size. Currently, the Company has 6 directors, 3 of them are the Company's executives and 3 of non executives. Each of them takes the position for 3 years and does not have the restriction period.
2. All 6 directors can take the position in the listed companies not exceed 5 companies according to the guideline on corporate governance.
3. No record on violating the Securities and Exchange Commission's regulation / Stock Exchange of Thailand.
4. Clearly separate the roles, authority and duty of the Chief Executive Officer and chairman of the Board as they are different person.

- 
5. The Company's director together with the management team creates the vision, mission, strategy, goal, business plan and budget. The opinion can be expressed freely.
 6. The Company's director creates the effective investigation mechanism and balance internal control system to protect the assets. The Company also initiates the internal control section which reporting directly both audit committee and Chief executive officer.
 7. Nominate the Company's secretary to be responsible for the director's meeting and shareholder's meeting, create the meeting agenda, draft the invitation and minute of meeting, meeting documents and necessary documents keeping such as directors registration, equity report as well as advise the directors on law and regulation specified by Securities and Exchange Commission and the Stock Exchange of Thailand.
 8. The Company's director appointed the sub-committee namely; Nomination and Remuneration Committee and Audit Committee. The responsibility of each committee has been clearly specified.
 9. The Company's director plans the meeting every month in the third week of the month as well as arranges the special meeting as necessary. At each meeting, both acknowledge and consideration agenda are clearly set, the document is well-prepared and delivered to the directors 5 days prior to the meeting so that the director can study the information before the meeting. In the meeting, everybody can freely discuss. Minute of the meeting is recorded by the secretary. After the approval from the meeting, the information will be stored in the shelf on MIS department, head office. In 2012, there were 12 Company's director meetings, 4 Audit Committee meetings and 1 Nomination and remuneration committee meeting.
 10. The Company supports the directors and top executives to participate in the seminar that will benefit their function as well as exchange the idea with the Company's directors, and participate in the courses provided by Thai Directors Institute to apply those experiences to their function.
 11. Recruitment of directors and executives: to be in line with good governance policy, the Company's Board of Directors, consequently, stipulates policy, regulation and method to recruit the Company's directors and high ranking executives by assigning Nomination and Remuneration Committee to recruit suitable persons to enter into screening process. The suitable persons will be chosen by the Nomination and Remuneration Committee who will work out screening regulation and method, depending on situation and the Company's situation during that very period.

• Internal control

The Company has established internal control systems according to the standard set by the SET. The Audit Committee had emphasized on internal control system, controlling of working in several matters according to the requirement of law and official regulations to oversee the company business to be efficiently conducted and success according to the policies and plans. The internal control framework consists of five components:-

1. Organization and Environment

The Company has structured its organization taking into account proper segregation of duties that will contribute to effective risk management and internal control as well as monitoring and audit systems. It has also consistently monitors the operations of its staff to be in line with the code of ethics in business operations with fair treatment of its customers. Business plans have been worked out to determine business strategy and framework, which are communicated to the staff at managerial levels for their awareness and implementation to achieve the plans and targets set forth.

2. Risk management

The company has regularly assessed risk factors in business operation which significantly impacted the business operation of the company including to follow up and suggestion of measure to reduce those risks, customized to align with the Company's business and its continuing development.

3. Oversight of Executive Management

The company has clearly defined, documented and regularly reviewed the scope of authority and responsibilities conferred on or delegated to executive officers at different levels. A clear division of responsibility between various management positions provides a mechanism for checks and balances between senior executives.

Executive Management is required to bring to the attention of the Board any transactions that concern major shareholders, directors, and senior executives or parties related to them.

In addition, the internal audit section has been set up as an independent unit to examine and ensure all Company activities are effectively and efficiency managed and operated.

4. Information and Communication Infrastructure

The Company has established its accounting policies and procedures in line with generally accepted accounting principles that support the Company's business requirements. It has developed and managed its information and database systems consistently so that significant information is accessible on an adequate and timely basis. In addition, the policies and procedures have been communicated to relevant staff at all levels.

5. Follow-up and Monitoring

The Company conducts performance assessment of employees every year, prepares an annual business plan, which is periodically reviewed to ensure its effectiveness in a rapidly changing environment and reports financial performance monthly through a Board meeting, and reports financial performance to shareholder in the Annual General Meeting of Shareholders every year.

In the Board of Directors' Meeting No. 3/2013 on 27 March 2013, all independent directors had attended the Meeting, the company had assessed internal control system by consideration from the sufficiency and compliance with internal control system and report of Audit Committee as the Board had assessed the internal control system of the company in 5 aspects, namely, organization and environment; risk management, Oversight of Executive Management, Information and Communication Infrastructure and follow up and Monitoring. The Board opinions that the company had sufficient and suitable internal control system. The Board satisfied on the existing internal control system. Result of audit as revealed from audited document, there was neither any illegal conduct nor breach of any regulation. Error performance was not important content, the internal audit office had informed the Management and related departments for acknowledgement and correction.



Financial Results Summary

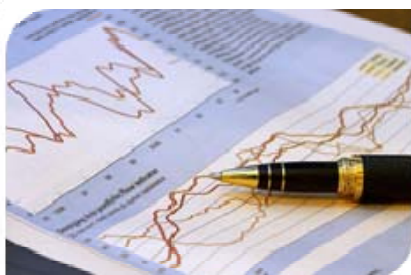
Unit : Million Baht

	2010	2011	2012	Change 2011 - 2012	
				Increase (decrease)	%
Revenue from credit	28.51	9.16	49.55	40.39	440.93
Revenue from doubtful accounts collection	5.90	11.98	14.81	2.83	23.62
Total Revenue	49.44	69.12	64.81	(4.31)	(6.23)
Interest Expenses	12.58	10.76	1.55	(9.21)	(85.59)
Administrative and operating expenses	52.69	46.42	33.80	(12.62)	(27.18)
Net Profit	(53.98)	(8.21)	27.54	35.75	435.44

Company Overview

The company had revenue from credit Baht 49.55 million, increase from previous year Baht 40.39 million, doubtful accounts collection total Baht 14.81 million, increase from year 2011 in the amount of Baht 2.83 million. The Company had total revenue Baht 64.81 million, decrease from year 2011 in the amount of Baht 4.31 million since the Company had revenue from debt restructuring Baht 42.17 million in 2011.

For operation expense and interest expense, they were continuously decreased including bad debt and doubtful account. Bad debt and doubtful account in 2012 recorded as expenses Baht 1.92 million, decreased from year 2011 Baht 18.23 million. So, the company had net profit Baht 27.54 million, better than year 2011 which had net loss Baht 8.21 million.

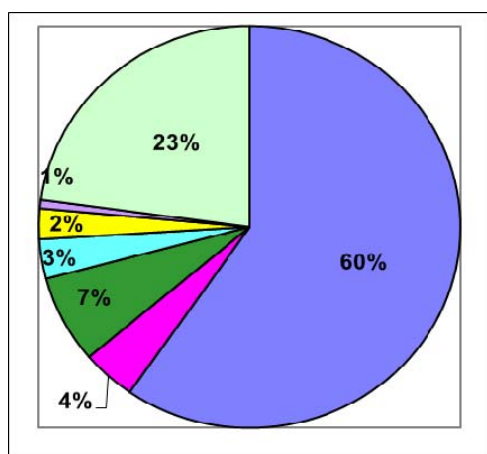


Revenue and Expense

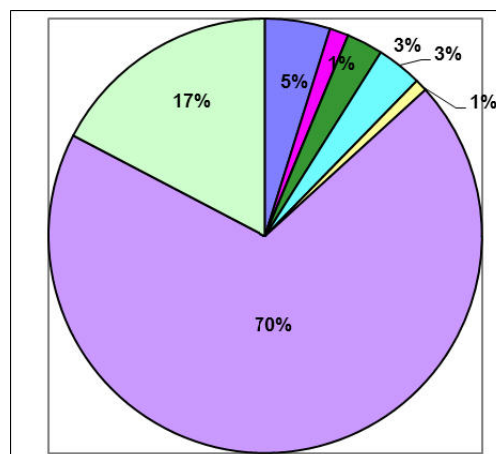
Revenue Structure

(Unit : Thousand Baht)

ITEM	2010		2011		2012	
	Amount	%	Amount	%	Amount	%
Factoring Income	9,015	18.23	3,358	4.86	38,658	59.65
Leasing Income	3,817	7.72	976	1.41	2,703	4.17
Loans Income	8,870	17.94	1,866	2.70	4,560	7.04
Personal Loan Income	3,029	6.13	2,327	3.37	2,051	3.16
Fees and Services	3,781	7.65	629	0.91	1,581	2.44
Others Income	15,034	30.41	47,980	69.41	440	0.68
Reversal of allowance for doubtful accounts	5,896	11.92	11,986	17.34	14,816	22.86
Total	49,442	100.00	69,122	100.00	64,811	100.00



2012



2011

In 2012, the Company had total revenue Baht 64.81 million, decreased from year 2011 in amount of Baht 4.31 million, a negative growth rate 6.23% because the Company had revenue from debt restructuring Baht 42.17 million in year 2011. Revenue from credit increased from Baht 9.16 million in 2011 to be Baht 49.55 million in 2012, a growth rate 441.19%. The main source of income is factoring Baht 38.66 million, increased from year 2011 in amount of Baht 35.30 million, a growth rate 1,051.17%, since the Company had recognized the interest income from payment receiving from sue' debtor in the amount of Baht 36.09 million. Loans income amount of Baht 4.56 million, increased Baht 2.69 million, equivalent to 144.31%.

• Expenses

The Company expenses are following:

1. Finance Cost

In 2012, the Company had finance cost of Baht 1.55 million, decrease Baht 9.21 million, or equivalent to 85.61%, which was decreased consecutively in the last 5 years due to the debt repayment in 2011 which was significant decrease in current liabilities, but had not received additional loan. Finance cost is 4.15% compare with total expenses.

2. Administrative and operating expense

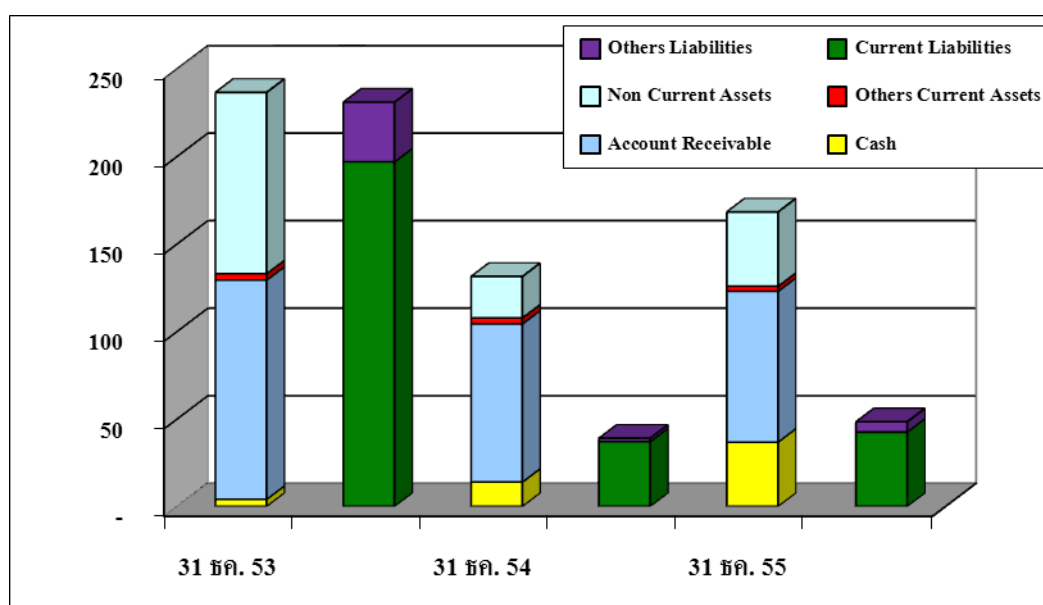
In 2012, 2011 and 2010, the Company had administrative and operating expense of Baht 33.81 million, Baht 46.42 million and Baht 52.69 million, respectively, or a negative growth rate of 27.18%, or 90.69% compare with total expenses in 2012.

3. Doubtful accounts

In 2012, the Company had doubtful accounts which were outstanding amount of Baht 1.92 million, decreased from 2011 Baht 18.23 million. Most customers had ever been good credit customers, who obtained credit facilities of the company for long time, but due to their business problems, they then became owed and such had impacted the company. The Company had recording the reversal of allowance for doubtful account Baht 14.81 million.

As at 31 December 2012, there were balances of loans and interest receivables which were outstanding over 12 months, totaling approximately Baht 768.61 million, detail as in the note 7-10 to the financial statements.

Financial Status



Assets and Liabilities Structure



Assets

As at 31 December 2012, the Company had total assets amount of Baht 168.27 million, increased Baht 36.91 million or a growth rate 28.09% compare with 2011, due to the increasing in cash amount of Baht 22.84 million from debt payment receiving. Account receivable increased in almost all types of credit since the Company received debt payment and used it to expand credit. The Property foreclosed increased from Baht 10.06 million in 2011 to be Baht 26.45 million, a growth rate 162.97% details as following:

1) Accounts receivable

Factoring accounts receivable is the main receivable which is 40.10%, 30.02% and 33.41% of the total accounts receivable before allowance for doubtful accounts in year 2012, 2011 and 2010 respectively.

As at 31 December 2012, the Company had factoring accounts receivable (after less allowance for doubtful account) Baht 34.54 million, increased Baht 7.41 million from 2011 or equivalent to 27.33%, which was the first year to increase since it decreased consecutively from 2008 due to the inadequate loan to expand credit. The purchasing volume in 2012, 2011 and 2010 was Baht 105.20 million, Baht 39.84 million and 177.39 million, respectively, increased from year 2011 Baht 65.36 million, or equivalent to 164.05%.

The receivables that more than 12 months outstanding balance of loans and interest receivables at the ended of the year 2012, 2011 and 2010 were amount of Baht 547.63 million, Baht 565.55 million and Baht 569.17 million, respectively. These receivable are taken up an allowance for doubtful accounts amount of Baht 538.77 million, Baht 556.96 million and Baht 558.27 million, respectively.

2) Financing Leases receivable

As at 31 December 2012, 2011 and 2010, the Company had factoring leases receivable (after less allowance for doubtful account) Baht 6.00 million, Baht 11.45 million and Baht 26.33 million, respectively, decreased from year 2011 Baht 5.45 million, or a negative growth rate of 47.59%.

The receivables that more than 12 months outstanding balance of loans and interest receivables at the ended of the year 2012, 2011 and 2010 were Baht 44.52 million, Baht 41.69 million and Baht 48.09 million, respectively. These receivable are taken up an allowance for doubtful accounts amount of Baht 52.71 million, Baht 52.12 million and Baht 41.49 million, respectively.

3) Loans

As at 31 December 2012, 2011 and 2010, the Company had loan accounts receivable (after less allowance for doubtful account) Baht 37.76 million, Baht 45.95 million and Baht 49.31 million, respectively, decreased from year 2011 Baht 8.19 million, or a negative growth rate of 17.82%.

The receivables that more than 12 months outstanding balance of loans and interest receivables at the ended of the year 2012, 2011 and 2010 were amount of Baht 176.75 million, Baht 249.62 million and Baht 226.70 million, respectively. These receivable are taken up an allowance for doubtful accounts amount of Baht 162.15 million, Baht 212.88 million and Baht 214.81 million, respectively.

4) Personal Loans

As at 31 December 2012, 2011 and 2010, the Company had personal loan receivable (after less allowance for doubtful account) Baht 7.83 million, Baht 5.81 million and Baht 7.74 million, respectively, increased from year 2011 Baht 2.02 million, or a growth rate 34.76% because the Company had expanded personal loan to the approval company.

The receivables that more than 12 months outstanding balance of loan and interest receivables at the ended of the year 2012, 2011 and 2010 were amount of Baht 15.01 million, Baht 15.26 million and Baht 15.74



million, respectively, and the Company are taken up an allowance for doubtful accounts amount of Baht 14.96 million, Baht 15.49 million and Baht 16.21 million, respectively.

5) Properties foreclosed

As at 31 December 2012, 2011 and 2010, the Company had properties foreclosed Baht 26.45 million, Baht 10.06 million and Baht 26.11 million, respectively, increased from year 2011 Baht 16.39 million, or a growth rate 162.92% due to one loan receivable settled the debt by transfer the ownership of land at transferred price of Baht 20 million in 2012 under the conditions that the debtor has the right to buy back the land at price of Baht 20 million within one year. At present, the debtor has not exercised its right to buyback that land within due date under the condition in the agreement. As a consequence, the Company has right to sell the land to any persons after 15 February 2013.

6) Property, plant and equipment

As at 31 December 2012, 2011 and 2010, the Company had property, plant and equipment Baht 10.02 million, Baht 6.90 million and Baht 75.64 million, respectively, increased from year 2011 Baht 3.12 million, or a growth rate 45.21% because the Company bought new asset Baht 3.72 million in 2012.

Liabilities and Equity

1) Liabilities

As at 31 December 2012, 2011 and 2010, the Company had total liabilities of Baht 48.34 million, Baht 38.97 million and Baht 230.93 million, respectively, increased from year 2011 Baht 9.37 million, or a growth rate 24.04% due to the increase in asset and deposit payable from factoring.

⇒ Bank overdrafts

As at 31 December 2012, the Company has facility of bank overdrafts of Baht 10 million. These facilities are guaranteed by the mortgage of partial of land and building.

⇒ Deposits from factoring

Deposits from factoring is one type of collateral for using service, which is approximately 10-30 percent of the credit line. At the end of 31 December 2012, the Company had deposits from factoring Baht 12.37 million, increased from year 2011 Baht 2.37 million, or equivalent to 23.73%.

2) Source of funds

⇒ Suitability of capital structure

At the ended of the year 2012, 2011 and 2010, the Company had proportion of total debt to equity of 0.40 times, 0.42 times and 41.20 times, respectively, this is due to the decrease in financial debt.

⇒ Share Capital

At the ended of the year 2012, 2011 and 2010, the Company total equity is Baht 119.93 million, Baht 92.39 million and Baht 5.60 million, respectively. The company had retaining deficit Baht 616.07 million, Baht 643.61 million and Baht 635.40 million, respectively.

Liquidity

Unit : Million Baht

Activities	2012	2011	2010
Cash and cash equivalents at beginning of year	13.91	4.09	23.80
Net cash provided by (used in) operating activities	22.13	(12.94)	39.57
Net cash provided by (used in) investing activities	1.95	12.32	11.41
Net cash provided by (used in) financing activities	(1.23)	10.44	(70.69)
Cash and cash equivalents at end of year	36.76	13.91	4.09

In 2010, the Company had net cash used in financing because the repayment in short term loan from financial institute. In 2011, the Company had used cash for operating activities. But in 2012, the Company had received payment from debt collection, so the Company had cash provided by operating activities.

The Company liquidity ratio as at 2012, 2011 and 2010 are 2.96 times, 2.91 times and 0.68 times, respectively, this is due to the debt restructuring in 2011 which significant decrease in current liabilities.

Major factors and influence that might have been effected against the Company's operation and financial status in the future.

The major factor which may affect business operation and financial status of company was the equity deficiency and the Stock Exchange of Thailand may delist the company from the stock exchange. However, in 2011, the Company had increased capital to the existing shareholders at the ratio of 1 existing share to 2 new shares, which the Company had sold out 949,977,635 shares. As of 31 December 2012, the company had equity Baht 119.93 million.

When the Company has more capital, we are requesting the Stock Exchange of Thailand to remove us from the danger of being delisted. We believe that when it is granted by the Stock Exchange of Thailand, we shall be able to raise a loan from financial institutions to expand credit facilities and increase income as well as profit.

Auditor' Fee

Auditor's Fee can separate as following:

1. Audit Fee

- * The Company audit fee in accounting year 2012 is amount of Baht 800,000.
- * An auditing office where an auditor belongs to person or affiliated company and auditing office where an auditor belongs to, in the accounting year 2012 is Baht 0.

2. Non-audit Fee

- None -

Related parties are those parties linked to the Company by shareholders, common shareholders or directors. Transactions with related parties are conducted at market prices or, where no market price exists, at contractually agreed prices.

Major shareholders of the Company as at December 31, 2012 are Sai-Thong Property Co.,Ltd., Miss Kanokwan Lekvijit and Sai-Thong Business Co., Ltd. which holds at 12.49%, 8.76% and 8.27% of the Company's shares, respectively.

The significant transactions with related companies are as follows :-

Unit : Baht

Item	Relations	2012	2011
<u>Interest Income</u>			
Interest income - Saithong Property Company Limited	Shareholder & Co-Directors	-	2,901
<u>Loan</u>			
Trade accounts receivable - Micronetic Public Company Limited			
Loans	Co-Directors	36,684,715	36,684,715
Accrued interest income		<u>2,150,357</u>	<u>2,150,357</u>
Total		38,835,072	38,835,072
<u>Less:</u> Allowance for doubtful accounts		<u>(38,835,072)</u>	<u>(38,835,072)</u>
Loans, net		-	-

Necessities and reasons of transactions

For transactions between the company and related companies, we apply the criteria of credit line, interest rate and important conditions accordance with the credit standards approval which are also applied to other customers in general by presenting a process to determine the size of credit line, the related person had to declare the fact to the meeting and did not involved in consideration of such matter.

The audit committee was of the opinion regarding the above transaction that it was a normal credit approval, like for other customers, and therefore, the audit committee had no observations in this matter.

Future transaction measures

We developed the criteria for related transactions in the future. The related transactions shall require the approval from the credit committee, board of management or board of directors, as the case may be, and the audit committee shall express the opinion on such related transactions. (as per the details of policy of related transactions on the company's website : www.sgf.co.th)

The Audit Committee comprises 3 independent directors as following :

1. Mr. Pinit	Wutiphan	Chairman of Audit Committee
2. Mrs. Supanut	Pongserm	Audit Committee Member
3. Mr. Pipat	Inphongphand	Audit Committee Member

The secretary to the Committee is Mrs. Sugunya Chunthep, who also serves as assistant manager, the internal Audit section. All the Audit Committee's members meet the requirements of qualifications set by the Stock Exchange of Thailand. The Audit Committee discharges its duties as set forth in the Audit Committee Charter approved by the Board of Directors.

During the fiscal year 2012, the Audit Committee held a total of 4 meetings with the Company's management, the internal auditor and the external auditors. The Audit Committee reported on its performance to the Board of Directors on a quarterly basis and made recommendations for necessary actions to be taken by the Company. The Audit Committee's significant activities are summarized below:

- **Financial Statements**

The Audit Committee reviewed the Company's quarterly and annual financial statements for the year 2012 including disclosure of information in the notes to financial statements, which had already been reviewed and audited by the external auditors. The Audit Committee also discussed significant accounting policies and judgments applied in preparing there reports with the Company's management and the external auditors.

- **Internal controls and Risk Management Systems**

The Audit Committee reviewed the risk management system including the actions taken to mitigate significant risks to acceptable levels in order to achieve the Company's objectives. The Company has disclosed these risks in the Annual Report for 2012.

- **Internal Audit**

The Audit Committee reviewed and approved the audit scope and audit plan for 2012 along with the quarterly internal audit results and the progress made. In addition, the Audit Committee reviewed the internal audit section's independence, annual budget and manpower, and evaluated the performance of internal audit section.

- **Regulatory Compliance**

The Audit Committee reviewed the Company's compliance with the law on securities and exchange, the Stock Exchange of Thailand's regulations, and the laws pertaining to the Company's business operations.

- **Corporate Governance**

The Audit Committee had conducted such audits as to ensure that the administration of the business of the Company was in compliance with the good corporate governance in order to transparency operates and build confidence to the stakeholders.

- **External Auditor**

The Audit Committee reviewed the external auditors' performance in the past year including their knowledge, expertise, independence, and remuneration, and consequently recommended that the Board of Directors propose the reappointment of auditors from Karin Audit Co.,Ltd. as the Company's external auditors for 2012 at the annual general meeting of shareholders. List of auditors are as following:

1. Ms. Wimolsri Jongudomsombut CPA No.3899
2. Ms. Kannika Wipanurat CPA No.7305

For the Accounting period that ended on 31st December 2012, Ms.Kannika Wipanurat, from Karin Audit Co.,Ltd, is the Certified Public Accountant who audited the Company's financial statement.

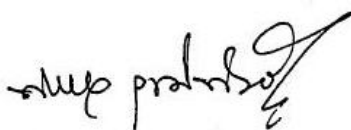
- **Connected Transactions or Conflicts of interest transaction**

The Audit Committee reviewed the reasonability and the maximum benefits of connected transactions and transactions that might have led to a conflict of interest, including the accuracy and adequacy of disclosures in compliance with related laws and stock exchange regulations.

- **Audit Committee Self-Assessment**

The Audit Committee conducted a self-assessment to review and evaluate its performance by benchmarking it with the Audit Committee Charter and best practice guideline. The review concluded that the Audit Committee had been effective in carrying out its duties and had followed the terms of reference in its charter.

In 2012, The Audit Committee had discharged its duties with the utmost care and independence. The Audit Committee believes that the Company's financial statements were accurately prepared in all material respects under generally accepted accounting principles. The Company's disclosures of information were adequate, complete and reliable.



Mr. Pinij Wutipphan
Chairman of Audit Committee

To The Shareholders of Siam General Factoring Public Company Limited

I have audited the accompanying financial statements of Siam General Factoring Public Company Limited, which comprise the statement of financial position as at December 31, 2012, and the 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 notes.

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 Siam General Factoring Public Company Limited as at December 31, 2012, and the financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



(Ms.Kannika Wiphanurat)
C.P.A. (Thailand)
Registration No. 7305

Karin Audit Company Limited
Bangkok, Thailand
February 27, 2013

Statement of Financial Position



Siam General Factoring Public Company Limited
As at 31 December 2012 and 2011

Assets	Notes	(Unit : Baht)	
		2012	2011
Current Assets			
Cash and cash equivalents	6	36,758,282	13,914,760
Factoring receivables, net	7	34,537,023	27,122,159
Finance lease receivables, net	8	6,000,000	11,449,587
Personal loans, net	9	7,828,391	5,811,988
Loans, net	10	37,761,817	45,954,598
Other current assets, net		2,945,484	3,521,509
Total Current Assets		125,830,997	107,774,601
Non-Current Assets			
Long-term investment, net	11	-	-
Restricted cash	12	5,579,797	6,177,980
Properties foreclosed, net	13	26,451,510	10,058,510
Property, plant and equipment, net	14	10,018,831	6,902,093
Other non-current assets, net		388,028	449,200
Total Non-Current Assets		42,438,166	23,587,783
Total Assets		168,269,163	131,362,384

The notes are an integral parts of these financial statements.

Statement of Financial Position (Continue)



Siam General Factoring Public Company Limited
As at 31 December 2012 and 2011

Liabilities and Shareholders' Equity	Notes	(Unit : Baht)	
		2012	2011
Current Liabilities			
Bank overdrafts	15	9,968,480	9,996,232
Short-term borrowings from other company	15	9,452,383	9,452,383
Current portion of finance lease liabilities due within one year	17	466,507	-
Deposit payables		12,367,359	9,994,939
Accrued interest expenses		1,423,296	854,599
Short-term provisions	16	5,576,272	5,576,272
Other current liabilities		3,221,791	1,147,477
Total Current Liabilities		42,476,088	37,021,902
Non-Current Liabilities			
Finance lease liabilities	17	2,612,906	-
Employee benefit obligations	18	3,248,246	1,948,023
Total Non-Current Liabilities		5,861,152	1,948,023
Total Liabilities		48,337,240	38,969,925
Shareholders' Equity			
Share capital			
Authorised share capital			
20 Preferred shares of Baht 1 each		20	20
1,774,267,831 Ordinary shares of Baht 1 each	19	1,774,267,831	1,774,267,831
Issued and paid-up share capital			
20 Preferred shares of Baht 1 each		20	20
1,541,400,232 Ordinary shares of Baht 1 each		1,541,400,232	1,541,400,232
Expired warrants		49,572,422	49,572,422
Premium (discount) on share capital - ordinary shares	19	(854,970,501)	(854,970,501)
Deficits		(616,070,250)	(643,609,714)
Total Shareholders' Equity		119,931,923	92,392,459
Total Liabilities and Shareholders' Equity		168,269,163	131,362,384

The notes are an integral parts of these financial statements.

Statements of Comprehensive Income



Siam General Factoring Public Company Limited
For the years ended 31 December 2012 and 2011

	Note	(Unit : Baht)	
		2012	2011
Revenues			
Factoring income	7	38,658,274	3,358,177
Finance lease income		2,703,708	976,233
Personal loans income		2,051,256	2,326,684
Loans income		4,559,773	1,866,364
Fees and services income		1,581,741	629,188
Reversal of allowance for doubtful accounts		14,815,881	11,985,636
Gain on disposal of assets under debt restructurings		-	19,110,947
Gain on debt restructurings		-	23,063,666
Other income		440,477	5,805,508
Total revenues		64,811,110	69,122,403
Expenses			
Administrative and operating expenses		23,009,746	32,390,848
Bad debts and doubtful accounts		1,920,458	20,154,042
Directors remuneration		1,810,000	2,025,000
Management remuneration		8,983,720	12,001,907
Total expenses		35,723,924	66,571,797
Profit (loss) before finance costs		29,087,186	2,550,606
Finance costs		(1,547,722)	(10,761,629)
Profit (loss) for the year		27,539,464	(8,211,023)
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		27,539,464	(8,211,023)
Basic earnings (loss) per share			
Earnings (loss) per share (Baht : Share)	21	0.02	(0.01)
Weighted average number of ordinary shares (share)		1,541,400,232	872,511,870

The notes are an integral parts of these financial statements.

Statements of Changes in Shareholders' Equity



Siam General Factoring Public Company Limited
For the years ended 31 December 2012 and 2011

	(Unit : Baht)				
	Issued and paid-up share capital	Expired Warrants	Premium (discount) on share capital-ordinary share	Deficits	Total
Balances at January 1,2011	591,422,617	49,572,422	9,370	(635,398,691)	5,605,718
Ordinary shares	949,977,635	-	(854,979,871)	-	94,997,764
Total comprehensive income for the year	-	-	-	(8,211,023)	(8,211,023)
Balances at December 31,2011	1,541,400,252	49,572,422	(854,970,501)	(643,609,714)	92,392,459
Total comprehensive income for the year	-	-	-	27,539,464	27,539,464
Balances at December 31,2012	1,541,400,252	49,572,422	(854,970,501)	(616,070,250)	119,931,923

The notes are an integral parts of these financial statements.



Statements of Cash Flows



Siam General Factoring Public Company Limited
For the years ended 31 December 2012 and 2011

	(Unit : Baht)	
	2012	2011
Cash flows from operating activities		
Profit (loss) before income tax	27,539,464	(8,211,023)
Adjustments to reconcile profit (loss) to net cash provided by (used in) operating activities		
Depreciation	595,109	2,401,380
Bad debts and doubtful accounts	1,920,458	20,154,042
Reversal of allowance for doubtful accounts	(14,815,881)	(11,985,636)
Gain on disposal of assets under debt restructuring	-	(19,110,947)
Gain on debt restructuring	-	(23,063,666)
Interest Income	(1,648,428)	-
Gain on disposals of property, plant and equipment	(1,751,762)	(4,947,365)
Written off equipment	-	5,085
Loss from sales of foreclose assets	3,512,609	-
Impairment loss on properties foreclosed	-	791,000
Employee benefit expenses	1,934,813	1,948,023
Provision for loss on legal claim	-	5,576,272
Finance costs	1,547,722	10,761,629
Profit (loss) from operating activities before changes in operating assets and liabilities	18,834,104	(25,681,206)
Decrease (increase) in operating assets		
Factoring receivables	4,393,160	14,301,517
Finance lease receivables	851,781	4,185,875
Personal Loans	(1,499,623)	2,550,507
Loans	(8,826,851)	5,664,423
Properties foreclosed	4,094,391	-
Other current assets	442,070	187,459
Deposits under the implementation of legal execution	-	(5,576,272)
Other non-current assets	61,173	19,600
Increase (decrease) in operating liabilities		
Deposit payables	2,372,420	(5,350,074)
Other current liabilities	2,074,313	(3,238,563)
Cash received (paid) from operating activities	22,796,938	(12,936,734)
Cash paid for employee benefit obligations	(634,590)	-
Cash paid for income tax and withholding tax deducted at source	(35,833)	-
Net cash provided by (used in) operating activities	22,126,515	(12,936,734)

The notes are an integral parts of these financial statements.

Statements of Cash Flows (Continue)



Siam General Factoring Public Company Limited
For the years ended 31 December 2012 and 2011

		(Unit : Baht)	
		2012	2011
Cash flows from investing activities			
Purchases of equipment		(422,466)	(18,598)
Proceeds from disposals of property, plant and equipment		1,764,481	11,623,870
Proceeds from redemption of deposits with bank used as Collateral		598,183	730,272
Interest income on deposits with banks used as collateral		6,272	(14,749)
Net cash provided by investing activities		1,946,470	12,320,795
Cash flows from financing activities			
Interest paid		(979,025)	(7,113,599)
Proceeds from increase in share capital		-	94,997,764
Net Cash received (paid) for bank overdrafts		(27,752)	77,953
Proceeds from short-term borrowings from related parties		-	59,200,000
Repayments on short-term borrowings from related parties		-	(63,700,000)
Repayments on principal of finance lease liabilities		(222,686)	
Repayments on borrowings under debt restructuring agreements		-	(31,883,000)
Repayments on long-term borrowings under debt restructuring agreements		-	(41,136,214)
Net cash provided by (used in) financing activities		(1,229,463)	10,442,904
Net increase (decrease) in cash and cash equivalents		22,843,522	9,826,965
Cash and cash equivalents, beginning of year	6	13,914,760	4,087,795
Cash and cash equivalents, end of year	6	36,758,282	13,914,760
Non-cash transactions			
Significant non-cash transactions during the years are as follows:			
Transfer of assets for loans settlement		20,000,000	-
Transfer of assets for finance lease receivables settlement		4,000,000	-
Purchase of motor vehicle under financial lease agreement		3,302,100	-
Transfer of asset for payment of debts under restructuring agreements		-	74,932,252

The notes are an integral parts of these financial statements.

Siam General Factoring Public Company Limited
For the years ended 31 December 2012 and 2011

1. General information

Siam General Factoring Public Company Limited (“the Company”) is a public limited company and is incorporated and resident in Thailand. The address of the Company’s registered office is as follows:

408/68 Phaholyothin Place, 16th Floor, Phaholyothin Road, Samsen-Nai, Phayathai, Bangkok.

The principal business operation of the Company is providing short-term funds in forms of factoring, loans and leasing service.

These financial statements were authorised for issue by the Board of Directors on February 27, 2013.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E.2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E.2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

Comparative figures have been adjusted to conform with changes in presentation in the current year.

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

2.2 New accounting standards, new financial reporting standard, new interpretations of accounting standards and financial reporting standards and amendment to accounting standard.

New accounting standards, new financial reporting standard, new interpretation of accounting standards and amendment to accounting standard that are effective for accounting periods beginning on or after January 1, 2013 and have not been early adopted by the Company.

TAS 12	Income Taxes
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21(Revised 2009)	The Effects of Changes in Foreign Exchange Rates
IFRS 8	Operating Segments
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets

TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting treatment guidance for transfer of financial assets

New interpretations of accounting standard and financial reporting standards that are effective for the periods beginning on or after January 1, 2014 and have not been early adopted by the Company

TFRIC4	Determining whether an Arrangement contains a Lease
TFRIC12	Service Concession Arrangements
TFRIC13	Customer Loyalty Programmes
TSIC29	Service Concession Arrangements : Disclosure

The Company will not early adopt the above accounting standards. The Company's management has assessed and determined that the impacts of those accounting standards, will not have significant impact to the financial statements being presented, except for TAS 12 Income Taxes.

TAS 12, this deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. The Company will apply this standard with effect from January 1, 2013 retrospectively. The management is currently assessing the impact of applying this standard.

2.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

2.4 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in profit or loss within selling and administrative expenses.

The Company has policy to set up allowance for doubtful accounts based on period of overdue balance. Allowance for doubtful accounts is provided in full amount (after deducting appraisal value of collateral) for receivable who defaults its payment on principal and interest arrears for more than six consecutive months from the date of the last installment and the Company already stops recognition of income on an accrual basis.

In order to provide allowance for doubtful accounts, the Company will review and consider the ability of debt collections from customers and receivables, the potential in current business operations of the customers and the receivables, the collection history in the past and the reason for default payment, and the potential in negotiation for debt acceptance including repayment plan of the debt restructuring which will occur in the future although the overdue balance is already more than six consecutive months.

2.5 Investments

Investments in non-marketable equity securities are classified as general investments. General investments are carried at cost less allowance for impairment.



A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to profit or loss.

2.6 Property foreclosed

Property foreclosed is recorded at the lower of net balance of related accounts receivable and market/appraisal value of foreclosed assets.

2.7 Property, plant and equipment and depreciation

Land is stated at cost. Other property, plant and equipment are stated at cost less accumulated depreciation and allowance for impairment.

Depreciation is calculated using the straight line method to allocate the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful lives as follows:

Buildings	20 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within gain or loss in profit or loss.

2.8 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Leases - where the Company is the lessee

Leases of property, plant or equipment which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the period of the useful life of the asset.



Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the lease period.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.10 Leases - where the Company is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Company. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.11 Troubled debt restructuring - where the Company is the debtor

When the Company transfers its assets in settlement of its debts as part of the debt restructuring, the excess of the carrying amount of the payable settled (including accrued interest or unamortised premium or discount) over the fair value of the assets transferred to the lender is recognised as a gain on restructuring.

Where the debt restructuring involves modification of terms of payables, the Company accounts for the effects of the restructuring prospectively from the time of restructuring and does not change the carrying amount of the payable at the time of the restructuring unless the carrying amount exceeds the total undiscounted future cash payment specified by the new terms. If it does exceed the total undiscounted future cash payment, the carrying amount of the payable is reduced to the amount equal to the total undiscounted future cash payments specified by the new terms and a gain on restructuring is recognised in profit or loss in so far as the amount is determinable.

2.12 Employee benefit obligations

The Company provides for post-employment benefits, payable to employees under the labour laws applicable in Thailand. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yields on government bonds which have terms to maturity approximating the terms of the related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other factors.

The liability recognised in the statement of financial position in respect of employee benefits is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustment for unrecognised past-service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Actuarial gains or losses will be recognised in the statement of comprehensive income in the period to which they relate. The costs associated with providing these benefits are charged to the statement of comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned.



TAS No.19 “Employee Benefits”, the standard specifies the transitional treatment for defined benefit plans once adopted for the first time. An entity must proceed to determine the transitional liability for defined benefit plans at the time of adoption. If the transitional liability is greater than the liabilities that would have been recognised on the same date by the entity following its previous accounting policies, the entity must make a choice, irrevocably, to recognise this increase as part of its liabilities for benefit plans defined, choosing between the two alternatives: immediate recognition, according to TAS No.8 (revised 2009) “Accounting Policies, Changes in Accounting Estimates and Errors”, or recognition as an expense, in a linear fashion, over a maximum period of five years from the date of adoption. The Company has chosen to recognise the transitional liability for defined benefit plans as of 1 January 2011 as an expense using a straight-line basis within 5 years starting from 1 January 2011.

2.13 Provisions

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

2.14 Revenue recognition

Income from factoring is recognised on an accrual basis.

Interest and fees income on loans are recognised on an accrual basis and are based on principal outstanding.

Income under finance lease agreements is recognised on the basis of installment payments due by using the effective interest rate method, calculated from the balance of the net investment in each installment.

Income under operating lease agreements is recognised on the basis of installment payments due.

Fees and services are recognised as income on accrual basis.

The Company has policies to cease accruing income for factoring, loans and finance lease on which payments have been defaulted for more than six consecutive months from due date and to cease accruing income for personal loans on which payments have been defaulted for more than three consecutive months from due date.

3. Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

3.1 Property, plant, and equipment

Management determines the carrying value of property, plant, and equipment based on estimates, assumptions, and judgments in respect of remaining useful lives and residual values of property, plant, and equipment. These estimates, assumptions, and judgments reflect both historical experience and expectations regarding future operations, utilisation, and performance.

3.2 Impairment of property, plant, and equipment

The Company assesses impairment of property, plant, and equipment whenever events or changes in circumstances indicate the carrying amount of assets may not be recoverable in accordance with the accounting policies stated in Note 2.7. The recoverable amount is estimated by management.

3.3 Employee benefit

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net period cost for employee benefits include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of the obligations.

The Company determines the appropriate discount rate on an annual basis. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the Company considers the yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the obligations.

Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

4. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

5. Segment information

The Company's operations involve a single industry segment in financing business and are carried on in the single geographic area in Thailand. As a result, all of revenues, operating profit (loss) and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

6. Cash and cash equivalents

	(Unit : Baht)	
	2012	2011
Cash	50,000	60,000
Deposits held at call with banks	11,688,550	3,854,760
Fix deposits of one month or less	25,019,732	-
Short-term investments with maturities of three months or less - Bill of exchange	-	10,000,000
Total cash and cash equivalents	36,758,282	13,914,760

7. Factoring receivables, net

	(Unit : Baht)	
	2012	2011
Factoring receivables	525,795,338	535,603,842
Fines for delay payment	56,078,737	56,072,694
<u>Less</u> : Unearned discount income	(335,797)	(70,160)
Factoring receivables	581,538,278	591,606,376
<u>Less</u> : Factoring payables	(8,233,012)	(7,519,657)
	573,305,266	584,086,719
<u>Less</u> : Allowance for doubtful accounts	(538,768,243)	(556,964,560)
Factoring receivables, net	34,537,023	27,122,159

Outstanding factoring receivables as at 31 December 2011 and 2010 can be analysed as follows:

	(Unit : Baht)	
	2012	2011
Not overdue	20,835,925	4,914,067
Overdue less than 3 months	4,809,040	12,325,733
Overdue over 3 months - 6 months	27,922	180,689
Overdue over 6 months - 12 months	-	1,113,654
Overdue over 12 months	547,632,379	565,552,576
	573,305,266	584,086,719
<u>Less</u> : Allowance for doubtful accounts	(538,768,243)	(556,964,560)
Factoring receivables, net	34,537,023	27,122,159

In 2012, Allowance for doubtful debt account, amounting Baht 18.20 million, has been decreased because the Company has reversed its transaction, amounting Baht 12.30 million. Also, the Company has recognized the interest income from the prosecution of a debtor in the account of income from the acquisition of rights, amounting Baht 36.09 million. Resulting from the receiving of payment from those receivables, the Company has cut-off bad debt of 5 debtors, amounting Baht 5.90 million. The Company has recorded its allowance in full amount already.

In 2009, a receivable of the Company whose business engages in underground tunnel excavation encountered a liquidity problem as the employer, who granted it a loan to purchase the machines and received the repayment by installments, discontinued the construction assignments by impounding the machines resulting ceasing the operation and informing the such receivable to settle the remaining amount of debt. The total appraised value of three machines was amount of Baht 101.65 million (the replacement value was amount of Baht 200 million). Conclusively, the such receivable still had the outstanding liabilities of Baht 47.50 million. To exercise the remaining liabilities of the such receivable, the Company attempted to find an investor who would be interested in investing in the underground tunnel excavation



business. The Company assigned the such receivable to present the business plan to its account payable for a consideration. After several meetings, they agreed that the such receivable would have the machines transferred to settle the debt, and would have joint investment with a short-term loan payable of the Company. Moreover, the Company would be responsible for the redeem of the machines from the creditor of the such receivable. As at December 29, 2009, the Company finally granted an additional loan amount of Baht 47.73 million with an advanced payment for the machines relocation expense amount of Baht 0.17 million to the such receivable to settle the debt to its creditor. Meanwhile, transferred the machines valued Baht 101.65 million (the appraised value by an independent appraiser) to settle the Company's debt. As a result, the liabilities amount of Baht 72.46 million, which had been reserved as an allowance for doubtful account, was decreased to Baht 18.71 million. The Company then made the reversal of the allowance for doubtful account at the amount of Baht 53.75 million. On the same date, the Company transferred the ownership of the machines to the short-term loan payable to settle the debt at the same amount under the property transfer agreement, divided into a principal amount of Baht 88.28 million, and an interest payable amount of Baht 13.37 million as stated in Note 15.

After the machines had been transferred to the short-term loan payable, the Company, the payable, and the receivable gathered for a meeting to outline the business plan for having three underground tunnel excavation constructions, which the receivable subsequently agreed to take over with a prompt to start the construction. The receivable requested permission from the payable to return the three machines to the Manufacturing and Supply company for a check-up and renovation in order to support and customize the construction process since the end of January 2010. The such receivable had the expenditure for the machines improvement amount of Baht 3.60 million without any repairment charge to claim from the Company in any cases.

However, for the view of unable recognised, the machines transfer to the short-term loan payable as the aforementioned agreement is unable recognised due to the fact that the Company still have obligation to follow the agreement that the machines should have qualities which allow them to be available for use as the affirmation of the Company. Moreover, if the transferred machines cannot be operated in an essential of the ordinary operation, the transferred properties agreement can be considered as a mistake to an essential element of the transferred machines and therefore voidable by the creditor. Besides, the important statement on the delivery machines document which is "in Good condition, available for use and not be found any defective" was crossed out by the transferee. Moreover, the manual of independent appraiser mentioned that "Machines are tested the running and performed engineering review on the ground but such machines must be used for the underground works so there might not be sufficient assurance that such machines will actually work underground." This results in unrealised economic benefits in the transferred machines and account receivable and the Company should not recognise the transferred machines to the creditor transaction.

In such view, the Company has required comment from an independent legal consultant, and the Company is commented that "In case of deletion on document accepting the machine is not impact the agreement according to item 2 of Machine Transfer Contract that the Creditor as the transferee had taken over the possession of machine from the Company - as the transferor, in good condition correctly to the warrant of the Company that "The machine is at good quality and capable for immediate use, with full equipment and tools according to the requirement and standard of the manufacturer."" In addition, the legal consultant also commented that "since the Company is liable to pay debt to the Creditor according to the agreement of the Compromise Contract by transferring the assigned property, making payment or transferring of other property or transferring of claim for balance of unpaid debt. Therefore if the Company shall pay or transfer the property to the Creditor correctly according to the method required by law at full amount of debt as specified in Compromise Contract, it is thus the legal effect that the Company has fully paid to the Creditor and the Compromise Contract shall be terminated by law." Based on special audit report dated April 23, 2010, another auditor concluded that the Company should recognise such transferred machines to the creditor transaction on such agreement.

Up to the present, the Company has not yet received any charge from creditor, and the Company considered that the Company has not to pay any charge for repair the machines due to the transferee had taken over the possession of machine from the Company, in good condition correctly to the warrant of the Company. If the Company may be absorb the repair charges, it will be not over the above amount informed by the Manufacturing and Supply company and the Company will reimburse such expense with the transfer to the Company.

8. Finance lease receivables, net

	(Unit : Baht)	
	2012	2011
Finance lease receivables	68,377,393	75,127,354
<u>Less:</u> Unearned interest income	(9,662,896)	(11,561,076)
	58,714,497	63,566,278
<u>Less:</u> Allowance for doubtful accounts	(52,714,497)	(52,116,691)
Finance lease receivables, net	6,000,000	11,449,587

In 2012, the Company has reversed allowance for doubtful debt amounting Baht 2.00 million.

Outstanding finance lease receivables as at December 31, 2012 and 2011 can be analysed as follows:

	(Unit : Baht)	
	2012	2011
Not overdue	8,445,854	15,450,025
Overdue less than 3 months	880,575	1,014,011
Overdue over 3 months - 6 months	1,418,433	1,875,942
Overdue over 6 months - 12 months	3,443,778	3,530,434
Overdue over 12 months	44,525,857	41,695,866
	58,714,497	63,566,278
<u>Less:</u> Allowance for doubtful accounts	(52,714,497)	(52,116,691)
Finance lease receivables, net	6,000,000	11,449,587

9. Personal loans, net

	(Unit : Baht)	
	2012	2011
Personal Loans	22,060,437	20,577,930
Accrued service income	743,161	726,044
	22,803,598	21,303,974
<u>Less :</u> Allowance for doubtful accounts	(14,975,207)	(15,491,986)
Personal Loans, net	7,828,391	5,811,988

In 2012, Allowance for doubtful debt account, amounting Baht 0.52 million, has been decreased because the Company has reversed its transaction after receiving the payment from the customer.

Outstanding personal loans as at December 31, 2012 and 2011 can be analysed as follows:

	(Unit : Baht)	
	2012	2011
Not overdue	7,438,913	5,508,041
Overdue less than 3 months	228,703	305,202
Overdue over 3 months - 6 months	21,708	63,700
Overdue over 6 months - 12 months	102,474	163,368
Overdue over 12 months	15,011,800	15,263,663
	22,803,598	21,303,974
<u>Less:</u> Allowance for doubtful accounts	(14,975,207)	(15,491,986)
Personal loans, net	7,828,391	5,811,988

10. Loans, net

	(Unit : Baht)	
	2012	2011
Loans	191,063,020	250,936,563
Accrued interest income	8,853,651	7,897,496
	199,916,671	258,834,059
<u>Less:</u> Allowance for doubtful accounts	(162,154,854)	(212,879,461)
Loans, net	37,761,817	45,954,598

Outstanding loans as at December 31, 2012 and 2011 can be analysed as follows:

	(Unit : Baht)	
	2012	2011
Not overdue	18,233,318	8,625,286
Overdue less than 3 months	3,657,439	155,256
Overdue over 3 months - 6 months	505,839	93,874
Overdue over 6 months - 12 months	770,382	343,251
Overdue over 12 months	176,749,693	249,616,392
	199,916,671	258,834,059
<u>Less :</u> Allowance for doubtful accounts	(162,154,854)	(212,879,461)
Loans, net	37,761,817	45,954,598



In 2012, allowance for doubtful accounts decreased by Baht 50.72 million as a result of the Company wrote off bad debts for 2 debtors in total of Baht 50.72 million. The Company provided allowance for doubtful accounts in full amount.

One debtor that the Company recognised as bad debt at amount of Baht 50.37 million was a result of such debtor has no assets to seize when the court judge has ordered the debtor to pay the debt.

On August 9, 2006, the Company transferred the right over claim on undue seven loan receivables amount of Baht 500 million to settle short-term loan in form of promissory notes in amount of Baht 500 million. There was negotiate for the debt repayment and the court had judged according to the compromise agreement as stated in Note 15.

During 2008, the three debtors settled the debt by transfer the ownership of the land totaling Baht 332.24 million which consist of principal amount of Baht 289.46 million, interest receivable amount of Baht 0.94 million and loan income amount of Baht 41.84 million (resulting to reversal the allowance for doubtful accounts for principal and interest receivable amount of Baht 290.40 million). The Company transferred the ownership of the land to settle a short-term loan amount of Baht 312.99 million, interest payable amount of Baht 13.98 million and interest expenses amount of Baht 5.27 million as stated in Note 15.

On March 20, 2009, the Company has a debtor - loan receivable with principal amount of Baht 30 million (the Company provided allowance for doubtful account in full amount). It is one of seven loan receivable, which the Company has transferred the right of claim to a short term creditor as stated in Note 15, uses to revise the debt restructuring agreement. The aforementioned debtor has previously entered into a debt restructuring with the Thai Asset Management Corporation (TAMC) with the condition of filing for liquidation; therefore, to prevent the Company, as the creditor, from possible losses from such liquidation, the Company has agreed to convert such debt with a gas transport company as a new debtor - receivable (replaced with the aforementioned debtor). The Company has provided loan - financial lease to such gas transport company amount of Baht 10 million and Baht 14 million by having 35 gas transport trucks, had appraisal value of Baht 30.76 million appraised by independent appraiser, as collateral, resulting to reversal the allowance for doubtful accounts amount of Baht 10 million.

On August 10, 2009, the Company received a letter from the Securities and Exchange Commission (the SEC) ordering the Company to adjust the financial statements for the first quarter of 2009 that the allowance for doubtful account amount of Baht 10 million is not allowed to reverse because the SEC considered that the Company has not received repayment from the debtor. Moreover, the debt restructuring agreement is in compliance with TAS No.34 "Accounting for Troubled Debt Restructuring" but the Company has not conformed to. On December 11, 2009, the Company adjusted the financial statements in order to comply with the SEC's order.

On February 7, 2012, a debtor - loan receivable settled the debt by transfer the ownership of land at transferred price of Baht 20 million (appraisal value of Baht 20 million). Under the conditions in the debt settlement by mortgaged property agreement, the debtor has the right to buy back the land at price of Baht 20 million which was already transferred the right of land to the Company within one year from the date of registration of transfer the ownership of land (February 15, 2012) as stated in Note 13.

At present the debtor has not exercised its right to buyback that land within due date under the condition in the agreement. As a consequence, the Company has right to sell the land to any persons after the date indicated in the agreement.

11. Long-term investment, net

	(Unit : Baht)	
	2012	2011
General investments		
Equity securities - Moo Ban Seri Co., Ltd.	1,087,300	1,087,300
Less: Allowance for impairment	(1,087,300)	(1,087,300)
Long-term investment, net	-	-

12. Restricted cash

	(Unit : Baht)	
	2012	2011
Deposits with banks used as collateral for letter of guarantees	3,525	601,708
Deposits under the implementation of legal execution in accordance with the court's order (Note 16)	5,576,272	5,576,272
	5,579,797	6,177,980

13. Properties foreclosed, net

	(Unit : Baht)	
	2012	2011
Properties foreclosed	26,851,510	14,634,750
Less : Allowance for impairment	(400,000)	(4,576,240)
Properties foreclosed, net	26,451,510	10,058,510

As at December 31, 2012, properties foreclosed consisting of buildings with aggregate net book value of Baht 0.50 million are mortgaged as collateral for bank overdrafts facility (2011: Baht 0.50 million) as stated in Note 15.

On February 7, 2012, a debtor - loan receivable settled the debt by transfer the ownership of land at transferred price of Baht 20 million (appraisal value of Baht 20 million). Under the conditions in the debt settlement by mortgaged property agreement, the debtor has the right to buy back the land at price of Baht 20 million which was already transferred the right of land to the Company within one year from the date of registration of transfer the ownership of land (February 15, 2012) as stated in Note 10.

At present the debtor has not exercised its right to buyback that land within due date under the condition in the agreement. As a consequence, the Company has right to sell the land to any persons after the date indicated in the agreement.

14. Property, plant and equipment, net

	(Unit : Baht)				
	Land	Buildings	Furniture, fixtures and office Equipment	Motor Vehicles	Total
For the year ended December 31, 2011					
Opening net book value	27,469,810	47,629,438	308,713	233,306	75,641,267
Additions	-	-	18,598	-	18,598
Disposals, net	(4,763,400)	(1,909,030)	(1,158)	(2,917)	(6,676,505)
Write-off assets, net	-	-	(5,085)	-	(5,085)
Transfer assets under debt restructuring, net	(16,120,512)	(43,554,290)	-	-	(59,674,802)
Depreciation charge	-	(2,025,076)	(177,226)	(199,078)	(2,401,380)
Closing net book value	6,585,898	141,042	143,842	31,311	6,902,093
At December 31, 2011					
Cost	6,585,898	9,714,264	9,854,362	11,172,770	37,327,294
Less : Accumulated depreciation	-	(9,573,222)	(9,710,520)	(11,141,459)	(30,425,201)
Net book value	6,585,898	141,042	143,842	31,311	6,902,093
For the year ended December 31, 2012					
Opening net book value	6,585,898	141,042	143,842	31,311	6,902,093
Additions	-	-	55,566	3,669,000	3,724,566
Disposals, net	-	-	(8,685)	(4,034)	(12,719)
Depreciation charge	-	(141,035)	(72,480)	(381,594)	(595,109)
Closing net book value	6,585,898	7	118,243	3,314,683	10,018,831
At December 31, 2012					
Cost	6,585,898	9,714,264	9,720,594	9,729,798	35,750,554
Less : Accumulated depreciation	-	(9,714,257)	(9,602,351)	(6,415,115)	(25,731,723)
Net book value	6,585,898	7	118,243	3,314,683	10,018,831

As at December 31, 2012, land and buildings with aggregate net book value of Baht 4.88 million are mortgaged as collateral for bank overdrafts facility (2011: Baht 5.02 million) as stated in Note 15.

As at December 31, 2012, buildings and equipment which has been fully depreciated according to their useful lives, but are still in use with cost and accumulated depreciation of Baht 25,733,657 and Baht 25,731,722 respectively (2011: Baht 21,622,333 and Baht 21,621,918 respectively).

As at December 31, 2012, assets under financial lease agreement which Company is tenant are included in the motor vehicles listed above, having net book value of Baht 3.30 million (cost and accumulated depreciation of Baht 3.67 and Baht 0.37 million respectively).

15. Borrowings

	(Unit : Baht)	
	2012	2011
Current		
Bank overdrafts	9,968,480	9,996,232
Short-term borrowings from other company	9,452,383	9,452,383
Total borrowings	19,420,863	19,448,615

Short-term borrowings from other company

In December 2005, the Company obtained loans amounting to Baht 500 million in a form of negotiable promissory notes from a company listed in the Stock Exchange of Thailand and had provided all of the loans to other companies. The borrowing and lending were approved by the meeting of the Board of Executives. The repayment agreement of the promissory notes stipulated that “the borrower would repay the principals underlined under the promissory notes by cash or assignment of receivables payable by debtors to lender in amount equal to the principals. Lender agreed to accept the assignment of receivables without any objection or rejection. Such assignment of receivables would be deemed payments of debts under the promissory notes.” Thus, the Company does not have any risk from these transactions.

At the due date, the Company and the lender discussed for rolling promissory notes, finally both parties agreed that two promissory notes should be changed to be loan agreement - term 18 months with the same condition and the Company can repay before any due date. However, the Board considered that making of new loan agreement which cancel the assignment of any debt receivables payable will decrease the Company’s benefit. Therefore, the Company decided to repay the principal underlined under both promissory notes by assigning any debt receivables payable due to this is the better way for the Company and importantly maintain shareholders’ benefit.

The assignment of receivables payable by the Company to lender in amount equal to the principals deem the performance under the section 198 of the Civil and Commercial Code specifies that “If several acts of performance are due in such a manner that only one of them is to be done, the right to elect belongs to the debtor unless otherwise stipulated.” As the Company elected to repay by assignment of receivables indicates the Company perfectly conforms to the agreement.

The repayment option of the Company is use the right to repay to lender by assignment of receivables and the documents of assignment of receivables in an amount equal to the principals presented to the office of lender on August 9, 2006 as stated in Note 10 but lender rejected to receive all of documents without giving any reason. Then the Company reported the incident to the police station and presented all of the debt receivables to the Deposit of Property Central Office, Legal Execution Department under case No.394/49 on August 10, 2006 meanwhile informed debtors and lenders in writing immediately via registered mail and facsimile. These deem perform by legal under the section 331 of the Civil and Commercial Code specifies that “as the lender rejected the performance of obligations, the depositor may deposit the subject of its



obligations for the benefits of the creditor and discharge itself from such obligations.”

The above assignment of receivables, the Company has sent the letter via registered mail and facsimile to all of debtors acknowledged about the assignment of receivables payable to the lender. These perform by legal under the section 306 of the Civil and Commercial Code and the general performance of the Company, which the fact that the assignment of receivables appears in the judgment of Supreme Court No.4139/2532 specifies that “the section 306 of the Civil and Commercial Code enacts the transfer of an obligation performable to a specific creditor is not valid unless it is made in writing. It can be set up against the debtor or third persons only if notice thereof has been given to the debtor, or if the debtor has consented to the transfer. Such notice or consent must be in writing. This section does not enact the transfer of an obligation performable letter must to been signed by transferor and transferee. So the transfer of an obligation performable be in writing that make only by the transferor deem completely.”

On May 11, 2007, the Company received a letter require to make payment in amount of Baht 212.30 million from a former receivable but the Company was unable to receive such amount because the receivable is related to the lawsuit between the Company and a company listed in the Stock Exchange of Thailand in a form of negotiable promissory note. Therefore, the Company negotiated in respect of debt repayment with the payable. On August 21, 2007, the Court judged the Company to settle debt amount of Baht 505.80 million with interest 6% per annum of the principal amount of Baht 500 million. The Company agreed to settle debt within 45 days by transferring the ownership of total 135 land deeds and two titles of Nor Sor 3 Kor, total amount of Baht 190 million. The Company is allowed to pay to remaining amount of Baht 315.80 million with interest 6% per annum of the principal amount of Baht 310 million by cash or other assets or transferring receivable or a factoring receivable or many factoring receivables within 36 months from the date of compromise agreement.

During 2007, the Company has transferred the ownership of land, total value of Baht 73.12 million according to the Court’s judgment (for principal amount of Baht 34.03 million and interest expenses amount of Baht 39.09 million) to settle the debt with the creditor. The creditor has made an appointment to process the ownership transferring of the land to within June 29, 2008, and other conditions will be in accordance with the compromise agreement. The Company has informed the Court on December 26, 2007.

In 2008, the Company cooperated with debtors and payables to transfer the right of lands to repayment the debt amounting to Baht 332.24 million (for principal amount of Baht 312.99 million and interest expenses amount of Baht 19.25 million) as stated in Note 10. The Company has the right to repay to payables by cash or other assets or transferring receivables or any factoring receivables to payables within August 20, 2010 (36 months from the date of compromise agreement).

On July 31, 2009, the Company received a letter from the short-term loan payable (a listed company) that in the second quarter of 2008 the value of land transferred by the Company for debt payment is lower than the agreed amount by Baht 5.57 million. The legal consultant of the Company gives an opinion that the Company is not responsible for these contingent liabilities.

On December 29, 2009, part of property which the Company received from receivables consisting of machine valued Baht 101.65 million (appraised value by independent appraiser) according to the property transfer agreement dated December 29, 2009 as stated in Note 7, the 35 gas trucks valued Baht 32.91 million (appraised value by independent appraiser) according to the property transfer agreement dated December 30, 2009 and the right of nine plots of land valued Baht 3.76 million (appraised value by independent appraiser) with totaling Baht 138.32 million was transferred to settle debt to the creditor for principal amount of Baht 124.95 million and interest payable amount of Baht 13.37 million.

On April 26, 2010, the Company transferred the right of land and its building on land with average appraisal value of Baht 10.25 million and cash payment amount of Baht 1.25 million to settle debt with the creditor. After transfer the right of assets, the debt decreased from repayment of Baht 11.50 million which separated to principal amount of Baht 11.08 million and interest payable amount of Baht 0.42 million.

On July 13, 2010, the Company transferred the right of land and its building on land with appraisal value of Baht 7.60 million to settle debt with the creditor. After transfer the right of assets, the debt decreased from repayment of Baht 7.60 million which separated to principal amount of Baht 7.35 million and interest payable amount of Baht 0.25 million.

As at December 31, 2012, the Company has outstanding debt in term of promissory notes with the short-term loan payable (a listed company) amount of Baht 9.45 million which the Company is in process of negotiation to settle debt. Since 2007, the Company repaid the debt with totaling amount of Baht 562.94 million which separated to principal amount of Baht 490.55 million and interest expenses amount of Baht 72.39 million which the Company has receipts issued by the listed company as supporting evidence.

As at December 31, 2012 and 2011, land and buildings and properties foreclosed consisting of building have been mortgaged as collateral for bank overdrafts as stated in Note 13 and Note 14.

16. Short-term provisions

On December 30, 2010, the payable of short-term borrowings from other listed company filed a petition appealed to the Court to issue a legal execution for seizing the Company's assets to auction and settle debt which the payable - other listed company claimed that the value of land transferred by the Company for debt payment is less than the agreed amount by Baht 5.57 million as stated in Note 15. On January 13, 2011, the Court ordered an appointment of the legal execution officer to seize of the Company's assets to settle debt.

On November 29, 2011, the legal execution officer sent letters to three banks requesting them to seize the Company's deposit accounts totaling amount of Baht 5,576,272 and send the money to the legal execution officer. The banks transferred the Company's deposit accounts to the legal execution officer amounting to Baht 4,800,000 on December 2, 2011 and December 6, 2011, Baht 730,272 on December 29, 2011 and Baht 46,000 on December 30, 2011, respectively. As at December 31, 2011, the Company has recorded provision for liability from the Court's order.

In December 2011 and February 2012, the Company filed a petition appealed to the Court to request the Court to order the cancellation of the legal execution on the Company's deposit accounts amounting to Baht 5,576,272 by the legal execution officer. The investigation by the Court was held on February 27, 2012. The Court has completed the process of proving the evidence on June 15 and 19, 2012. And on July 31, 2012, the Court has ordered to withdrawn the lawsuit enforcement with the reason that the order is not compliance with the law and effected to the sequester of deposit in three banks accounts has withdrawn also. Due to the Court has granted an extension of time to appeal until November 28, 2012, accordingly, judgment is not final. Plaintiff of the case is appealed to a court order. The case is being heard by the Court of appeal which has currently no result of judgment. The Company does not have the money which is confiscated by the court in order to reimburse back to the Company.

17. Finance lease liabilities

Finance lease liabilities as at December 31, 2012, consist of the following:

	(Unit : Baht)		
	Current portion	Long-term	Total
Finance lease liabilities	643,800	2,987,100	3,630,900
<u>Less</u> : Deferred interest	(177,293)	(374,194)	(551,487)
Finance lease liabilities	466,507	2,612,906	3,079,413

Under the term of contracts referred to above, the Company has to comply with contain conditions and restrictions as specified in the contracts. The right of assets under finance lease contracts will be transferred to the Company when final payment is made

Finance lease liabilities - minimum lease payments are as follows:

	(Unit : Baht)	
	2012	2011
Not later than 1 year	643,800	-
Later than 1 year but not later than 5 years	2,987,100	-
	3,630,900	-
<u>Less</u> : future finance charges on finance leases	(551,487)	-
Present value of finance lease liabilities	3,079,413	-

18. Employee benefit obligations

The Company's post-employment benefit plan is classified as a defined benefit plan and unfunded.

The Company operates the post-employment benefit and pension based on the requirement of Thai Labour Protection Act B.E.2541 to provide retirement benefits and other long term benefit to employees based on pensionable remuneration and length of service.

Information of obligations under defined benefit plan for the years ended December 31, 2012 and 2011 in accordance with the actuarial technique is as follow:

	(Unit : Baht)	
	2012	2011
Estimated present value of obligations for the year ended 31 December		
Present value of obligations at the beginning of year 1 January	6,344,153	6,171,006
Current service cost	403,060	423,025
Interest cost	297,552	290,797
Expected benefits to be paid	(572,973)	(540,675)
Present value of obligations at the end of year 31 December	6,471,792	6,344,153
Expected expenses to be recognized in the statement of Comprehensive income for the year ended 31 December		
Current service cost	403,060	423,025
Interest cost	297,552	290,797
Employee benefit expenses to be recognized in current year	700,612	713,822

Principal actuarial assumptions at the reporting date as at December 31, 2012 and 2011 ;

Discount rate	4.41% per annum
Salary increase rate	5.31% per annum
Employee turnover rate	0.00 - 31.00 % per annum
Mortality rate	50% of Thai Mortality Ordinary Table 1997

Movement in the present value of the obligations under defined benefit plan for the year ended December 31, 2012 and 2011 is as follows:

	(Unit : Baht)	
	2012	2011
The amount recognized in the statement of financial position:		
Balance at 1 January	1,948,023	-
Present value of obligations at the beginning of year 1 January	1,234,201	1,234,201
Current service cost	403,060	423,025
Interest cost	297,552	290,797
Benefits paid	(634,590)	-
Balance at December 31	3,248,246	1,948,023
The amount recognized in the statement of comprehensive income		
Present value of obligations at the beginning of period 1 January	1,234,201	1,234,201
Current service cost	403,060	423,025
Interest cost	297,552	290,797
Employee benefit expenses for the year	1,934,813	1,948,023

Present value of obligations at the beginning of year January 1, 2011 of Baht 3,702,604 has not been recognised in these financial statements as at December 31, 2012.

19. Share capital and premium (discount) on share capital

	(Unit : Baht)				
	Number of shares	Pre-ferred shares	Ordinary shares	Premium (discount) on share capital ordinary share	Total
<u>Registered share capital</u>					
At January 1,2011	916,563,647	20	916,563,627	-	916,563,647
Reduction of registered shares	(325,141,030)	-	(325,141,030)	-	(325,141,030)
Increase of registered shares	1,182,845,234	-	1,182,845,234	-	1,182,845,234
At December 31,2011	1,774,267,851	20	1,774,267,831	-	1,774,267,851
Reduction of registered shares	-	-	-	-	-
Increase of registered shares	-	-	-	-	-
At December 31,2012	1,774,267,851	20	1,774,267,831	-	1,774,267,851
<u>Issued and paid-up share capital</u>					
At January 1,2011	591,422,617	20	591,422,597	9,370	591,431,987
Issues of shares	949,977,635	-	949,977,635	(854,979,871)	94,997,764
At December 31,2011	1,541,400,252	20	1,541,400,232	(854,970,501)	686,429,751
Issues of shares	-	-	-	-	-
At December 31,2012	1,541,400,252	20	1,541,400,232	(854,970,501)	686,429,751

Convertible preferred shares have a non-cumulative and participating preemptive right on the dividend, if declared at the rate of 3% per annum.

As at December 31, 2012, the registered shares comprise 20 preferred shares (2011: 20 shares) with par value of Baht 1 per share and 1,774,267,831 ordinary shares (2011: 1,774,267,831 shares) with par value of Baht 1 per share. The issued and fully paid-up shares comprise 20 preferred shares and 1,541,400,232 ordinary shares (2011: 20 preferred shares and 1,541,400,232 ordinary shares).

20. Expenses by nature

The following items, classified by nature, have been charged in arriving at the operating profit (loss):

	(Unit : Baht)	
	2012	2011
Depreciation of buildings and equipment	595,109	2,263,392
Staff costs	16,847,185	20,308,937
Provision for loss on legal claim	-	5,576,272
Impairment loss on properties foreclosed	-	791,000

21. Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the profit (loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares issued and paid-up during the year.

	(Unit : Baht)	
	2012	2011
Profit (loss) for the year attributable to ordinary shareholders (Baht)	27,539,464	(8,211,023)
Weighted average number of ordinary shares issued and paid-up during the year (shares)	1,541,400,232	872,511,870
	0.02	(0.01)

22. Financial instrument

The Company has no policy to enter into financial instrument for speculation or trading purpose.

22.1 Credit risk

Credit risk derives from failure by customers or counterparties to discharge their obligations resulting in financial loss. The Company sets up policy to protect credit risk by analyzing credit from details of customers and continuous following up customers under the rule and regulation of credit approval. Moreover, additional collateral from customer is required to secure credit risk. Credit risk is valued by book value deducted by allowance for doubtful accounts. The Company also has credit risk for the amount specified in the agreement, when counterparties fail to act under letter of guarantee including risk which may be happened from the letter of guarantee is due for recovery but the Company also has not recalled the original issue from the client. The Company has policy to consider and approve such credit as same as normal credit shown in the statement of financial position. For the financial assets shown in the statement of financial position, the book value deducted by allowance for doubtful accounts is maximum value of credit risk.

22.2 Interest rate risk

The Company has borrowings from financial institutions at floating-rate interest and loans to receivables at fix-rate interest. The Company has protected such risk by mutual agree with its customers that if the market interest rate is higher, the Company can consider higher interest as well.

22.3 The fair value of financial instrument

Financial assets shown in the statement of financial position consist of cash and deposits at financial institutions, accounts receivable and investment. Financial liabilities shown in the statement of financial position consist of overdrafts, short-term borrowings, deposits payable from factoring and long-term borrowings. The book value of financial assets and liabilities are close to their estimated fair values. The management believes that there is no material risk from fair value of financial instruments.

23. Related party transactions

Related parties are those parties linked to the Company by shareholders, common shareholders or directors. Transactions with related parties are conducted at market prices or, where no market price exists, at contractually agreed prices.

Major shareholders of the Company as at December 31, 2012 are Sai-Thong Property Co.,Ltd., Miss Kanokwan Lekvijit and Sai-Thong Business Co., Ltd. which holds at 12.49%, 8.76% and 8.27% of the Company's shares, respectively.

The followings are relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Company.

Name of entities	Country of incorporation/ nationality	Business	Nature of relationships
Saithong Property Co., Ltd.	Thailand	Property development	Shareholder and co-director
Micronetic Plc.	Thailand	Providing services on computer system development	Co-director

The following transactions were carried out with related parties:

23.1 Trade accounts receivable - related parties

	(Unit : Baht)	
	2012	2011
Loans - other related party		
Micronetic Public Company Limited		
Loans	36,684,715	36,684,715
Accrued interest income	2,150,357	2,150,357
Total	38,835,072	38,835,072
Less : Allowance for doubtful accounts	(38,835,072)	(38,835,072)
Loans, net	-	-

23.2 Interest income

	(Unit : Baht)	
	2012	2011
Interest income - other related party Saithong Property Company Limited	-	2,901

23.3 Directors remuneration

Directors remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to executive directors.

23.4 Management remuneration

Management remuneration represents salaries, remunerations and other benefits paid to the executive directors and management under the definitions of the Office of the Securities and Exchange Commission which include of a chief executive officer, the next four executive levels below the chief executive officer and all persons in positions comparable to the fourth executive level.

24. Operating lease commitments - where the Company is the lessee

The future aggregate minimum lease and service payments under non-cancellable operating leases are as follows:

	(Unit : Baht)	
	2012	2011
Not later than 1 year	1,556,400	1,297,000
Later than 1 year but not later than 5 years	2,723,700	-

25. Corporate income tax

In 2012, the Company wrote off bad debts for a debtor amount of Baht 50.37 million which the Company provided allowance for doubtful accounts in full amount (Note 10) as a result of the Company received the report of seizing asset from the Legal Execution Department that the debtor does not have any assets to execute. The amount will be included as an expense in tax calculation.

26. Contingent liabilities

As at December 31, 2012, the Company has contingent liabilities from issuing a letter of guarantee to customer amounting to Baht 1.80 million (2011: Baht 1.8 million).

Now, the company had 2 branch offices, i.e. Chiangmai and Nakorn Ratchasima

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Other References

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