

# ANNUAL REPORT 2010

THE **SIAM INDUSTRIAL CREDIT** PUBLIC COMPANY LIMITED

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## KEY FINANCIAL DATA

### UNCONSOLIDATED STATEMENTS

Unit : Million Baht

	2010	2009	2008
<b>Total Assets</b>	16,111.66	20,828.47	27,039.36
Total Loans & Receivables	13,690.79	17,421.00	21,458.12
- Hire Purchase Loans	12,245.04	15,598.18	19,253.62
Total Borrowings	11,711.40	16,780.00	22,696.77
Total Liabilities	12,146.86	17,236.40	23,490.07
Shareholders' Equity	3,964.80	3,592.08	3,549.30
Registered Capital	3,345.00	3,345.00	3,345.00
Paid-up Capital	2,987.12	2,987.12	2,987.12
<b>Total Income</b>	1,636.19	1,929.02	2,388.90
Interest & Dividend Income	1,295.91	1,711.44	2,087.46
- From Hire Purchase	1,143.66	1,480.29	1,738.74
Non-Interest Income	340.28	217.58	301.44
<b>Total Expenses</b>	1,278.97	1,948.27	2,383.42
Bad Debts and Doubtful Accounts	691.52	647.02	504.22
Expenses on Borrowings	253.41	523.79	915.24
Operating Expenses	334.03	777.46	963.96
Net Profit (Loss)	307.66	(4.43)	18.83
Earning per Share (Baht)	0.52	(0.01)	0.03
Book Value per Share (Baht)	6.64	6.01	5.94
Dividend per Share (Baht)	_*	-	0.20
<b>Financial Ratio</b>			
Net Profit (Loss) Margin (%)	18.80	(0.23)	0.79
Return on Assets (%)	1.67	(0.02)	0.06
Return on Equity (%)	8.14	(0.12)	0.51
Risk Asset Ratio (%)	28.57	18.52	11.78
Number of Staff	244	266	336
<b>Assets Quality</b>			
Net Non-Performing Loans	630.74	1,068.46	1,371.97
Net NPL per Total Loans, Receivables (%)	5.16	5.38	5.80

\* Subject to Annual General Shareholders Meeting's resolution

## MESSAGE FROM THE BOARD OF DIRECTORS



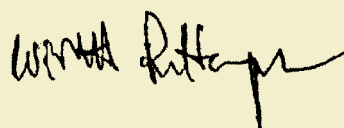
The year 2010 was the year of the recovery of Thai economy after 2009 world financial crisis. The implementation of fiscal stimulus scheme and the accommodative monetary policy had encouraged flowing economic activities among consumption and investment domestically, despite the internal political turbulence in the first half-year and the great flood in the second.

The Company's performance in 2010 was satisfactory. The Company was making profit compared to a loss in 2009 thanks to prudent management and the effort to increase operational efficiency in order to be able to compete in the more intense market environment. In addition, the Company had taken on the reorganization to merge operational units having overlapping functions and responsibilities and improved operating and debt-collection strategies that could promote flexibility, efficiency as well as good internal control, with the ultimate goals toward higher returns and profits.

Approaching in 2011 is a significant transition period of Thai financial system. Since August 10, 2011, the full protection of deposit will come to an end and the Deposit Protection Agency will curb the limit of maximum protection for the deposit each depositor has with a financial institution to Baht 50 million. However, with competent liquidity management, solid customer base, and appropriate capital fund, the Company is well-prepared for the lessening of such deposit protection limit.

The Company's strategies are planned toward cautious business operations as in 2010, accompanied by the policy that focuses on hire purchase loan with high return yet low NPL rate. Great importance is attached on hire purchase quality, debt collection, enhanced debt management efficiency and improved risk management for effective mitigation of credit risk in hire purchase, together with the use of data quality management as a proper management tool.

In closing, the Board of Directors would like to thank all shareholders and customers for their trust and kind support given to the Company. The appreciation also goes to the executives and employees who have been devoting themselves to the Company's operation all through these years.



**Mr. Wirutt Rattanaporn**  
Chairman

# EXPLANATION AND ANALYSIS OF MANAGEMENT

Operating results for year ended December 31, 2010 on the unconsolidated, net profit was Baht 307.66 million or equal to earnings per share of Baht 0.515, compared to net loss of Baht 4.43 million or equal to net loss per share of Baht 0.007 of the same period last year. The Company's book value at the end of December 31, 2010 was 6.64 Baht/share compared to 6.01 Baht/share of the same period last year. The details are as follow:-

## I. INCOME AND EXPENSES FOR SEPARATE FINANCIAL STATEMENTS (UNCONSOLIDATED) FOR FISCAL YEAR ENDED DECEMBER 31, 2010

### I.1 Net Interest and Dividend Income

- ➡ Interest and dividend income was Baht 1,295.91 million, 24.28% decreased from that of the previous year, due to declining business volume.
- ➡ Interest expenses was Baht 253.41 million, 51.62% decreased from that of the previous year, due to down sizing in total borrowings and deposits which was in line with the business volume.
- ➡ Net interest and dividend income was Baht 1,042.50 million, 12.22% decreased from that of the previous year.

### I.2 Bad Debts and Doubtful Accounts

- ➡ Bad debts and doubtful accounts was Baht 696.67 million compared to Baht 655.87 million of the same period last year. Average reserve per NPL or coverage ratio was 116.29% compared with 80.12% at the end of December 2009.
- ➡ Average NPL for hire purchase was 7.02% compared with 7.61% at the end of December 2009.

### I.3 Non-interest Income

- ➡ Non-interest income was Baht 340.28 million, or 56.39% rise over the previous year, due mainly to Baht 38.86 million gain on sale of securities, compared with loss of Baht 108.32 million from the previous year.

### I.4 Operating Expenses

- ➡ Operating expenses was Baht 334.03 million, 57.04% decreased from that of the previous year; due to gain of sale on properties foreclosed worth Baht 57.09 million, and the personal expenses decreased by 31.31%.

## 2. FINANCIAL STATUS FOR SEPARATE FINANCIAL STATEMENTS

**2.1 Assets :** As of December 31, 2010, total assets was Baht 16,111.66 million, decreased by 22.65% against 2009 year ended. Main assets included net loans receivables and accrued interest receivables of Baht 11,324.33 million, or 70.29% of total assets.

As of December 31, 2010; allowances for doubtful accounts and allowance for revaluation of debt restructuring was Baht 2,407.70 million compared to Baht 1,931.69 million at the end of 2009, or increased by 24.64%.

**2.2 Sources of Funds :** As of December 31, 2010; main sources of funds were borrowings and deposits worth totally Baht 11,711.40 million, decreased by 30.21% from the 2009 year ended which was consistent with the decrease in assets.

**2.3 Shareholders' Equity :** Shareholders' Equity was Baht 3,964.80 million, or increased by Baht 372.72 million.

### 3. KEY FINANCIAL DATA FOR SEPARATE FINANCIAL STATEMENTS

**3.1 Firm's Value :** At the end of December 31, 2010, book value was Baht 6.64 per share compared with Baht 6.01 per share of the previous year, increased by Baht 0.63 per share.

**3.2 Fund Adequacy :** At the end of December 2010, the ratio of capital fund to risk assets under BIS standard was 28.57% due to decrease in asset size, compared with 18.52% at the end of 2009 whereas the standard ratio stipulated by the Bank of Thailand was 8%.

At the 2010 year-end, Net Capital Rules (NCR) ratio of SICCO Securities Public Company Limited, the subsidiary, was 166.78% higher than 7% required by the Securities and Exchange Commission concerning requirement for net capital rule.

### CASH FLOW

As shown in the Company's unconsolidated statements of cash flow for December 31, 2010 the Company's cash position totaled Baht 628.21 million, increasing by Baht 646.11 million from the previous year, due to the following activities :-

- ➡ Net cash flows provided by (used in) operating activities totaled Baht 154.20 million, as a result of changes in key operating assets and liabilities, as a Company's normal business
- ➡ Net cash flows provided by investing activities totaled Baht 241.42 million. This amount comprises cash received from long-term investments and cash received from disposal of equipment.
- ➡ Net cash flows provided by financing activities totaled Baht 232.59 million. As a result, the cash received from decrease in subordinated deferred purchase price receivable through issuing securitized bonds on securitization program amount of Baht 241.59 million.

# SICCO

## AND SOCIAL RESPONSIBILITIES

As a financial institution that operates under the principle of good corporate governance, the Siam Industrial Credit PCL recognizes its duties and responsibilities to the society and the environment. Thus, it has embraced a policy on social activities in areas covering education, religion and environment, so as to bring the society and communities the betterment and quality living for the blissful coexistence of all. The Company has been pursuing activities aiming to raise the benevolence toward children, the youth and the underprivileged along with their development. Activities carried out in 2010 were as follows:-

### ACTIVITIES ON EDUCATION AND YOUTH

The Company has been engaging in activities on education and the youth continually. They become the token of pride, as the Company hopes that young generations with a thoughtful sense are quality people who can propel national development. These activities were:-

1. “Love & Happiness for Kids” project at Ban Thung Nakkharat School, Tambon Nongya, Amphoe Mueang, Kanchanaburi, where “SICCO CSR Volunteers” had a good opportunity to extend their help to the society along with tender loving care to students. Activities involved hosting lunch; playing fun games and sports; donating textbooks, readers, sports equipments, eating utensils, sweaters and blankets to the needy children. On the same day, the volunteers visited the Day Care Center of Tambon Pak Phraek Municipality, Kanchanaburi and donated pre-school development and learning toy sets, in order to give the disadvantaged students in remote area an easy access to fundamental necessities.



2. Project to donate textbooks, readers, sports equipments, stereo sets, etc. to and host lunch for students at Ban Thatoom School, Amphoe Si Mahapho, Prachinburi, whose library and some classrooms were ruined by fire.





## ACTIVITIES ON SOCIETY

The Company has given support to charities, associations and foundations in aid of the troubled and the underprivileged, as follows:-

**1. Donating electronic devices**, computers, office equipments, electrical appliances, furniture, etc. to the Caring Hearts for Aids Foundation and the Minburi Public Health Service Center no.43, both were organizations undertaking preventive and supportive projects for HIV/AIDS patients and those affected by the disease. The donation was used as operating funds for the Foundation and educational grants for the orphans.

**2. Donating office equipments** and computers to the Phrommarangsi Buddhist Scripture School.

**3. Supporting “Wheelchairs for Thai Disabled” project**, by donating wheelchairs and manual tricycle-wheelchairs to the Thai with Disability Foundation, which would hand them over to the disabled children in need for better quality of life.

**4. Supporting the project on construction of Rajanagarindra Building**, the Asia's Center of Excellence in Tropical Medicine, by making a donation to the funds for purchase of medical equipments for the Rajanagarindra Building.

## ACTIVITIES ON BUDDHISM

Trusting that sustainable development of Thai society can be attained once the society is endowed with virtue and religious observance, the Company has organized activities to cherish the path of Buddhism as follows:-

**1. Moral and Ethical Development Project:** Dharma-Directed Project 1 was co-organized by the Company and SICCO Securities PCL (SSEC) in order to promote the principle of virtue, morality and quality life among the employees.

**2. Meditation Training Project:** Aiming for the strength of mind, wisdom and life force, executives and employees joined the prayers and meditation as well as offered monastic necessities to the monks at Khao Din Temple, Amphoe Si Mahapho, Prachinburi.



**3. Raising donations for Kathin and Phapa ceremonies for the prolongation of Buddhism.**

The Company remains resolute in being an altruistic part of the society as well as being a responsible civil sector that is of benefits and incessantly contributes to the Thai society.

# BOARD OF DIRECTORS



## ➔ **Mr. Wirutt Ruttanaporn**

- Chairman
- Independent Director



## **Assoc. Prof. Dr. Suntir Tirapat** ←

- Chairman of the Audit Committee
- Nomination and Compensation Committee Member
- Independent Director



## ➔ **Mr. Kavi Ansvanada**

- Chairman of the Nomination and Compensation Committee
- Audit Committee Member
- Independent Director



## **Assoc. Prof. Dr. Kamales Santivejkul** ←

- Audit Committee Member
- Nomination and Compensation Committee Member
- Independent Director



➔ **Ms. Kluaymai Devahastin**

▪ Director



**Ms. Araya Phuphanich** ←

Director ▪



➔ **Mrs. Apiphan Charoenanusorn**

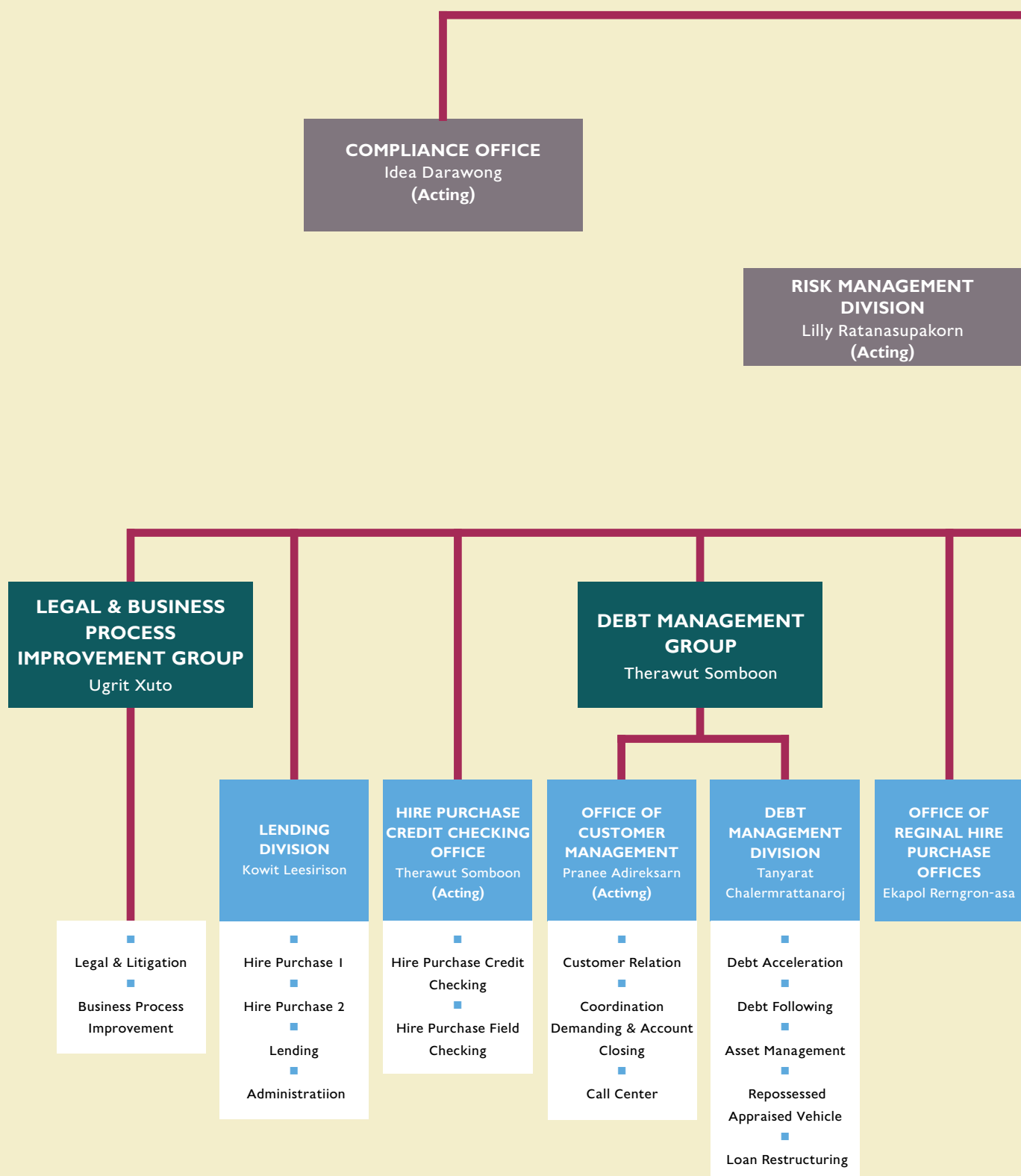
▪ Director

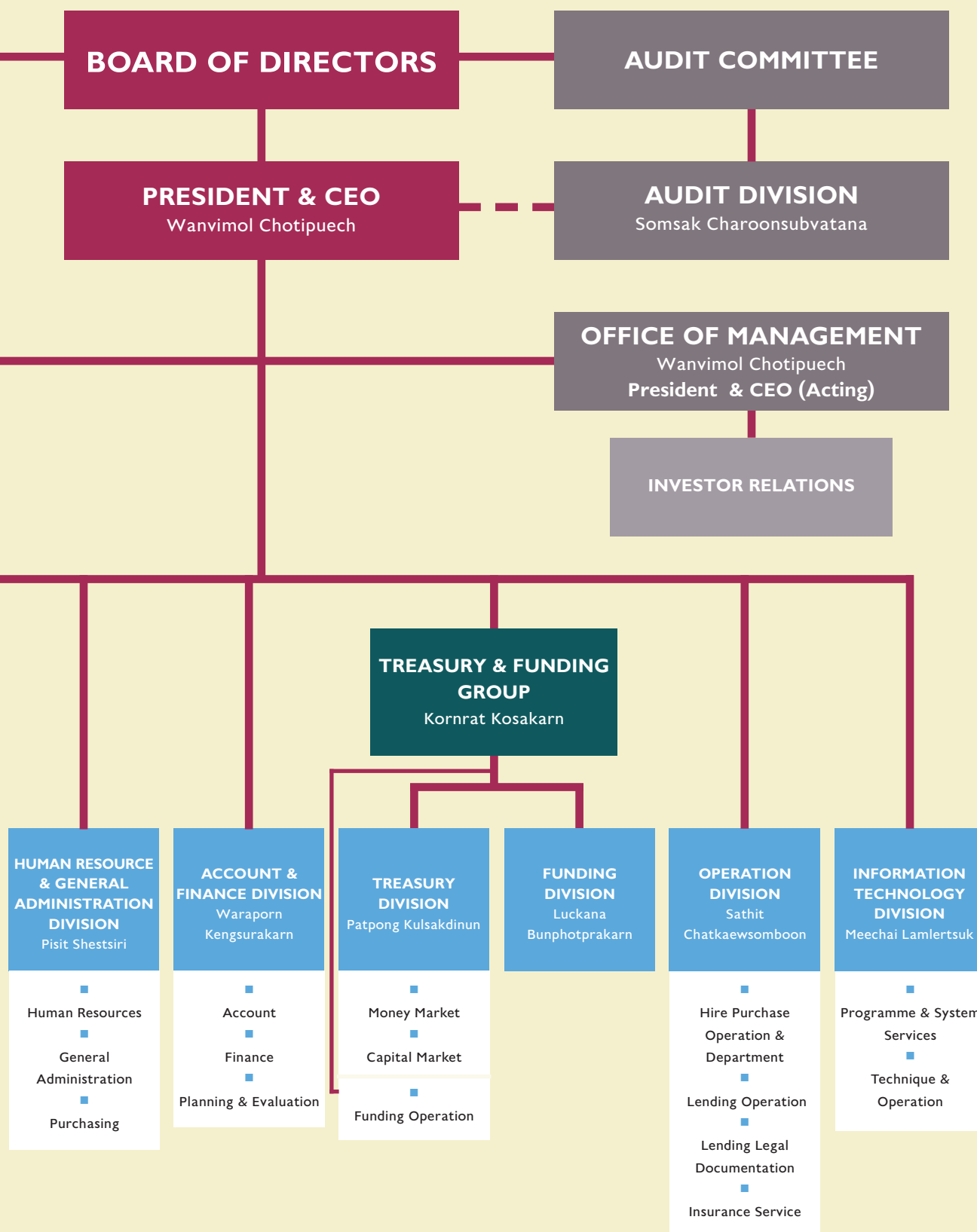


**Ms. Wanvimol Chotipuech** ←

President ▪  
Chief Executive Officer ▪

# ORGANIZATION





# LIST OF MAJOR SHAREHOLDERS

## 10 LIST OF MAJOR SHAREHOLDERS

as of latest book closing at March 19, 2010

No.	Name/Surname	Amount	% of total shares sold
1.	The Siam Commercial Bank PCL	230,883,188	38.65
2.	CITIBANK Nominees Singapore Pte Ltd - UBS AG London Branch - NRBS IFB Client Seg	13,046,700	2.18
3.	Mr. Witsanu Tantatswat	11,880,000	1.99
4.	Mr. Kulawat Janewatanawit	10,500,000	1.76
5.	Thai NVDR Co., Ltd.	8,371,660	1.40
6.	Mr. Visal Kunvisal	7,650,000	1.28
7.	Mr. Anon Kunvisal	7,559,824	1.27
8.	Sripavidh Co., Ltd.	7,543,260	1.26
9.	Pershing LLC - Customer Safekeeping	7,500,000	1.26
10.	Mr. Chutichai Napasub	6,980,000	1.17
Total		311,914,632	52.21
Thai Shareholders		574,052,892	96.09
Foreign Shareholders		23,370,170	3.91
Total		597,423,062	100.00

**Note :** Registered capital 3,345,000,000 Baht (669,000,000 shares)

Paid-up capital 2,987,115,310 Baht (597,423,062 shares)

"Investor could find the information of present major shareholders from [www.sicco.co.th](http://www.sicco.co.th) before the Annual General Shareholders Meeting".

- Directors assigned by the Siam Commercial Bank Public Company Limited, a major shareholder, are Miss Kluaymai Devahastin Mrs. Apiphan Charoenanusorn, and Miss Araya Phuphanich.
- The name of shareholder which was conceal true identity  
- None -

## DIVIDEND POLICY

The Company and its subsidiary have policy to pay dividend not less than 50% of its annual net profit, as well as consideration with the economic situation and the size of the Company's capital fund. The dividend payments must also receive approval at the shareholders' meeting.

Dividends declared in 2009 and 2010 consist of the following:

### The Company

	Approved by	Total Dividends (Baht)	Dividend per shares (Baht)	Earning (Loss) per shares (Baht)	Dividend Payout ratio (%)
Dividends earnings on 2008	Annual General Meeting of the shareholders on April 21, 2009	119,484,612	0.20	0.03	634.50
Dividends earnings on 2009	Annual General Meeting of the shareholders on April 20, 2010	-	-	(0.007)	-

### SICCO Securities Public Company Limited - The subsidiary

	Approved by	Total Dividends (Baht)	Dividend per shares (Baht)	Earning (Loss) per shares (Baht)	Dividend Payout ratio (%)
Dividends earnings on 2008	Annual General Meeting of the shareholders on April 29, 2009	-	-	(0.048)	-
Dividends earnings on 2009	Annual General Meeting of the shareholders on April 28, 2010	19,116,238	0.03	0.040	75.54

# THAI ECONOMIC SITUATION IN 2010 AND OUTLOOK FOR 2011

## THAI ECONOMY IN 2010

The Fiscal Policy Office reported the Thai economic recovery in 2010, which expanded by approximately 7.8% p.a. Such expansion was driven mainly by 15.1% growth in export of goods and services in response to economic recovery of its major trading partners especially Asian and emerging countries. The hike in spending of private sector became a powerful economic driver, with private consumption increasing around 4.8% p.a. in line with favorable employment conditions and agricultural income alongside the rising consumer confidence after the domestic political tension had eased off. Meanwhile, private investment surged by about 15.1% p.a. in consistent with tighter capacity utilization in several industries. This was also encouraged by the tendency of improvement in consumption and export that prompted business sectors to make more investments to support future expansion of both domestic and international demand. Import volume of goods and services in 2010 improved by 22.1% p.a., coinciding with the increase in domestic demand and accelerating export production.

**Internal Economic Stability:** Headline inflation in 2010 climbed to 3.3% because of the pressure from a rise in oil prices due to global economic recovery and upward trend in crop prices that was subject to climate changes. Core inflation (excluding oil and fresh food prices) edged up to 0.9%, while unemployment rate improved to 1.1% of the total labor force as employment rose in response to economic upsurge.

## THAI ECONOMIC OUTLOOK FOR 2011

The Fiscal Policy Office has anticipated that Thai economy in 2011 will continue to expand at a rate as high as 4.5% p.a., with a tremendous support from domestic spending that tends to expand further from 2009 in both consumption and investment areas. Private consumption is expected to grow continually at 4.9% p.a. according to positive employment conditions, higher farm income attributable to major crop prices, adjustment of government employees' minimum wages and officials' salaries, as well as income from tourism sector which is likely to regain after political circumstances normalize. Private investment is predicted to expand by 11.3% p.a. as a result of elevated investor confidence and higher capacity utilization in particular businesses like export-oriented industries which have been considerably high in 2009. External demand is expected to decelerate due to risk from fragility and delay in economic recovery of trading partner countries that might affect Thailand's export sector. In this regard, it is estimated that the export volume of goods and services in 2011 will expand at a slower rate of 6.4% p.a., while import volume of goods and services will decelerate to 8.1% p.a.

**Internal Economic Stability:** Headline inflation in 2011 is forecast to be at 3.5% as a consequence of oil prices in global markets that are likely to stay high and a raise in minimum wages that put heavier pressure on production costs. Unemployment rate is expected to be as low as 1.1% of the total labor force.



## **AUTOMOBILE HIRE PURCHASE BUSINESS IN 2010**

After experiencing a great contraction in the preceding year, automobile market in 2010 was strengthened by positive factors, i.e. overall economic recovery in the country and major export markets, along with satisfying farm income due to strong crop prices and government supportive measures. In addition, domestic automotive market benefited from the acceleration of investment by various industries that boosted up employment rate and consumer confidence, regardless of the political turbulence in the first half-year. Interest rate increased so slightly that, when taking high competition among financing companies into account, it did not significantly affect consumers. Other positive factors influencing domestic automobile market throughout 2010 were the launch of new models and the ongoing popularity of compact cars, which corresponded to global demand for energy-efficient and eco-friendly cars. The aforesaid factors enabled the total automobile sales volume to set a new record of 800,357 (a 45.82% increase), divided into 362,561 private cars (a 51.84% increase), 50,003 commercial cars (a 46.18% increase) and 387,793 one-ton pick-up trucks (a 40.56% increase). Outstanding hire purchase loan balance in the entire commercial bank system in 2010 totaled Baht 487,000 - 499,000 million, increasing by 26.5-29.0% from 2009 year-end. The improvement was due mainly to the hike in economic conditions and automobile sales volume that restored consumer confidence and incited purchases since the beginning of the year.

## **AUTOMOBILE HIRE PURCHASE BUSINESS OUTLOOK FOR 2011**

In relation to 2011 automobile hire purchase business, Kasikornthai Research Center has expected that new-car sales volume will rise around 5.0-10.0% or within a range of 830,000 - 870,000. This presents an opportunity for hire purchase loans in the commercial bank system to grow by 16.5-19.0%, with outstanding loan balance of Baht 560,000 - 590,000 million. This growth is supported by the launches of new compact cars and eco cars, despite negative factors from ascending interest rate movement and upward trend in fuel prices.

As for competition among hire purchase lenders in 2011, the most significant factor remains the fierce competition in new-car hire purchase market. According to the massive hire purchase market cap of Baht 300 billion together with the very low ratio of NPLs to total loan amount when compared to other types of loan, large lenders who have high financing capacity thus consider it is worthwhile to compete in this market even though the profit margin is slim. Auto loan interest rate in early 2011 is expected to go up slightly by 0.1-0.2% from ending 2010 to 2.10-2.20%. The overall increase in auto loan interest rate will be lower than or close to increase in funding costs, as the price structure in this business has been disrupted by the intense competition for market share among major lenders. However, Kasikornthai Research Center has anticipated that these major lenders will not relax their criteria about customer qualifications, but remain the minimum down payment at 20-25% and installment period of 60

months in order to screen quality customers and avoid NPLs. In conclusion, new-car hire purchase market will be dominated by the same leaders. Lenders will not only compete in new-car financing market but also in used-car financing and car-to-cash markets to generate more income.

The Company has adopted policies on rendering hire purchase services of high returns and low NPLs, by putting great emphasis on hire purchase quality, debt collection and continual enhancement of debt management efficiency. Risk management system has been improved in order to mitigate credit risks in loan approval, by developing a scoring system based on vehicle types, setting up an independent unit responsible for credit checking prior to hire purchase loan approval, along with adopting and utilizing the information quality management as a suitable management tool.

## **SECURITIES BUSINESS ENVIRONMENT IN 2010**

Thai stock market in 2010 was the 2<sup>nd</sup> top gainer of ASEAN region, with index rising by approximately 298.22 points from 734.54 points at 2009 year-end to close at 1,032.76 points at 2010 year-end, or a 40.60% market yield. Foreign investors also benefited from the 10% appreciation of Thai Baht in 2010. In the first quarter, the SET index rose above 800 points, due to inflow of European and U.S. investment capital. Thai stock market in the second quarter went sluggish in response to domestic political turmoil, thus resulting in continuous sale by foreign investors. However, the inclination of local institutional investors to make a net buy when the index plunged lower than 750 points had enabled Thai stock market in the second quarter, though inflicted by political rally and a transient disorder, to stand over 700 points. When the rally-controlled area was taken back and situation abated, Thai stock market stood above 800 points again and rocketed further for the next 5 months because of the local institutional investors' buying and the re-entrance of inflow of foreign investment capital that had descended during the second quarter. The market was supported by such domestic factors as better-than-expected expansion of GDPs in the first and second quarters, and a positive momentum of the export sector, taking up more than 60% of GDP, that recorded over 25% export expansion rate and let Thailand claim a strong surplus in the first half-year. Consequently, Thai Baht started to appreciate by averagely 10% throughout 2010 second-half.

The relative rapid appreciation of Thai Baht as compared to regional outcome, the Eurozone debt crisis, and the U.S. measure on recent quantitative easing (QE2) via bond purchases that depreciated the dollar had attracted a capital inflow worth over Baht 250 billion into Thailand as investment in stock and short- to long-term derivatives markets. Another contributory factor in the noticeable growth of Thai stock market at the regional level was the fact that 2010 net profits of listed companies had expanded by more than 20%, thereby prompting analysts to adjust the index forecast several times. Nevertheless, Thai stock market had reached its highest level at 1,055.25 points in early November. Expecting an acceleration in the inflationary pressure in 2011, the Bank of Thailand decided to raise the policy interest rate or 1-day R/P rate from the lowest 1.25% to 2% in 2010, which accordingly dampened the intense trading condition in the last month of 2010.

At 2010 year-end, the SET Index closed at 1,032.76 points, up by 298.22 points or a 40.60% increase, with market dividend yield 2.92 %. Total market value was Baht 8,334,684 million, increasing from Baht 5,873,100 million last year. Average daily turnover value was 28,668.7 million, higher than Baht 17,853.82 million in the previous year. During the year, the SET Index registered the highest level at 1,049.79 points and the lowest at 685.89 points. The MAI Index at ending 2010 closed at 272.79 points, improving by 57.49 points or 26.70%, with market dividend yield was 3.11%, and the total market value increased from Baht 39,131 million last year to Baht 55,128 million. Average daily turnover value was Baht 396.93 million, increasing from Baht 372.43 million of the previous year. During the year, the MAI Index registered the highest level at 272.76 points and the lowest at 199.21 points.

## **SECURITIES BUSINESS OUTLOOK FOR 2011**

Thai stock market in 2011 is expected to be more volatile when compared to the 2010 bull market. Thailand will enjoy a lavish capital inflow supported by positive factors encompassing the GDP growth of around 8%, the appreciation of Thai Baht, the increase in SET-listed companies' aggregate performance of over 20%, the Eurozone debt crisis, and the U.S. economic recovery. However, the effect of aforesaid factors will subsequently wane as it has been forecast that the 2011 GDP will grow by 3.5-4.5%; Thai Baht will not rise beyond Baht 28 per dollar due to greater inflationary pressure; and performance of SET-listed companies will expand by 12-15%. U.S. economic recovery must be observed closely. If employment rate improves and unemployment rate shows sign of decline, the U.S. dollar will correspondingly pick up for the first time after 10 years of constant depreciation. Such case will lead to outflows of capital from stock markets throughout Asia, including Thailand. The SET Index is therefore anticipated to be in the range of 1,189-1,220 points, with potential volatility in the first quarter where adjustments of investment portfolios by institutional investors normally take place. Investment in 2011 is likely to be selective because prices of many stocks have risen considerably in the previous year. After the second quarter, the direction of Thai stock market will become apparent upon the announcement of dividends for 2010 performance and the probable results of 1/2011 operations. Also in the second quarter, U.S. economic recovery will depict a clearer movement after the expiration of quantitative easing 2 (QE2) and the possibility of QE3, which can impact the return of capital inflow into stock market.

Competition in securities business in 2011 tends to be more aggressive. Prior to business liberalization in 2012, stock markets across the world are likely to fluctuate. Analyst papers and investment advices will therefore be more crucial, and be used by many securities companies as service distinction. Additionally, securities companies will seek more income sources other than brokerage fees.

# CORPORATE GOVERNANCE

## PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Based on the principles of Good Corporate Governance being supported by the Stock Exchange of Thailand (SET) for practice among listed companies, the Company recognizes the importance of good corporate governance principles as factors essential to sustainable business; achievement of efficient, transparent and able-to-be-audited management system. These are the keys to efficient and effective operations, for the maximum benefits of shareholders and stakeholders as a whole. The Company has laid a policy and principles of best practices, presented in 5 categories as follows:-

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Responsibilities of the Board

## I. RIGHTS OF SHAREHOLDERS

The Company recognizes the importance of and has respect for shareholder rights; it avoids any actions that violate or infringe on those rights. In this respect, the Company holds its annual general meeting within four months since the fiscal year-end in accordance with governing laws as well as rules and regulations of the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC) and its own Articles of Association. The Company has made every effort to encourage shareholders to attend and vote in the meetings, together with an assisting management system provided before, during, and after the meeting, by adopting the “AGM Checklist” which is co-issued by the Thai Investors Association, the Listed Companies Association, and the SEC.

Apart from that, the Company has made a policy offering shareholders a right to propose for addition of agenda items and to nominate a candidate for the Company's directorship prior to the meeting, with clear criteria regarding timeframe of process and consideration of additional agenda items proposed in advance by shareholders. Such practice has been informed to shareholders through the SET's information system as well as the Company's website. When the Board of Directors resolves to fix the date of shareholders meeting, the Company promptly announces the meeting schedule to the SET, within the information disclosure timeframe.

According to the new Securities and Exchange Act (No.4) B.E. 2551, all sections of which came into effect since 31 August, 2008, section 89/26 prescribes that “a person who has the right to vote shall be a shareholder whose name is recorded in the shareholders' register as of the date determined by the board of directors and the Record Date must not exceed 2 months prior to the date of shareholders' meeting.” Considering that the legal Record Date is an addition of shareholder rights. For Annual General Shareholders' Meeting, the Company has fixed the date for determining shareholders entitled to attend and vote, and the date for register book closing on the following day in order to suspend any registration of share transfer for not less than 14 days prior to the date of suspending share transfer registration. In this regard, the right of shareholders whose names are

recorded in the shareholders' register on the record date shall not be affected even though the information in the shareholders' register as of the date of the shareholders' meeting has been changed. In case resolutions on dividend payment or other important matters are approved, the share registrar book closing date for consequent rights would be fixed after the meeting, in order that any shareholders who object to such resolution can sell their shares.

## **2. EQUITABLE TREATMENT OF SHAREHOLDERS**

The Company puts great emphasis on the shareholders' meeting process in promotion of equitable treatment of shareholders.

### **2.1 Shareholders Meeting**

#### **2.1.1 Before Shareholders' Meeting**

The Company informs its shareholders about the meeting notice, attending criteria, and necessary documents via its website at [www.sicco.co.th](http://www.sicco.co.th) not less than 30 days prior to the meeting. It has designated Thailand Securities Depository Co., Ltd., the Company's registrar, to send these details to all the shareholders for not less than 14 working days prior to the meeting. To allow equal access to the information, the notice and supporting documents are presented both in Thai and English. In addition, the Company announces the meeting schedule through a Thai daily newspaper for at least 3 consecutive days and not less than 3 days before the meeting date.

#### **2.1.2 On the Shareholders' Meeting Date**

The meeting starts at the time specified and when its quorum is legally formed either by shareholders' attendance or by proxy. The resolution of the meeting is taken by majority vote of the attending shareholders and proxies who vote on the basis of, according to the Company's Articles of Association and governing laws, 1 share 1 vote.

On the meeting date, the Company arranges for shareholder attendance registration to begin for at least 2 hours earlier. Preparations of the venue, reception staff and an appropriate number of registration staff are arranged to assist shareholders. A barcode system is used in shareholder and proxy registration for a quick and efficient process, as well as printing of voting tickets for each agenda. These arrangements are carried out in compliance with governing laws and the Good Corporate Governance principles.

In case the shareholders are unable to attend the meeting, they can authorize another person or one of the Company's independent directors to attend such meeting on their behalf. Independent directors are nominated in the meeting notice, dispatched to all shareholders, to act as a shareholder's proxy.

At the 2010 Annual General Shareholders' Meeting with 7 directors attended in the meeting, except Assoc.Prof.Dr. Kamales Santivejkul, Independent Director and Audit Committee Member, as he had taken a business trip abroad. Also attended to answer any inquiries from shareholders were an auditor from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., and the Company's Senior Vice President of Account and Finance Division. In addition, a legal advisor representing a law firm was the inspector and witness of the meeting.

Before the meeting started, the Company Secretary had informed the shareholders about significant information, i.e. information necessary for agendas consideration, as well as relating legal provisions and Company's Article of Association. The Meeting was held based on good corporate governance principles; being transparent and allowing shareholders to fully exercise their rights and make enquiries. The Meeting had reached an understanding on the voting procedure for each agenda, resolution of which would be passed by majority votes and on the basis of 1 share 1 vote. Barcode system was used for vote counting.

During the meeting, the Chairman of the meeting afforded the shareholders ample opportunity to ask questions. The Chairman, the President, and other directors jointly answered shareholders' inquiries, as well as acknowledged to include their comments and suggestions in the decision making on the Company's operations. Significant questions and opinions were noted down in the meeting minutes.

For shareholders' convenience and their utter exercise of voting rights, as well as to allow the meeting to run smoothly, the Board of Directors has assigned the Company Secretary to be responsible for meeting arrangements, shareholders' resolution, minutes of the meeting, a timely disclosure of minutes of the meeting and information. This includes any requisite activities before and after the shareholders meeting, and also systematic archiving of resolutions and minutes of the meeting. For example, before arranging the shareholders meeting and agendas, the Company invites shareholders to propose additional agendas and nominate a qualified and suitable candidate as the Company's director or independent director, which will be further proposed to the Board of Directors. Also, such announcement and process are published via the SET's information system and the Company's website before the meeting notice and documents are dispatched to shareholders. For 2010 Annual General Shareholders' Meeting, there was no additional agenda or director nomination proposed by shareholders. Details were as per the minutes of the meeting posted on the Company's website at [www.sicco.co.th](http://www.sicco.co.th).

### **2.1.3 After Shareholders' Meeting**

The Company submitted the draft minutes of 2010 Annual General Shareholders' Meeting to the SET within 14 days after the meeting, as well as disclosed it through the corporate website at [www.sicco.co.th](http://www.sicco.co.th) for shareholders prompt acknowledgement.

## **2.2 Internal Information Control**

In dealing with the internal information control, the Company has been strictly conforming to the Stock Exchange of Thailand notification concerning the disclosure of executives' securities holding. Inside information control, as well as supervision for executives' quality management, efficiency, effectiveness and true transparency are undertaken. The Company has procedure prohibiting the Directors and executives from revealing its operating results and classified information or using such information for personal benefits or insider trading, before the information is disclosed to the general public via the Stock Exchange of Thailand. There was none trading of such nature during the restricted period.

## **3. ROLE OF STAKEHOLDERS**

The Company also attaches great importance to on the rights of the stakeholders, both internal as its employees, and external as shareholders, investors, creditors, debtors, customers, partners, external auditors, and regulators. As its operational efficiency depends strongly on supports of various stakeholders, the Company is beholden to them in ensuring that these stakeholders enjoy their vested rights, in terms of their respective roles and duties, so as

to ensure that the Company's business activities will proceed smoothly and steadily, as well as to give all the concerning parties fair benefits. Examples include ensuring that shareholders and investors gain access to the Company's information equitably; abiding by all agreement conditions given to its creditors, debtors, customers, and partners; facilitating the work of external auditors with its operational information; ensuring fair contract with customers and partners; and managing to set up the Compliance Unit, etc.

In its Employee Manual, the Company sets the code of business conduct regarding the stakeholders as follows:-

■ **Responsibilities to Shareholders**

1. Be responsible for and treat all shareholders on an equitable basis.
2. Conduct business efficiently and effectively to promote added value of the Company.
3. Encourage all shareholders to fully exercise their rights in protecting corporate interest as a whole.

■ **Responsibilities to Directors, Executives and Employees**

1. Avoid and eliminate any misunderstanding concerning employment relations that may cause conflicts between companies or individuals.
2. Treat other colleagues without any prejudice, encourage teamwork, and promote unity among directors, executives, and fellow employees.
3. Treat other colleagues with compassionate concern for their well-beings, taking into account a pleasant association.
4. Ensure that all directors, executives, and employees understand and be aware of their own rights, duties, and responsibilities to themselves and others.
5. Observe subordinates' knowledge and capabilities, be supportive to and develop subordinates with potential career advancement, which includes position of their superiors.

■ **Responsibilities to Customers, Competitors and the State**

1. Carry out duties with integrity and ethical principles in relation to customers, competitors, and society.
2. Treat customers with fairness and impartiality.
3. Seek to promote an agreeable and sustainable relationship between the Company and its partners, as well as to render quality, accurate, swift, appropriate, and economical services.
4. Not disclose customers' information obtained through business undertaking which is reasonably to be treated as confidential, unless the disclosure is done with their consent or under statutory requirements.
5. Ensure that news or statements being released out are clear, straightforward, not initiating immorality, and respecting individual's right.
6. Pursue the Company's code of best practice and observe the rule of integrity in not giving or accepting gifts or other benefits; not engaging in any activity that may lead to corruption or bribery; not aiding and abetting conducts detrimental to national economy or security; as well as not concealing or involving in transfer or disposal of properties obtained from such misconduct.
7. Avoid any conduct damaging to competitors' reputation.



The Company has established a procedure for handling complaints, suggestions, or recommendations, etc. Stakeholders may use any mechanism in doing so, either by themselves, through the Company's website, by mail or postcard, e-mail, voice-mail, SMS, or via its call center system. Such complaints, suggestions, recommendations, etc will be forwarded to respective responsible units which would consequently take corrective action, make due improvement, and come up with responses to all.

In addition, the Company explicitly states its policy on Corporate Social and Environmental Responsibilities in the Company Manual as "The Company has a policy to steadily underline its mindset on social and environmental responsibilities as an essential component of corporate governance. The Company concentrates particularly on management transparency and quality services, with no policies to approve loans to projects violating laws or possibly having an impact on society or environments. In addition, the Company has strictly abided by governing regulators' rules and regulations relating to social and environmental responsibilities. These matters are deemed a fundamental business basis, which would build up investors' confidence as well as facilitate the Company's business undertaking to the benefit of investors, creditors, debtors, customers, partners and shareholders."

#### 4. DISCLOSURE AND TRANSPARENCY

The Company is well aware that disclosure of its information, both financially and non-financially related, affects the decision making of investors and interested parties. Therefore, it attaches importance to the correct, sufficient, complete and timely information disclosure, so as to provide all stakeholders easy and equal access to such information. Also, the Board of Directors recognizes its responsibility for the preparation of financial statements. To ensure reasonable accuracy of financial statement records and to defend the shareholders' and stakeholders' interests, the Board assigned the Audit Committee to review the Company's financial statements for quarters, 6-month, and the fiscal year for the accuracy and sufficiency in terms of general accounting principles. The reviewed financial reports are then proposed for the Board's consideration. At the same time, the Board of Directors has put a statement of its "Responsibility of the Board of Directors for Financial Reporting" in this annual report.

##### 4.1 Board of Directors Meeting

The Company's Board of Directors comprises of representatives from major shareholder group, independent directors, and executives, being 8 persons in total. In 2010, the Company held its Board of Directors' meetings on a monthly basis, or a total of 12 regular meetings and 6 extraordinary meeting, details are as follows:-

No	Name	Position	Regular Meeting	Extraordinary Meeting
1.	Mr. Wirutt Rattanaporn	Chairman	12	6
2.	Assoc.Prof.Dr. Sunti Tirapat	Independent Director, Chairman of the Audit Committee, and Nomination and Compensation Committee	12	5
3.	Mr. Kavi Ansvananda	Independent Director, Audit Committee Member and Chairman of the Nomination and Compensation Committee	12	6
4.	Assoc.Prof.Dr. Kamales Santivejkul	Independent Director, Audit Committee Member, and Nomination and Compensation Committee	10	6



No	Name	Position	Regular Meeting	Extraordinary Meeting
5.	Ms. Kluaymai Devahastin	Director	11	6
6.	Ms. Araya Phuphanich	Director	11	5
7.	Mrs. Apiphan Charoenanusorn	Director	10	6
8.	Ms. Wanvimol Chotipuech	Director and President	12	6

## 4.2 Management Remuneration

The Board of Directors has assigned the Nomination and Compensation Committee, all members of which are independent directors, to carry out screening and make recommendations to the Board of Directors concerning remuneration of directors, and Chief Executive Officer, including overall budget for employee remuneration. The consideration is made in comparison with that of the entire industry of the same nature, as well as business growth and the Company's profits. Details of remuneration for directors and executives are disclosed as follows:-

### Remuneration in Cash

The Company paid remunerations to Directors and Executives for the year ended 31 December, 2010 as follows:-

Group	Number	Description	2010 Amount (Baht)
Directors	8	Directors' fee and Bonus	2,735,000
Executives	9	Salaries and Bonus	28,845,620

### Remuneration for Directors in Details

No.	Name	Board of Directors	Audit Committee	Nomination and Compensation Committee	Director Bonus for 2009 Per formance	Period
1.	Mr. Wirutt Rattanaporn	420,000	-	-	-	Jan-Dec 10
2.	Assoc.Prof.Dr. Sunti Tirapat	240,000	240,000	10,000	-	Jan-Dec 10
3.	Mr. Kavi Ansvananda	240,000	180,000	15,000	-	Jan-Dec 10
4.	Assoc.Prof.Dr. Kamales Santivejkul	240,000	180,000	10,000	-	Jan-Dec 10
5.	Ms. Kluaymai Devahastin	240,000	-	-	-	Jan-Dec 10
6.	Ms. Araya Phuphanich	240,000	-	-	-	Jan-Dec 10
7.	Mrs. Apiphan Charoenanusorn	240,000	-	-	-	Jan-Dec 10
8.	Ms. Wanvimol Chotipuech	240,000	-	-	-	Jan-Dec 10
Total		2,100,000	600,000	35,000	-	

### Remuneration by representing the Board of Directors of its subsidiary in 2010

Name	Position		Remuneration	
	SSEC	SAC	SSEC	SAC
Ms. Wanvimol Chotipuech	Chairman	President	420,000	-
	Chairman of Remuneration			
	Committee Member		15,000	-

Notes : Subsidiaries include SICCO Securities PCL (SSEC) and SICCO Advisory Co., Ltd. (SAC).

### The first 4 top-rank management of the Company from the President successively are:-

No.	Name	Position
1.	Ms. Wanvimol Chotipuech	President and CEO
2.	Mr. Ugrit Xuto	First Executive Vice President, Legal and Business Process Improvement Group
3.	Mrs. Kornrat Kosakarn	First Executive Vice President, Treasury and Funding Group
4.	Mr. Therawut Somboon	Executive Vice President, Debt Management Group and (Acting) Hire Purchase Credit Checking Office
5.	Mr. Ekapol Rerngron-asa	Senior Vice President, Office of Regional Hire Purchase Offices
6.	Ms. Luckana Bunphotprakarn	Senior Vice President, Funding Division
7.	Mr. Sathit Chatkaewsomboon	Senior Vice President, Operation Division
8.	Ms. Waraporn Kengsurakarn	Senior Vice President, Account and Finance Division
9.	Mr. Somsak Charoonsubvatana	Senior Vice President, Audit Division

### Other Remuneration

- Remuneration as the Company's provident fund contributions paid to 9 executives during 2010 was Baht 2,108,083

### 4.3 Relations with Investors

With respect to information disclosure as prescribed by the Stock Exchange of Thailand (SET), the Investor Relations represents the Company in communication with the SET, the Securities and Exchange Commission (SEC), and shareholders. All information, both in Thai and English versions, is released via the SET's communication channel, the annual registration statement filed with SEC (Form 56-1), the Company annual report, and the Company's web site at [www.sicco.co.th](http://www.sicco.co.th). In addition, the Company adds to its reports the quarterly Management Discussion and Analysis (MD&A), which are submitted to the SET, through the SET's website, and to the SEC. Investors and shareholders can contact the Company's Investor Relations at phone number 0-2263-2100 Ext. 4112 - 4120, facsimile number 0-2255-9905, or e-mail address [ir@sicco.co.th](mailto:ir@sicco.co.th).

## 5. RESPONSIBILITIES OF THE BOARD

The Company's Board of Directors is aware of its duty and responsibility as guided by the Code of Best Practices for listed companies' directors. Emphasis is on good management system in accordance with Total Quality Management (TQM), in order to ensure confidence for shareholders, investors, and all related parties. The Company has stated policy and principles of corporate governance in its Company Manual, which involves major practices as follows:-

1. The Board of Directors is responsible to direct the Company's business as set forth in its Articles of Association, the resolution of the Board of Directors and shareholders, and as provided by law, rules, and regulation of governing authorities.

2. The Board of Directors must discharge their duties responsibly, carefully, honestly and justly, with accountability to shareholders by preserving rights and interests of all shareholders on an equitable basis. Directors shall not corruptly take advantage of the directorship for their own interest.

3. The Board of Directors is obliged to disclose - fully, accurately, clearly, truthfully and timely - information of the Company to shareholders, investors, governing authorities, and public.

4. Ensure to shareholders and related parties of their rights, by seeing that such rights are protected and treated well on an equitable basis.

5. Ensure that there is no conflict of interests, by setting policies and procedures that prevent the Company's executives and related parties from making use of inside information for their own benefits.

6. Constitute in its Company and Personnel Manual the code of business ethics, in view to promote conscience, ethics, and righteous conduct among its staff.

7. As the Company abides by the total quality system which is represented in good corporate governance, internal control and internal audit, it consequently has established appropriate procedures for internal control and audit which include auditing, review and follow-up of its Management System, Risk Management System, and Quality Management System. In addition, the Company also examines its operation to ensure compliance with rules, regulations, standards, working procedures, or other governing practices, for its continuous development.

These policies regarding corporate governance were approved by the Board of Directors' Meeting on January 25, 2005. They would be occasionally assessed and reviewed against changing circumstances, business activities, good practice principles, TQM, as well as the governing rules and regulations.

### Leadership and Vision

The Company's Board of Directors consists of external executives, whose extensive credentials and management experience are to the full benefit of the Company in efficiently developing and directing its corporate policy and business strategies.

In case the Company's Board of Directors has resolved to appoint a new director in replacement of the retired one, the Board also assigns the Company Secretary to meet with the new director for clarification on fundamental details about the Company's business, operating results, including all information necessary for the discharge and commitment of his/her directorship. This would allow the new director to have thorough conception of the Company's business and thus perform fiduciary duties to the fullest.

In addition, the Company has been arranging the self-assessment for the Company's directors, according to the Good Corporate Governance principles, by using the Stock Exchange of Thailand's assessment form as a guideline in preparing the Company's. The directors will review and assess their own performances as the Company's director in the past year, thus filling in the assessment form that comprises of 40 items under 7 topics. The measurement is rated as Strongly agree / Mostly agree / Fairly agree / Improvement recommended.

The 2010 assessment in total was rated at 92.8%, compared with the rate of 2009 at 93.3%, with the following details:-

	2010	2009
1. Role and duties of directors	93.9%	93.2%
2. Strategic and business plan	95.0%	94.2%
3. Risk management and internal control	90.0%	93.1%
4. Supervision against conflict of interests	95.3%	96.6%
5. Monitoring of financial and operating reports	96.3%	97.5%
6. Board of directors meetings	90.9%	94.7%
7. Others (nomination process, compensation review)	90.6%	88.3%

### **Business Ethics**

The Company has put its corporate ethics and credo in writing and included them in the Company Manual, for use as business fundamentals and operational guidelines for directors, executives, and employees. The details are also disseminated through the Intranet, which is the Company's internal website. As well, supporting documents have been published and distributed to all the executives and staffs of the Company, to serve as a practical guideline for them in carrying out the Company's mission with honesty and impartiality. In this regard, management and staff are to keep any information regarding the Company or customers confidential, and not to exploit the information obtained under their duty in the manner that can cause damages to the Company or its customers. Failure to abide by the code of ethics carries a penalty of employment suspension or termination.

### **Balance of Power for Non-Executive Directors**

The Company's Board of Directors comprises 1 Chairman, 3 representatives from major shareholders, 1 executive director, and 3 independent directors which are audit committee members. The Company's balance of power for non-executive directors has therefore been maintained to some degree.

### **Aggregation or Segregation of Positions**

Currently, the Company keeps the titles of Chairman, Chairman of the Audit Committee, Chairman of the Nomination and Compensation Committee, and the President as separate positions, titleholders of which must not be the same person. Such practice aims to segregate duties of governance policy formulation from day-to-day management. This will permit an appropriate check-and-balance system in managing the Company's businesses. Scopes and responsibilities of each managerial position are clearly specified in the Company Manual.

# MANAGEMENT STRUCTURE

The Company's management policy structure comprises the Board of Directors and other board committees, which are Board of Directors, Audit Committee, and Nomination and Compensation Committee.

The Company's management structure consists of:-

- Standing committees appointed by the Board of Directors, namely Credit Committee, Debt Restructuring Committee, Treasury and Investment Committee, and Risk Management Committee.
- Standing committees appointed by the President, namely Hire Purchase Marketing Committee, Debt Collection Committee, Appraiser Selection Committee, Asset Management Committee, Information Technology Committee, Human Resources Committee, and Customer Relations Committee.

## (I) BOARD OF DIRECTORS

All Board members must meet the qualifications set by relevant laws, e.g. Public Limited Companies Act B.E.2535, the Bank of Thailand's regulations, Financial Institutions Business Act B.E.2551, the Stock Exchange of Thailand's regulations, and the Capital Market Supervisory Board's regulations issued under Securities and Exchange Act B.E.2535 as amended by Securities and Exchange Act (No.4) B.E.2551

### Director Qualifications

1. According to Section 68 of the Public Limited Company Act B.E.2535, as follows:-

A director shall be a natural person and

- (1) Being sui juris;
- (2) Not being a bankrupt, incompetent or quasi-incompetent person;
- (3) Not having been imprisoned by a final judgment to a term of imprisonment for an offense against property with dishonest intent;
- (4) Not having been expelled or removed from the official service, a state organization or a state agency on the ground of dishonest performance of duties.

2. Must not possess prohibited characteristics according to Section 24 of the Financial Institutions Business Act B.E.2551, as follows:-

No financial institution shall appoint or allow any person with any of the following qualifications to be or perform the duty of a director, a manager, a person with power of management, or an advisor:

- (1) Being a bankrupt or having been absolved of such status for less than 5 years;
- (2) Having been imprisoned by a final court judgment for an offence related to property committed with dishonest intent, no matter whether there is a suspended sentence;
- (3) Having been expelled or removed from the official service, a state organization or a state agency on the ground of dishonest performance of duties;
- (4) Having been a person with power of management of a financial institution which, at the time of his/her holding office, had its license withdrawn unless an exemption has been granted by the Bank of Thailand;
- (5) Being removed from a position of director, manager or person with power of management in a financial institution under Section 89(3) or Section 90(4) of the Securities and Exchange Act unless an exemption has been granted by the Bank of Thailand;
- (6) Being concurrently a director, a manager, an officer, or a person with power of management of any other financial institution unless an exemption has been granted by the Bank of Thailand;

- (7) Being a manager or a person with power of management other than a position of director of a company which receives credit, guarantee or aval, or has any obligation with the financial institution except:
  - (a) Being a director or an advisor of a financial institution who has no power of management in the financial institution,
  - (b) An exemption is granted by the Bank of Thailand's stipulated criteria.
- (8) Being a political official, a member of parliament, a senator, an elected member of a district council or district administration, or any other political office holder as specified by the Bank of Thailand;
- (9) Being an official of the Bank of Thailand or a former official thereof as specified by the Bank of Thailand, unless being appointed by the Bank of Thailand to assist in rectifying financial condition or operation of the financial institution or holding office in a financial institution that is a state enterprise under the law relating to budget procedures. However, an official of the Bank of Thailand or one having left office in the Bank of Thailand who is yet prohibited to take up the position specified by the Bank of Thailand's criteria is not entitled to the right to buy shares of the financial institution;
- (10) Having other prohibited characteristics or lacking any other qualifications as specified by the Bank of Thailand.

3. Must not possess additional prohibited characteristics in 3 concerns according to notification of the Bank of Thailand No. SorNorSor.14/2009 re Criteria for Approving the Appointment of Director, Manager, Person with Management Authority or Advisor of Financial Institution, as follows:-

#### ■ **Honesty, Integrity and Reputation**

A director, manager, person with management authority, or advisor of a financial institution must not possess prohibited characteristics concerning honesty, integrity and reputation, as follows:-

- 1) Having been removed, by Bank of Thailand or the Office of Securities and Exchange Commission, from a position of director, manager, person with management authority or advisor of a financial institution or a securities company, unless the effective prohibition period has expired or an exemption has been granted by the Bank of Thailand or the Office of the Securities and Exchange Commission, as the case may be;
- 2) Having been charged with, filed a complaint against, or being prosecuted by the Bank of Thailand, or the Office of the Securities and Exchange Commission, or a domestic or overseas government organization, on grounds of fraud or dishonesty under laws relating to financial institution or securities business and other laws, unless such person had been acquitted by a final decision;
- 3) Having been charged with, filed a complaint against, or being prosecuted by any other domestic or overseas government organization beyond those in 2), on grounds of financial fraud or dishonesty, unless such person had been acquitted by a final decision;
- 4) Having or having had conducted or involved in an illegal business, illegal act, or act of deception against others or the general public;
- 5) Having or having had a record or behavior that is unfair to or taking advantage of consumers, or having participated in or supported such act by other parties;
- 6) Having or having had discharged his/her duties in the manner that suggests dishonesty or fraud, or having participated in or supported such act by other parties, which include discrimination, or seek of benefits for oneself or for those in close ties, or participation in any decision that may lead to conflicts of interest;

- 7) Having or having had behaved in the manner that indicates negligence of supervision or duty due as a director, manager, or person with management authority of a financial institution shall perform; that cause the financial institution to become in breach of laws, rules, regulations, bylaws, internal operating manuals, as well as resolutions of the Board of Director or of the Shareholders' Meeting concerning credit approval, investment decision, or any other acts; thereby undermining a trust in the financial institution system, or causing material damage to the reputation, status, or operations of the financial institution or to its customers, such as causing the BIS Ratio to fall below legal requirement, or forbidding the institution to maintain its compulsory level of liquid assets, etc.

#### ■ Competence, Capability and Experience

A director, manager, person with management authority, or advisor of a financial institution must have, at a professional level, competence, capability and experience necessary for and commensurate with respective responsibility and must not possess prohibited characteristics, as follows:-

- 1) Being a political office holder as specified by laws on counter corruption, other than positions specified under Section 24(8) of Financial Institutions Business Act B.E.2551, including a position of member of vice minister committee or vice minister under regulations of Office of the Prime Minister re Vice Minister Committee B.E.2546;
- 2) Being an official of the Bank of Thailand who had left office for no longer than 1 year in a position of director and higher or its equivalent under other titles or a position of division executive or its equivalent under other titles in a unit which, by virtue of his/her office or position, allows access to information of financial institutions;
- 3) Having or having had discharged his/her duties in the manner that indicates lack of accounting standards, risk management standards, or other professional standards for business undertaking, as stipulated by domestic or overseas government organizations or other standardization agencies, such as concealment of actual financial condition or operating results, deliberate failure to disclose material information, revocation of professional licence, etc.

#### ■ Financial Soundness

A director, manager, person with management authority, or advisor of a financial institution must not possess prohibited characteristics concerning financial soundness. That is, such person must not be in default on principal or interest payment to a financial institution or a credit granting company, or be a debtor, both domestically or overseas, classified as substandard, doubtful, doubtful of loss, or loss.

The Company's Board of Directors consists of directors, at a minimum of 5 persons, elected under the Company's Articles of Association. The Board deems it important that the number of executive directors should be assigned just as necessary, with the proportion that will not pose a significant influence, either from the executives, directors or the Management, over the Board's decision making or any deprivation of its independence. As of 31 December, 2010, the Board of Directors had 8 members, being 1 Chairman, 3 representatives from the Siam Commercial Bank PCL, 1 executive director, and 3 independent directors which are audit committee members.

## Members of the Board of Directors

No	Name	Position
1.	Mr. Wirutt Rattanaporn	Chairman
2.	Assoc.Prof.Dr. Sunti Tirapat	Independent Director and Chairman of the Audit Committee
3.	Mr. Kavi Ansvananda	Independent Director, Audit Committee Member and Chairman of Nomination and Compensation Committee
4.	Assoc.Prof.Dr. Kamales Santivejkul	Independent Director, Audit Committee Member and Nomination and Compensation Committee
5.	Ms. Kluaymai Devahastin	Director (authorized to bind the Company)
6.	Ms. Araya Phuphanich	Director
7.	Mrs. Apiphan Charoenanusorn	Director (authorized to bind the Company)
8.	Ms. Wanvimol Chotipuech	Director and President

Ms. Wanvimol Chotipuech, the Company Secretary (Acting) is secretary to the Board of Directors.

### **Duties and responsibilities of the Board of Directors are as follows:-**

1. To direct the Company's business as set forth in its Articles of Association, the resolution of the Board of Directors and Shareholders, and as provided by law, rules, and regulation of governing authorities.
2. To discharge their duties in responsibilities, carefully, honestly and justly, with accountability to shareholders by preserving rights and interests of all shareholders on an equitable basis. Directors shall not corruptly take advantage of the directorship for their own interest.
3. To determine or approve corporate goal, vision, mission, strategic direction, plan and aim, as well as significant policies and guidelines for business operation. This includes review or amendment thereof as appropriate to circumstances and business situation.
4. Review and follow up operating results to ensure observance of corporate goal, vision, mission, strategic direction, plan and aim, including significant policies and regulations set forth by the Board of Directors.
5. To elect, according to its Articles of Association, one director as Chairman of the Board, who shall be responsible for keeping the balance among committees i.e. executive directors, directors representing major shareholders, directors representing individual shareholders, independent directors, etc. The Chairman's responsibility involves encouraging every director to participate in the Board freely and actively, together with undertaking to a decision making for the Board of Directors' resolution on its business operation.
6. To elect qualified directors under regulations of the Stock Exchange of Thailand as the Audit Committee, Nomination Committee, Compensation Committee, and other necessary standing committees.
7. According to the Company's Articles of Association, to appoint the President as the Board of Directors' Representative to manage, full time, the Company's operation.
8. To review, follow up and ensure that the Company has proceeded an adequate and appropriate corporate governance system, adequate risk management system, regular internal audit, as well as that it has pursued the corporate governance policy and risk management policy, both approved by the Board of Directors.



9. In accordance with the Company's Articles of Association, to report to the shareholders its operating results and financial statements for each fiscal year, in well time as well as in an accurate, complete, standardized, transparent, equitable and fair manner.

### **Authorized Directors**

Directors authorized to sign on behalf of the Company are Ms. Wanvimol Chotipuech, or Mrs. Apiphan Charoenanusorn or Ms. Kluaymai Devahastin. Two of these three directors shall enter into a binding transaction on the Company's behalf by jointly signing their names together with the Company seal.

These authorized directors shall appoint a person to act on their behalf by jointly signing their names together with the Company seal.

### **Approval Authority for hire-purchase business**

#### **Approval Authority**

Board of Directors'

Credit Committee

President and CEO

#### **Credit Limit**

Unlimited

Not more than Baht 50 million

Not more than Baht 20 million

## **(2) Audit Committee**

The Audit Committee consists of 3 independent directors, which are non-executive directors, acting as the representative of the Company's directors in monitoring and reviewing internal control system as well as monitoring and reviewing the Company's business operations, quality system practice, and corporate governance practice which are parts of the quality system. Their responsibility also includes making recommendation as necessary for improvement of quality system and internal control system, in order to ensure suitability, adequacy, and efficiency of both the operating and quality systems.

### **Duties and Responsibilities of the Audit Committee**

The Audit Committee reports to the Board of Directors. Scope, duties and responsibilities of the Audit Committee are set forth by the Board of Directors, as follows:-

1. To oversee that the Company's financial reporting process and the disclosure of its financial information are accurate and sufficient.
2. To ensure that the Company has suitable and effective internal control and internal audit systems; to review the independence of the internal audit unit; as well as to approve the promotion, transfer, termination and performance reward of the head of internal audit unit.
3. To supervise the Company to comply with Securities and Exchange Act, the Stock Exchange of Thailand's regulations, and laws relating to the Company's business.
4. To consider, select and nominate independent persons as the Company's auditors; to propose remuneration thereof; as well as to attend a non-management meeting with the auditors at least once a year.
5. To consider connected transactions or any transactions with possible conflicts of interest, ensuring that these transactions are in accordance with laws and the Stock Exchange of Thailand's regulations, reasonable and for the best interest of the Company.
6. To prepare and disclose, in the Company's annual report, the Audit Committee's report, duly signed by the Audit Committee Chairman and containing at least information required by the Stock Exchange of Thailand or by governing laws as follows:-

- (a) Opinion on the accuracy, completeness and credibility of the Company's financial reports.
  - (b) Opinion on the adequacy of the Company's internal control system.
  - (c) Opinion on the compliance with Securities and Exchange Act, the Stock Exchange of Thailand's regulations, or the laws relating to the Company's business.
  - (d) Opinion on the suitability of external auditors.
  - (e) Opinion on transactions with possible conflicts of interest.
  - (f) Number of the Audit Committee meetings and the attendance thereof by each committee member.
  - (g) Opinion or overview comment the Audit Committee received from its performance of duties in accordance with the Committee's Charter.
  - (h) Other transactions deemed to be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.
7. To report to the Company's Board of Directors for rectification within the period the Audit Committee thinks fit, when it finds or suspects that there is a transaction or any act as follows:-
- (a) Transaction that leads to conflicts of interest.
  - (b) Fraud, irregularity or material defect in the internal control system.
  - (c) Violation of Financial Institutions Business Act, Securities and Securities Act, the Bank of Thailand's regulations, the Stock Exchange of Thailand's regulations, or laws relating to the Company's business.

If the Company's Board of Directors or the Management fails to make relevant rectification within the period determined by the Audit Committee, the Audit Committee must report such events in the Company's annual report as well as report to the Bank of Thailand, and the Office of Securities and Exchange Commission, or the Stock Exchange of Thailand.

- 8. To perform any other acts as assigned by the Company's Board of Directors.

The Audit Committee consists of 3 independent directors. In 2010, the Committee held 11 meetings, 6 of which were regular meetings (done on a bi-monthly basis), the other 5 were extraordinary meetings. Details are as follows:-

No	Name	Position	Regular Meeting	Extraordinary Meeting
1.	Assoc.Prof.Dr. Sunti Tirapat	Chairman of the Audit Committee	6	4
2.	Mr. Kavi Ansvananda	Audit Committee Member	6	5
3.	Assoc.Prof.Dr. Kamales Santivejkul	Audit Committee Member	6	5

All the Audit Committee have adequate expertise and experience to audit creditability of the financial reports (see detail in profile of Directors). Senior Vice President of Audit Division is the Secretary to the Audit Committee.

### (3) NOMINATION AND COMPENSATION COMMITTEE

The Board of Directors has established the Nomination and Compensation Committee and assigned 3 independent directors namely Mr. Kavi Ansvananda, Assoc.Prof. Dr. Sunti Tirapat and Assoc.Prof. Dr. Kamales Santivejkul to sit in the Committee.

#### ■ Duties and Responsibilities Concerning Nomination

The Nomination Committee has the duty of selecting and nominating replacements for directors. Selecting persons to fill vacancies in significant managerial positions is one of the Board of Directors' roles, in order to seek competent and capable persons suited to look after the shareholders' interests, direct business on behalf of the shareholders, as well as carry on significant duties in the Company. The Nomination Committee has discharged said duties under the following practices:-

- According to its Articles of Association, the Company shall have at least 5 directors, without any limitation regarding the maximum number. The appropriate number thereof shall be determined by shareholders, in Shareholders Meeting.
- All shareholders have equal right to nominate to Shareholders Meeting a person they consider qualified and competent as a candidate for the Company's director. In pursuant to law, such election is under the discretion of shareholders, and the elected candidate must also be approved by the Bank of Thailand.
- Appointment of a director in replacement of any vacancy during the effective term of office is a legal discretion of directors. In the nomination and selection process, all directors have equal right to nominate a person they consider qualified and competent as a candidate for the vacant directorship. The appointed director must also be approved by the Bank of Thailand.
- The Board of Directors may assign any director(s) or person(s) to screen, select and consider the qualifications of nominees for any positions, and to propose its nomination to the Board of Directors for approval.

Director appointment by the Shareholders Meeting is done under following rules and conditions:-

- 1) Each shareholder has votes of one share for one vote.
- 2) Each shareholder shall exercise all his/her votes as mentioned in (1) to elect one or several persons as directors.
- 3) The person who receives the highest votes in descending order of the votes shall be elected as directors at the number equal to the number of directors to be elected at that time. Under descending order of highest votes; if two persons tie for last number of director who shall be elected, the chairman of the meeting is entitled for a casting vote.

#### Retirement of Director

Related to Company's Article of Association determines that "At every annual ordinary meeting of shareholders, one-third of directors shall be retired. If the number of directors cannot be divided into three parts, the number of directors closest to one-third shall be retired.

The directors retired from their offices in the first and second year after the registration of the Company shall be made by drawing lots. For subsequent years, the director who has been longest in the office shall be retired.

In case numbers of directors who have been in the position for same duration are more than number of retired directors, the directors shall retire from the position by drawing lots. The directors retired may be re-elected."

Directors assigned by the Siam Commercial Bank Public Company Limited, a major shareholder, are Ms. Kluaymai Devahastin, Ms. Araya Phuphanich, and Mrs. Apiphan Charoenanusorn.

## ■ Duties and Responsibilities of the Compensation Committee

1. Select qualified candidates for Directors and President and determine the budget for staffs' remunerations in fairly basis.
2. Define the recruitment procedures and criteria for Directors and President and recommendations their names to the shareholders' meeting for approval.

## Criteria of Fixing Remuneration

In general practice, the Board of Directors had assigned the Compensation Committee to assess criteria and suitability of directors' remunerations, based on role and responsibilities, type of business, and in comparison with remunerations by listed companies of similar natures. The Compensation Committee reviews directors' remuneration at least once a year, before making recommendation to the Board of Directors who would subsequently proposes it to shareholders.

The Annual General Shareholders Meeting No 1/2003, held on April, 22 2003, approved remuneration for directors, as follows:-

1) Base fee for every Director	20,000	Baht/month
2) Fee for Chairman	15,000	Baht/month
3) Fee for Executive Director	10,000	Baht/month
4) Fee for Chairman of Audit Committee	20,000	Baht/month
5) Fee for Audit Committee Member	15,000	Baht/month
6) Meeting fee for Compensation Committee Chairman	15,000	Baht/meeting
7) Meeting fee for Compensation Committee Member	10,000	Baht/meeting

These fees were effective since the Fiscal Year 2003 starting January 1, 2003 onwards, until being revoked or amended by the Shareholders Meeting. The Board of Directors considered that such fees should remain unchanged.

Directors Bonus, as approved by the Annual General Shareholders Meeting No 1/1997 on April 3, 1997, is at the rate of 1% of dividend paid to shareholders, effective until being amended by the shareholders. The Board of Directors considered that such fees should remain unchanged.

## Qualifications of Independent Directors

The Company recognizes the important role of independent directors in promoting the independence of the Board of Directors, handling and settling any conflicts of interests among such involved parties as the Company, the major shareholders, or the Management. Thus, the Company draws up a guideline in selecting a qualified, competent, and unbiased person to be its independent director, so that Board of Directors can, under the transparent course of practices, accomplish its objectives and duties as assigned by the shareholders.

The Board of Directors has set criteria of qualifications for selecting an independent dependent as follows: -

- (1) Holding shares not more than 0.5% of the total shares with voting right of the Company, its parent company, subsidiary, affiliated company, major shareholder or controlling person. Such shareholding shall include the shares held by related persons of such independent director.
- (2) Not being or having been an executive director, employee, staff, or advisor who receives regular salary; or a controlling person of the Company, its parent company, subsidiary, affiliated company, subsidiary of the same level, major shareholder or controlling person of the Company, unless the foregoing status has ended not less than 2 years before taking up the position. Nevertheless, such prohibited characteristics exclude the person who had been a government official or an advisor to any government organization that is the Company's major shareholder or controlling person.
- (3) Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the child - of the executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiary.

- (4) Having no business relationship with the Company, its parent company, subsidiary, affiliated company, major shareholders, or controlling person of the Company in the manner which may impede his/her independent discretion; and neither being a shareholder holding more than 10% of the total shares with voting right (including those held by related persons); neither being nor having been a controlling person of those having business relation with the Company, its parent company, subsidiary, affiliated company, major shareholders or controlling person of the Company, unless the foregoing characteristic has ended for not less than 2 years before taking up the position.

Business relationships above shall include any normal commercial transaction in business undertaking; a rental or lease of immovable property; a transaction relating to assets or services; a grant or receipt of financial assistance via lending, borrowing or guarantee; an offer of assets as collateral as well as any similar action that results in the Company or its counter party being indebted to the other for the amount of 3% of net tangible asset or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board concerning Criteria of Connected Transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences.

- (5) Not being or having been an auditor of the Company, its parent company, subsidiary, affiliated company, major shareholder or controlling person, and not being a shareholder holding more than 10% of total shares with voting right (including those held by related persons), controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliated company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years before taking up the position.
- (6) Not being a professional advisor of any kind which includes legal advisor or financial advisor who receives an annual service fee exceeding Baht 2 million from the Company, and not being a shareholder holding more than 10% of total shares with voting right (including those held by related persons), controlling person, or partner of the professional advisor, unless the foregoing relationship has ended not less than 2 years before taking up the position.
- (7) Not being a director appointed as a representative of the Company's directors, its major shareholder, or shareholder related to major shareholders.
- (8) Not undertaking any business similar to or competing with that of the Company to a significant extent, or not being a partner holding shares in a partnership exceeding 10%, or an executive director, employee, staff, or advisor who receives regular salary from or has more than 1% shareholding in any other company that undertakes any business similar to and competing with that of the Company or of its subsidiary to a significant extent.
- (9) Not having any characteristics that make him/her incapable of expressing independent opinions with regard to the applicant's business affairs.

The abovementioned corporate definitions of independent directors are stricter than the minimum requirements set by the Stock Exchange of Thailand regarding shareholding limit of an independent director.

Qualifications and components of independent directors shall further comply with criteria by the notifications of the Capital Market Supervisory Board no. TorChor. 28/2008 and TorChor. 4/2009 (2<sup>nd</sup> Edition) re Application for and Approval of Newly Issued Shares Offering, dated December 15, 2008 and February 20, 2009 respectively, as well as with criteria in other updated notifications.

## INTERNAL CONTROL AND INTERNAL AUDIT SYSTEMS

The Company recognizes the importance of internal control system, regarding the internal control as a significant part of corporate operational risk management. The Company's internal control system is initiated by policies of the Board of Directors and the management, written guidelines of which are included in the Company Manual. Detailed procedures concerning internal control, together with risk management system are put in written form, and announced to all personnel.

The Company's Audit Division is responsible for auditing and assessing the internal control of all operational level. It is independent and thus able to perform its check-and-balance duty to the utmost. The Division reports the audit results directly to the Audit Committee, who will subsequently present the reports to the Board of Directors every other month. In addition, the Company annually prepares Internal Control System Adequacy Assessment Report and presents it to the Board of Directors. For 2010, the report was presented to the Board of Directors Meeting No.1/2011 on February 3, 2011, in which all independent directors and Audit Committee members were present. The Board had considered the Internal Control System Adequacy Assessment Report, drawn up from a self-assessment form using the guidelines of the Office of the Securities and Exchange Commission as a master pattern. The Company's assessment of internal control system adequacy was divided into 5 areas, namely Organizational and Environment, Risk Management, Management Control, Information Technology and Communication System, and Monitoring System. The Board was of the opinion that, in general, the Company had adequate internal control system compatible with business undertaking. Such control system included transactions with major shareholders, directors, executives, or related persons. Besides, the Company had developed measures managing various risks systematically, as well as supervised such measures to function efficiently. In addition, the external auditors appointed by shareholders will conduct an internal control assessment in every accounting year, so as to be used as information supplementing their financial auditing and auditors' opinion.

## RELATED PARTY TRANSACTIONS

The Company disclosed information regarding business transactions with its subsidiaries and related parties (related by way of common shareholders and/or common directors) under item 28 of notes to the financial statements for the year ended December 31, 2010.

### Items with Possible Conflict of Interests

The Company's Board of Directors and executives are knowingly cautious about possible conflict of interests and connected transactions, and therefore carefully, fairly, and transparently consider such transactions as to their appropriate effects. Where there is an event, at a Board of Directors' meeting, that a director happens to have any conflict of interest in a particular agenda, such director would abstain from voting and not attend the meeting at the consideration of the related matter. The Company has set: measures for standard practice as follows:-

**Measure or Process of Approving Connected Transactions** In case the Company or its subsidiaries enters into a connected transaction, or involves in an acquisition or a disposition of substantial assets under the notification of the Stock Exchange of Thailand governing such connected transaction, the Company must comply with the said rules and procedures.

**Measure on Individual Investors Protection** The Company also adopted a policy on having its external auditors and independent directors to review and approve connected transactions, in order to protect individual investors, as well as to ensure general business practice with fair price between the Company and person of future business relationship. The connected transactions that require no approval from the shareholders meeting shall be approved by the Board of Directors, without the votes from directors having related interests.

The Company has no policy encouraging related parties to execute any connected transactions. If there is one, however, such transaction will be dealt under normal business practice, which is transacted on an arm's length basis.

## AUDITOR REMUNERATION

### 1. Audit fee

The Company and its subsidiary companies paid the audit fee for the year 2010 to Deloitte Touche Tohmatsu Jaiyos Company Limited with total audit fee of Baht 3,410,000, compared with Baht 4,544,000 in 2009. Details are as follows:-

(Unit : Baht)

Item	Company	Audit fee	
		2010	2009
1.	The Siam Industrial Credit PCL	1,740,000	2,130,000
2.	SICCO Securities PCL	1,000,000	1,104,000
3.	SICCO Advisory Co., Ltd.	110,000	200,000
4.	SICCO Special Purpose Vehicle 1 Co., Ltd.	-	250,000
5.	SICCO Special Purpose Vehicle 2 Co., Ltd.	250,000	320,000
6.	SICCO Special Purpose Vehicle 3 Co., Ltd.	250,000	320,000
7.	SSEC Asset Management Securities Co., Ltd.	60,000	220,000
Total		3,410,000	4,544,000

Apart from auditing business, Deloitte Touche Tohmatsu Jaiyos Co., Ltd. and such auditors had no other relations with the Company.

### 2. Non-audit fee

The Company paid non-audit fees to Deloitte Touche Tohmatsu Jaiyos Company Limited for extraordinary assignments are following:-

(Unit : Baht)

Item	Company	Non-audit service	Non-audit fee
1.	The Siam Industrial Credit PCL	Extra audit report following to the Bank of Thailand	250,000
2.	The Siam Industrial Credit PCL	Special audit fee for hire purchase loans and properties foreclosed	400,000
3.	The Siam Industrial Credit PCL	Tax advisory fee *	300,000
4.	SICCO Special Purpose Vehicle 2 Co., Ltd.	Special audit fee for revolving and servicing report	140,000
5.	SICCO Special Purpose Vehicle 3 Co., Ltd.	Special audit fee for revolving and servicing report	140,000
Total non-audit fee			1,230,000

\* Non-audit service fee for Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd.

# TYPE OF BUSINESS

## FINANCE BUSINESS

The Siam Industrial Credit Public Company Limited, registration no. BorMorJor. 0107536001419 was granted by the Ministry of Finance to undertake finance business as follows:-

1. Business of Finance for Commerce
2. Business of Finance for Development
3. Business of Finance for Disposition and Consumption
4. Business of Finance for Housing

## INCOME STRUCTURE

Structure	2009		2010	
	Million Baht	%	Million Baht	%
1. Interest and Dividend Income				
Loans and deposits	114.83	5.95	35.48	2.17
Hire purchase income	1,480.29	76.74	1,143.66	69.90
Securities	116.32	6.03	116.77	7.14
Total interest and dividend income	1,711.44	88.72	1,295.91	79.20
2. Non-Interest Income				
Gain on investment	(108.32)	(5.62)	38.86	2.38
Fees and service income	182.60	9.47	166.68	10.19
Income from suggestion insurance company for customers	50.89	2.64	40.63	2.48
Other Income	92.41	4.79	94.11	5.75
Total Non-Interest Income	217.58	11.28	340.28	20.80
<b>Total Income</b>	<b>1,929.02</b>	<b>100.00</b>	<b>1,636.19</b>	<b>100.00</b>

## SUBSIDIARY COMPANIES

1. SICC0 Securities Public Company Limited, the Company's subsidiary registration no. BorMorJor. 0107542000038, was granted Securities License No.001/1999 from the Ministry of Finance since January 4, 1999 to undertake the following businesses:-

- 1) Securities Brokerage
- 2) Derivatives Brokerage
- 3) Selling Agent
- 4) Underwriting Service
- 5) Securities Trading



6) Investment Advisory

7) Securities Borrowing and Lending

2. SICCO Advisory Company Limited is a subsidiary of the Company, operates its business in Thailand and has been granted a full license to operate in financial advisory. The Company now holds 70.06% indirect interest in the registered equity of such company.

3. SSEC Asset Management Securities Company Limited is a subsidiary of the Company, operates its business in Thailand and has been granted to manage private fund, provide financial advisory and other business that generally has been granted by the Office of the Securities and Exchange Commission (Thailand). At present, the subsidiary has registered the dissolution with the Ministry of Commerce on February 11, 2011.

4. SICCO Special Purpose Vehicle 1 Company Limited, SICCO Special Purpose Vehicle 2 Company Limited and SICCO Special Purpose Vehicle 3 Company Limited are subsidiaries of the Company which were incorporated under the Civil and Commercial Code of Thailand, and under the securitization law on March 8, 2005, May 15, 2006 and February 21, 2007, respectively.

SICCO Special Purpose Vehicle 1 Company Limited has registered the dissolution with the Ministry of Commerce on December 29, 2009, and registered the liquidation with the Ministry of Commerce on February 7, 2011.

SICCO Special Purpose Vehicle 3 Company Limited has registered the dissolution with the Ministry of Commerce on November 22, 2010, and is being in the liquidation process.

## INCOME STRUCTURE OF SUBSIDIARY COMPANIES

Business	% of Shareholding	Income Structure	2009		2010	
			Million Baht	%	Million Baht	%
Securities Business						
SICCO Securities	70.06	Interest and Dividend	35.32	5.78	37.29	8.60
Public Company		Brokerage Fees	323.31	52.93	352.77	81.40
		Fees and Service	8.24	1.35	8.96	2.07
		Gain on Trading in Securities	1.21	0.20	1.32	0.30
		Other Income	0.30	0.05	0.40	0.09
		Total	368.38	60.31	400.74	92.47

Business	% of Shareholding	Income Structure	2009		2010	
			Million Baht	%	Million Baht	%
Advisory Service						
SICCO Advisory Co., Ltd.	70.06	Interest and Dividend	0.31	0.05	0.22	0.05
		Fees and Service	0.90	0.15	6.07	1.40
		Brokerage Fees	-	-	-	-
		Gain on Trading in Securities	-	-	-	-
Total			1.21	0.20	6.29	1.45
SSEC Asset						
Management Securities Co., Ltd.	70.06	Interest and Dividend	0.06	5.71	-	-
		Fees and Service	0.93	88.57	0.01	-
		Other Income	0.06	5.71	-	-
			1.05	100.00	0.01	-
SICCO Special Purpose Vehicle 1 Co., Ltd.	98.50	Interest and Dividend	0.28	0.05	-	-
		Income from	28.97	4.74	-	-
		securitization	4.06	0.66	-	-
		Fees and Service	0.30	-	-	-
Total			33.61	5.50	-	-
SICCO Special Purpose Vehicle 2 Co., Ltd.	100.00	Interest and Dividend	0.22	0.04	0.18	0.04
		Income from				
		securitization	111.95	18.33	6.83	1.58
		Fees and Service	6.20	1.02	7.69	1.77
Total			118.37	19.38	14.70	3.39
SICCO Special Purpose Vehicle 3 Co., Ltd.	100.00	Interest and Dividend	0.13	0.15	0.14	0.03
		Income from				
		securitization	86.66	97.12	8.29	1.91
		Fees and Service	2.44	2.73	3.21	0.74
Total			89.23	14.61	11.64	2.69
TOTAL INCOME			610.80	100.00	433.37	100.00

# GENERAL INFORMATION

## NAME AND HEAD OFFICE

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The Siam Industrial Credit Public Company Limited  
Registration No. BorMorJor. 0107536001419  
103-132 Sindhorn Tower II, 3<sup>rd</sup>-5<sup>th</sup> Floors,  
Wireless Road, Lumpini, Patumwan, Bangkok 10330  
Telephone 0-2263-2100, 0-2650-9990 (automatic)  
Fax 0-2263-2044, 0-2263-2046  
Website <http://www.sicco.co.th>  
e-mail [info@sicco.co.th](mailto:info@sicco.co.th)  
Call center 0-2620-1111

## REGISTERED CAPITAL

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669,000,000 ordinary shares, par value of Baht 5.00 each, total Baht 3,345,000,000

## ISSUED AND PAID-UP CAPITAL

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As of December 31, 2010 - 597,423,062 ordinary shares, par value of Baht 5.00 each,  
total Baht 2,987,115,310

## TYPE OF BUSINESS

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The Company is granted Finance Business License for the following:-

1. Business of Finance for Commerce
2. Business of Finance for Development
3. Business of Finance for Disposition and Consumption
4. Business of Finance for Housing

## OTHER REFERENCE PERSONS

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### Securities Registrar

Thailand Securities Depository Company Limited  
62 The Stock Exchange of Thailand Building,  
Rachadapisek Road, Klongtoey, Bangkok 10110  
Telephone 0-2229-2800, 0-2229-2888 (Call Center)  
Website [www.tsd.co.th](http://www.tsd.co.th)

## External Auditors

Deloitte Touche Tohmatsu Jaiyos Co., Ltd.

Rajanakarn Building 25<sup>th</sup> Floor,

183 South Sathorn Road, Yannawa,

Sathorn, Bangkok 10120 Thailand

Telephone 0-2676-5700

Fax 0-2676-5757

1. Mr. Chavala Thienpasertkij CPA No.4301

2. Mr. Niti Jungnitnirundr CAP No.3809

3. Mr. Permsak Wongpatcharapakorn CPA No.3427

Note : Approved by the 1/2010 Annual General Shareholders Meeting on April 20, 2010

## LEGAL ADVISORS

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### Vickery & Worachai Lintied

93/1 Diethelm Tower A 16<sup>th</sup> Floor, Wireless Road,

Lumpini, Patumwan, Bangkok 10330

Telephone 0-2256-6311-4, 0-2650-9691

### Boonsom & Manoch Interlaw Limited

104 Panawongse Building 9<sup>th</sup> Floor,

Surawongse Road, Siphaya, Bangrak, Bangkok 10500

Telephone 0-2637-0188-93, 0-2267-2815-6

### Darakara Lawyer & Business Advisor Co., Ltd.

194/16-17 Ladprao Soi 10, Ladyao, Chatuchak, Bangkok 10900

Telephone 0-2512-5197, 0-2513-4886

**Company's Investment in its subsidiary, associated and related companies, exceeding 10% of the paid-up capital of such companies**

(Unit : Thousand Baht)

Name	Location	Type of business	Type of invested security	Investment		
				Paid-up share capital	amount Cost method	% of share-holding
Subsidiary Companies						
SICCO Securities Public Company Limited (included equity in SICCO Advisory Co., Ltd. and SSEC Asset Management Securities Co., Ltd.)	130-132 Sindhorn Tower II 1 <sup>st</sup> , 2 <sup>nd</sup> , 5 <sup>th</sup> and 6 <sup>th</sup> Floors, Wireless Road, Lumpini, Patumwan, Bangkok 10330 Tel. 0-2627-3100 (automatic) Fax 0-2263-2043	Securities	Ordinary	637,215	497,435	70.06%
SICCO Special Purpose Vehicle 1 Co., Ltd.*	130-132 Sindhorn Tower II 5 <sup>th</sup> Floors, Wireless Road, Lumpini, Patumwan, Bangkok 10330	Securitization	Ordinary	40	39	98.50%
SICCO Special Purpose Vehicle 2 Co., Ltd.	130-132 Sindhorn Tower II 5 <sup>th</sup> Floors, Wireless Road, Lumpini, Patumwan, Bangkok 10330	Securitization	Ordinary	40	4	100.00%
SICCO Special Purpose Vehicle 3 Co., Ltd.**	130-132 Sindhorn Tower II 5 <sup>th</sup> Floors, Wireless Road, Lumpini, Patumwan, Bangkok 10330	Securitization	Ordinary	40	4	100.00%

\* SICCO Special Purpose Vehicle 1 Company Limited has registered the dissolution with the Ministry of Commerce on December 29, 2009, and registered the liquidation with the Ministry of Commerce on February 7, 2011.

\*\* SICCO Special Purpose Vehicle 3 Company Limited has registered the dissolution with the Ministry of Commerce on November 22, 2010, and is being in the liquidation process.

# PROFILE BOARD

## MR. WIRUTT RUTTANAPORN

### Position

- Chairman
- Nomination and Compensation Committee Member
- Independent Director

### Age 68 years

### Education

- National Defence College, Joint Public Private Course 377
- Bachelor of Commerce, Thammasat University
- M.B.A., Michigan State University, USA.

### Training Courses

- Directors Certification Program (DCP) 22/2002, by Thai Institute of Directors Association

### Experience

- |           |  |
|-----------|--|
| 1999-2003 | ▪ Vice President,<br>The Siam Commercial Bank PCL.   |
| 2001-2007 | ▪ Director, Siam Commercial<br>Samaggi Insurance PCL.  |
| 2003-2008 | ▪ Director, SCB Asset Management<br>Co., Ltd.  |
| 2007-2009 | ▪ Advisory Board of Director, Siam<br>Commercial Samaggi Insurance PCL.  |
| Present   | ▪ Chairman, Singburi Sugar Co., Ltd.<br>▪ Chairman, E-SAAN Sugar Industry<br>Co., Ltd.<br>▪ Director, Amata Spring Development<br>Co., Ltd.<br>▪ Independent Director, Audit<br>Committee Member, Siam Commercial<br>New York Life Insurance PCL.<br>▪ Independent Director,<br>Siam Commercial Leasing PCL.<br>▪ Independent Director, Audit<br>Committee Member, Siam Commercial<br>Samaggi Insurance PCL. |

### Shareholding in the Company (%)

- -None-

### Management Family Relationship

- -None -

### Term Expire

- 2012

### Misconduct Record

- -None -

## ASSOC.PROF.DR. SUNTI TIRAPAT

### Position

- Chairman of the Audit Committee (who has adequate expertise and experience to audit creditability of the financial reports)
- Nomination and Compensation Committee Member
- Independent Director

### Age 52 years

### Education

- B.A. Accountancy (First Class Honors), Chulalongkorn University
- M.B.A., University of Wisconsin-Madison, USA.
- M.Sc. (Finance), University of Wisconsin-Madison, USA.
- Ph.D. (Finance), University of Wisconsin-Madison, USA.

### Training Courses

- Directors Certification Program (DCP), by Thai Institute of Directors Association
- Integrated Risk Management, by International Center for Financial Asset Management and Engineering, Switzerland
- Credit Risk: Pricing and Risk Management, by Stanford Graduate School of Business, USA.
- CFO: Becoming a Strategic Partner, by The Wharton School of University of Pennsylvania, USA.
- Performance Evaluation and Attribution, by International Center for Financial Asset Management and Engineering, Switzerland
- Behavioral Finance, by Amsterdam Institute of Finance, The Netherlands
- Advanced Mathematics of Derivative Products, by International Center for Financial Asset Management and Engineering, Switzerland
- Credit Risk Pricing, Management and The Use of Credit Derivatives, by International Center for Financial Asset Management and Engineering, Switzerland

### Experience

- |              |  |
|--------------|--|
| 1984-Present | ▪ Associate Professor, Faculty of<br>Commerce and Accountancy,<br>Chulalongkorn University |
| Present      | ▪ Executive Director, Dharmniti Auditing<br>Co., Ltd.                                      |

### Shareholding in the Company (%)

- 0.042%

### Management Family Relationship

- -None -

### Term Expire

- 2011

### Misconduct Record

- -None -

## MR. KAVI ANSVANANDA

### Position

- Chairman of the Nomination and Compensation Committee
- Audit Committee Member
- Independent Director

### Age 76 years

### Education

- B.A. (Accountancy), Chulalongkorn University

### Training Courses

- Directors Certification Program (DCP), by Thai Institute of Directors Association
- Audit Committee Program, by Thai Institute of Directors Association
- The Role of the Chairman Program, by Thai Institute of Directors Association
- Finance for Non-Finance Director (FN), by Thai Institute of Directors Association
- Improving Quality of Financial Reporting, by Thai Institute of Directors Association
- Financial Statements for Directors, by Thai Institute of Directors Association

### Experience

- |           |  |
|-----------|--|
| 1975-1998 | ▪ Assistant Manager, H.M. Private Property Office          |
| Present   | ▪ Manager, H.M. Private Property Office                    |
|           | ▪ Director, Royal Private Project                          |
|           | ▪ Chairman, The Thai Insurance PCL.                        |
|           | ▪ Chairman, Mongkhon Chaipattana Co., Ltd.                 |
|           | ▪ Chairman, Suvarnachad Co., Ltd.                          |
|           | ▪ Chairman, Pure Sammakorn Development Co., Ltd.           |
|           | ▪ Director, Chairman of Executive Director, Sammakorn PCL. |
|           | ▪ Director, Sriphat Co., Ltd.                              |
|           | ▪ Director, Sriyavith Co., Ltd.                            |
|           | ▪ Director, Danacom and Development Co., Ltd.              |
|           | ▪ Director, Srithoranee Co., Ltd.                          |
|           | ▪ Director, Ban Bung Vejjakij Co., Ltd.                    |
|           | ▪ Director, Rachamongkol Rice Co., Ltd.                    |

### Shareholding in the Company (%)

- -None -

### Management Family Relationship

- -None -

### Term Expire

- 2011

### Misconduct Record

- -None -

## ASSOC.PROF.DR.KAMALES SANTIVEJKUL

### Position

- Audit Committee Member (who has adequate expertise and experience to audit creditability of the financial reports)
- Nomination and Compensation Committee Member
- Independent Director

### Age 60 years

### Education

- B.Sc. (Civil Engineering), Prince of Songkla University
- M.B.A. (Finance), National Institute of Development and Administration
- Ph.D. (Business Admin) Oklahoma State University, USA.

### Training Courses

- Company Director Course , by Australian Institute of Company Directors

### Experience

- |           |   |
|-----------|---|
| 1977-1988 | ▪ Teacher, Chulalongkorn University   |
| 1988-2008 | ▪ Assistant Professor, Chulalongkorn University                                     |
| 2004-2008 | ▪ Vice President, Chulalongkorn University  |
| 1999-2009 | ▪ Chairman of the Audit Committee, Nonthavej Hospital PCL.                          |
| Present   | ▪ Associate Professor, Chulalongkorn University                                     |
|           | ▪ Director, Chamchuri Innovation Product Co., Ltd.                                  |
|           | ▪ Director, C&C International Venture Co., Ltd.                                     |
|           | ▪ Independent Direct, Nonthavej Hospital PCL.                                       |
|           | ▪ Chairman of the Audit Committee and Independent Director, Sea Fresh Industry PCL. |

### Shareholding in the Company (%)

- -None -

### Management Family Relationship

- -None -

### Term Expire

- 2012

### Misconduct Record

- -None -

**MISS KLUAYMAI DEVAHASTIN****Position**

- Director (Authorized to bind the Company)

**Age 49 years****Education**

- B.A. (Accountancy), Chulalongkorn University
- M.B.A. (Finance), University of Bridgeport, USA.

**Training Courses**

- Director Certification Program (DCP) 128/2010, by Thai Institute of Directors Association

**Experience**

- |                   |   |
|-------------------|---|
| Apr.2001-Mar.2003 | ▪ Vice President, Corporate Sector 5, The Siam Commercial Bank PCL.   |
| Mar.2003-Jul.2003 | ▪ Senior Vice President, Sector Manager, Corporate Sector 8, The Siam Commercial Bank PCL.  |
| Jul.2003-Mar.2005 | ▪ Senior Vice President, Sector Manager, Corporate Sector 2, The Siam Commercial Bank PCL.  |
| Mar.2005-Jun.2007 | ▪ Senior Vice President, Sector Manager, Corporate Sector 5, The Siam Commercial Bank PCL.  |
| Jul.2007-Dec 2009 | ▪ Senior Vice President, Sector Manager, Corporate Sector 1, The Siam Commercial Bank PCL.  |
| Jan 2010-Dec2010  | ▪ First Senior Vice President, Construction and Utility, The Siam Commercial Bank PCL.  |
| Present           | <ul style="list-style-type: none"> <li>▪ Senior Vice President Division Head, Corporate Banking Division 5 Whole Sale Banking Group, The Siam Commercial Bank PCL.</li> <li>▪ Director, S.U.L. Planner Co., Ltd.</li> </ul> |

**Shareholding in the Company (%)**

- -None -

**Management Family Relationship**

- -None -

**Term Expire**

- 2013

**Misconduct Record**

- -None -

**MISS ARAYA PHUPHANICH****Position**

- Director

**Age 47 years****Education**

- Bachelor of Political Science, Chulalongkorn University
- M.B.A., Central Missouri State University, USA

**Training Courses**

- Director Accreditation Program (DAP) 81/2009, by Thai Institute of Directors Association

**Experience**

- |                     |   |
|---------------------|---|
| May.1991-Mar.1995   | ▪ Vice President, Tanayong PCL.   |
| Apr.1995-Feb.1999   | ▪ Vice President, City Bank Thailand  |
| Aug.2005-Aug.2008   | ▪ Group Head Product Development Credit Card and Personal Loan, Standard Chartered Bank Singapore   |
| Sep.2008 - Dec 2010 | ▪ Executive Vice President Division Head, Hire Purchase Business Division, The Siam Commercial Bank PCL.  |
| Present             | <ul style="list-style-type: none"> <li>▪ Executive Vice President, Credit Card and Personal Loan Division, The Siam Commercial Bank PCL.</li> <li>▪ Chairman, SCB Leasing PCL.</li> <li>▪ Director, Siam Commercial Leasing PCL.</li> </ul> |

**Shareholding in the Company (%)**

- -None -

**Management Family Relationship**

- -None -

**Term Expire**

- 2011

**Misconduct Record**

- -None -



## MRS. APIPHAN CHAROENANUSORN

### Position

- Director (Authorized to bind the Company)

### Age 46 years

### Education

- Bachelor of Science (Finance and Accounting), Chulalongkorn University
- High Diploma in Auditing, Thammasat University
- M.B.A., Kasetsart University
- Certified Public Accountant (CPA-Thailand)

### Training Courses

- Director Accreditation Program (DAP) 81/2009, by Thai Institute of Directors Association

### Experience

- |               |   |
|---------------|---|
| 1989-1990     | ▪ Auditor SGV, Arthur Anderson  |
| 1990-1993     | ▪ Senior Accountant, Toshiba Display Device   |
| 1993-2007     | ▪ Finance Director, Unilever Thai Trading   |
| 2007-Aug.2008 | ▪ Operation Finance Director, Tesco Thailand  |
| Present       | ▪ Executive Vice President Division Head, Management Service and Retail Operation Division, The Siam Commercial Bank PCL. |
|               | ▪ Director, Siam Commercial Leasing PCL.  |
|               | ▪ Audit Committee Member, SCB Asset Management Co., Ltd.  |
|               | ▪ President, Siam Commercial Plus Co., Ltd.   |

### Shareholding in the Company (%)

- -None -

### Management Family Relationship

- -None -

### Term Expire

- 2013

### Misconduct Record

- -None -

## MISS WANVIMOL CHOTIPUECH

### Position

- President & CEO

### Age 41 years

### Education

- B.B.A. (Second Class Honor), Thammasat University
- M.B.A., Eastern Michigan University, Michigan, USA.

### Training Courses

- Director Accreditation Program (DAP) 80/2009, by Thai Institute of Directors Association
- Director Certification Program (DCP) 127/2010, by Thai Institute of Directors Association
- Financial Institutions Governance Program (FGP), by Thai Institute of Directors Association

### Experience

- |           |  |
|-----------|--|
| 1991-1992 | ▪ Junior Auditor, Ernst & Young Office Ltd.  |
| 1995-2003 | ▪ Commercial Manager, Unilever Thai Trading Ltd.   |
| 2003-2008 | ▪ Finance Director, Unilever Asia Private Ltd, Singapore   |
| 2008-2009 | ▪ Finance Director, Unilever Taiwan Ltd.   |
| Present   | ▪ Chairman, Chairman of Executive Director, and Chairman of Compensation Committee Member, SICCO Securities PCL. |
|           | ▪ Chairman, SICCO Advisory Co., Ltd.   |

### Shareholding in the Company (%)

- -None -

### Management Family Relationship

- -None -

### Term Expire

- 2012

### Misconduct Record

- -None -

# RISK FACTORS

The Company is a financial institution; which undertakes the finance business and its major risk exposures are as follows:-

1. Strategic Risk
2. Credit Risk
3. Market Risk
4. Liquidity Risk
5. Operational Risk
6. Risk from Investment in Subsidiaries

Well-realizing the foregoing risks, the Company has developed policies, regulations along with guidelines and procedures for risk management in written forms based on ISO 9001:2000 standard, known as the Company's procedures, to be implemented by employees of all levels. This aims at the precise and well-controlled performances, while promoting a self-awareness culture in risk management.

The Company operates in an organizational structure of strong checks and balances. In this regard, the Risk Management Division is responsible for reviewing and assessing an extensive system of risk managements that could keep pace with circumstances; developing system and tools in measuring; managing, controlling and monitoring risks; as well as suggesting measures necessary for risk prevention and mitigation. The Risk Management Division is a working unit independent of transaction-generating units, and is supervised by the Risk Management Committee who makes supervise for, decision on, and monitors process of risk management activities in all respects. The Committee also sets up contingency plan to handle crises, with the aim of managing different risks and keeping them stay within the specified parameters or risk limits. Moreover, in order to make each risk management activity more content-oriented and to increase management efficiency, sub-committees are appointed according to types of risks, expertise, and main focuses. Apart from Risk Management Committee, the Company also has various risk-related committees, including Audit Committee, Credit Committee, Debt Restructuring Committee, Credit Collection Committee, Treasury Committee, CVM Committee and Information Technology Committee and etc. The risk management system will proceed with caution, transparency, verifiability and review ability; so as to ensure confidence for the shareholders, investors and regulators.

## I. STRATEGIC RISK

Strategic risk arises when strategic and operational plans are devised and implemented in an inappropriate way, or when there is an inconsistency between internal factors and external environments, which will negatively affect the Company's income, capital funds, and existence.

Source of strategic risk composes of two main factors;

- (1) External Factors are uncontrollable factors, such as a competition situation in terms of prices, new products and new rivals, consumer behaviors, technologies, and changing economic conditions.

- (2) Internal Factors are factors originated within the Company that can be controlled. However, improper controls can affect or impede the implementation of strategic plans toward the desired goals of the Company. These factors include organizational structure, management system and work assignment processes, procedures, information sufficiency, and technologies designed for service, and etc.

To minimize strategic risk, the Company has managed on the following

1. **The Board of Directors' Qualifications** : The Board is well qualified as professional and is equipped with variety of knowledge and experience to control all risks. Meanwhile, independent directors are appointed to help in verifying the appropriateness of the management and building balance in managing toward the stated objectives. The Company's own criteria for an independent director extends beyond the Stock Exchange of Thailand's to some extent according to type of business undertaking, e.g. the independent director's shareholding ratio.
2. **Clear Strategic Planning** : The management team identifies factors that may cause internal and external risks, as well as continuously assesses their impacts on the Company. The team also adjusts strategic plans in such a way that the Company is least affected or even a beneficiary when environments change. The plan is reviewed on 6 months basis. In addition, the Company formulates a 3-year strategic plan to provide clear business goals, missions, visions and capital budgeting in the medium and long term.
3. **Personnel's Experience** : The Company's personnel are experienced and qualified, and well understand competition conditions as well as the Company's business.
4. **Risk Management System** : In recognition of risks involving strategic planning, the Company establishes an encompassing risk management system, analyzes overall risk factors possibly arisen from the economic situations, automobile industry, business scope and competitors, and then identifies its own strengths, weaknesses, opportunities and threats as well as its market position. In this, it takes risk-reduction factors to suit the Company's policies, procedures, and risk limits.
5. **Secured Customer Base** : The Company has implemented a policy of maximizing value-added services to clients by rendering services with honesty, fulfilling the given promises, and developing service quality and rapidity, in order to expand, and keep its market share.
6. **Information Adequacy** : The Company has the management information system for supporting the implementation of strategic policies and guidelines, together with comprehensive and up-to-date reports for prompt decision-making.
7. **Reliable Research and Analysis** : The Company does prudent research and analysis that would provide hard facts for planning and strategy formulation. Also, pre-defined hypothesis and factors are used as analytical tool in reasonably laying strategic plan and ensuring that the business can be operated carefully.

8. **Adequate Training** : The Company encourages staff efficiency development and team building through consistent trainings, so that its staffs can acquire capacity enhancement toward professional expertise; have a clear understanding of the business and their tasks, and seek to prevent and reduce operational mistakes; including obtain risk managing techniques and abilities against transactions of high risks.

## **2. CREDIT RISK**

Credit risk arises when one or more parties are unable to fulfill the contractual obligations or conditions, which may cause damages to the Company's income and capital funds.

### **2.1 Lending Risk**

Lending risk takes place when debtors fail to fulfill the promised repayments or contractual obligations. In managing its lending risk, the Company has carried out pre-approval and post-approval evaluations of each debtor's creditworthiness, both in quantitative and qualitative terms; in order to encourage stringency of the control process and its independence of customer-focused marketing units; to prevent operational mistakes and damages, including conflict of interests; and to cross check and balance for the Company's lending activities.

For retail hire purchase facilities, the Company applies a hand score mechanism in credit scoring, categorized according to vehicle types, e.g. new cars, used cars, vans, taxis, and etc. Factors, scoring criteria, and their respective weight of significance are determined. For commercial hire purchase facilities, the Company will analyze their financial statements, cash flow projection, including project feasibility then the Hire Purchase Credit Office will also analyze every applicant's quality before loan approval.

Approval of every account of non hire purchase credit, and hire purchase credit with limit exceeding Baht 20 million will take in to consideration opinions on risks there of given by the Risk Management Division. Evaluation will embrace industrial, business, financial, repayment, and collateral risks, as well as other risks (if any).

The Company, by its marketing and debt management units, has regularly assessed and monitored debtors' solvency. In addition, the Company's Credit Review Unit, under the Risk Management Division, reviews the quality of loan based on the Bank of Thailand's requirements every year plan so as to verify debtor status for the benefit of debt classifications and provisions.

### **2.2 Non Performing Loan Risk**

The Company has debt management unit to closely monitor delinquent debt collection. In addition, after a loan was granted, the Company has scheduled to review the quality of each single debtor every year by Risk Management Division, which is the Company's independent unit. This is to ensure that the loan classification has reflected true risk exposure, and that the provisions were appropriately made according to debtor quality and based on accounting standards and the Bank of Thailand's requirements.

### **2.3 Risk from Depreciation in the Value of Assets Foreclosed.**

Risk from depreciation in the value of assets foreclosed originates from depreciation in prices of repossessed automobiles or vehicles, owing to their impaired conditions or a time-consuming asset disposal. From a survey, the Company found out that such brands, as

Toyota, Isuzu, and Honda were less depreciated than others. Therefore, it sets up a policy of financing on automobiles of a low depreciation rate, most of which gain a high market share, like Toyota and Isuzu, whose price volatility is low. This policy applies to commercial vehicles as well, e.g. taxis, NGV vans, and etc. In case of used cars, the Company concentrates on specific expertise in used car appraisal, market price update, and domestic auto market movement.

### **3. MARKET RISK**

Market risk occurs when the Company's income or capital funds are adversely affected from changes in interest rates and changes in prices of debt and equity instruments.

#### **3.1 Interest Rate Risk**

Changes in market interest rate have directly affected the Company's assets and liabilities, as well as its net interest income. The Treasury Committee is responsible for forecasting, controlling and maintaining the interest rate risk at the appropriate level, under the policy set by the Risk Management Committee. The Company has provided the interest rate risk report, in order to evaluate the effect on the Company's net interest income and economic value of equity under different interest rate circumstances, by keeping the risk within the set limit.

Regarding asset and liability management, the Company has charged its hire purchase loans based on the flat rate as of the contract date, while deposit rates are also mainly fixed. Due to such fixed deposit rates and keep roll over for any particular period, the Company is able to project interest expenses more accurately.

As of December 31, 2010, the Company's unconsolidated financial statement showed total loans, receivables and accrued interest receivables of Baht 13,732 million. Amount of loans subject to market interest rates was Baht 144 million, equivalent to 1.05% of the Company's total loan amount.

Total borrowings and deposits of the Company as of December 31, 2010 were Baht 11,711 million, a 100.00% of which or Baht 11,711 million was imposed on fixed interest rate.

#### **3.2 Price Risk**

Changes in price of debt and equity have directly affected the Company's investment.

Ending December 2010, the unconsolidated and consolidated net investments in securities were Baht 3,334 million and Baht 3,082 million respectively.

The Company has recorded the value of investments by means of mark-to-market method in order to reflect the real value of securities being invested, as well as the real status of investment portfolio as a whole. Furthermore, the Company has also set up the stop loss limit for securities investment by limiting losses from securities investment at no more than the pre-determined ratio. There is also a limit on other investments, both in terms of individuals and the whole portfolio, as to be proportionate to its capital fund. Limitations have also been placed on securities investment, as to be proportionate to their respective registered capitals. The initiative is aimed to prevent investment concentration and too high a market risk.

In 2010, the Company established a policy on investments, which was not to make investment on equities but focus investment on maintaining liquidity. The Company has observed the Bank of Thailand's rules prescribing investments in specific low credit-risk instruments, such as government bonds, state-enterprise bonds with MOF guarantee.

## 4. LIQUIDITY RISK

Liquidity risk takes place when the Company is unable to pay for any obligation due because it is incapable of converting assets into cash or providing adequate funds at an appropriate cost within the prescribed time limit, which could have an adverse effect on the Company.

The Treasury Committee has been assigned to review, follow up, and evaluate liquidity status regularly under the policy set by the Board of Directors and the Risk Management Committee, to ensure that the Company has sufficient liquidity to support the business operation. Liquidity assessment is done by assessing both short-term and long-term cash inflows and cash outflows in different periods of liquidity gap measurement. Further, sensitivity analysis have been implemented in order to evaluate the liquidity status under stress test scenario.

The Company has developed the Early Warning System, as a part of its liquidity risk management policy and plan. When a liquidity crisis arises, this system will act as a tool identifying the abnormality in liquidity condition, with the so-called Trigger Point, which is the warning against liquidity abnormality at the immediate action level.

The Ministry of Finance, revealed on October 28, 2008 that the cabinet had approved the royal decree by specified the maximum amount under protection as follows:-

Year	Duration	Protection Amount
1	August 11, 2008 - August 10, 2009	Full amount
2	August 11, 2009 - August 10, 2010	Full amount
3	August 11, 2010 - August 10, 2011	Full amount
4	August 11, 2011 - August 10, 2012	Baht 50 million
5	August 11, 2012 onwards	Baht 1 million

## 5. OPERATIONAL RISK

Operational Risk is an uncertainty in operational losses caused by inefficiency or insufficiency of internal processes, internal control system, personnel, operational systems, external factors, or compliance with laws and regulations, which will eventually affect the Company's income and capital funds, as well as reputation and trustworthiness.

The Company has realized the importance of operational risk management that is efficient and suits the Company's business circumstances well, in order to control such risks and improve operational process for more efficiency. In this regard, the Company has reviewed and drawn up policies, job descriptions, along with guidelines and procedures in written forms. The management team will make certain that the operations comply with the specifying Company's procedures. The Company has a number of operational risk managing tools. One is the operational loss record used as an operational risk database for monitoring, which will be reported to the Risk Management Committee. Another is the Business Continuity Plan to mitigate operational risk and limit losses in the unlikely event of natural disasters or violence that may set off the business disruption, thereby being detrimental to the Company's reputation, image, and its customers' confidence. Moreover, the Company has established the operational risk management system for the underlying hire purchase business. It involves assessing possibility and value of

risk exposure, formulating measures to continually manage and control risks. The Company has also provided a report of key risk indicators act as early warning, so as to prevent and remedy any damages in time.

Apart from those mentioned, the Company has enhanced the compliance risk management, which is a part of operational risk management, by setting up the Compliance Unit that will take active role in controlling and monitoring the organization's operational compliance with laws, regulations, rules, standards, and guidelines being imposed on its transactions by either governing bodies or business customs, professional standards, and corporate code of ethics. The Unit keenly encourages the Board of Directors and top executives to act as the exemplars. All employees are to comprehend the compliance based on the principle of integrity, righteousness, and moral principles. The Compliance Unit is an independent unit, reporting directly to the Board of Directors.

The Company has also placed the importance on the principle of good corporate governance, guidelines of which are already included in the Company's manuals. Used as a prime criterion toward business undertaking as well as competitiveness enhancement and corporate added value, such manuals cover business ethics for the Directors, the management team, and employees, together with the rights of related stakeholders.

Apart from those established systems, the Company is well aware that those staffs who are competent and knowledgeable in their works and the Company's business would help reduce operational risks. To ensure professionalism of its staffs, the Company has paid great attention to recruitment process, including quality assessment and proper trainings.

## **6. RISK FROM INVESTMENT IN SUBSIDIARIES**

Risk from Investment in Subsidiaries may arise if the subsidiaries incur losses, which will eventually affect the Company's income and capital funds.

The Company's subsidiary is SICCO Securities PCL (SSEC). As of December 31, 2010, the Company held 446,457,860 shares, accounting for 70.06% of SSEC's total paid up share capital. Income of SSEC is mainly from brokerage fees, transaction volume of which depends chiefly on stock market condition as well as investors' confidence. The subsidiary's brokerage fee income and earnings will be squeezed if the stock market is sluggish, due to unexpected negative factors, for example the world economic problems, national political instability and etc that led to the fall in prices of the Company's invested equity securities and the subsidiary's transaction volume that affected the subsidiary's fee income and profit

# REPORT OF THE AUDIT COMMITTEE

## TO SHAREHOLDERS :

Audit Committee of the Siam Industrial Credit Public Company Limited, appointed by the Board of Directors, currently consists of 3 independent directors qualified under the Stock Exchange of Thailand's requirements, and 1 secretary, namely

- |  |                                   |
|--|-----------------------------------|
| 1. Assoc.Prof. Dr. Suntirirapat        | Chairman of the Audit Committee   |
| 2. Mr. Kavi Ansvananda                 | Audit Committee Member            |
| 3. Assoc.Prof. Dr. Kamales Santivejkul | Audit Committee Member            |
| 4. Mr. Somsak Charoonsubvatana         | Secretary to the Audit Committee. |

In the year 2010, the Committee held 11 meetings, 6 of which were scheduled meetings and another 5 were special ones. On the whole, the Audit Committee members attended 97% of the total meetings\*. These meetings were held with the Company's executives, external auditors, and internal auditors as they deemed appropriate, to consider significant matters and issues relating to financial reports, internal control and internal audit, risk management, the Company's compliance with laws and regulations, and its operations. All the decisions made in such meetings were reported to the Board of Directors. Major activities of the Committee were as follows:-

### I. Review of Reports and Financial Statements

- 1.1 The Committee reviewed and observed the quarterly, half-year, and annual financial statement reports, including auditor's reports in order to make sure that those reports were accurate, complete, reliable, prepared according to generally-accepted accounting principles, and adequately disclosed, so that shareholders would have clearer understanding of them. In this regard, the Committee agreed with the auditors that the financial statements were duly accurate in essence according to the generally-accepted accounting standards. Then, the Committee submitted such reports to the Board of Directors who would propose them to Shareholders Meeting for approval.

In addition, the Audit Committee held meetings with the external auditors, without the presence of the Management, to independently discuss significant information in preparation of financial statements and disclosure of information useful to the users, as well as to seek opinions from the external auditors on various matters.

- 1.2 The Committee reviewed audit report of the Bank of Thailand, audit report of National Credit Bureau Co., Ltd., as well as followed up relevant courses of concerning units in the Company.

### 2. Reviewed Internal Control and Supervision of Internal Audit

- 2.1 The Committee reviewed the Division's annual audit plan that was prepared on the basis of internal control assessment and the risk base of each working system, in order to ensure that such plan would fully cover all significant aspects. In addition, the Committee had considered the internal audit unit's independence, as well as the performance of the chief of the internal audit unit.

- 2.2 The Committee and the internal auditors jointly reviewed the efficiency and sufficiency of the Company's internal control system. Besides, it held meetings regularly with the internal auditors and acknowledged the performance of the Audit Division. In this regard, the Committee opined that the Company's internal control as well as its compliance with the Stock Exchange's laws and regulations and the laws relevant to the Company's business had, in general, no significant mistakes. In addition, the Committee reviewed the transactions that may be regarded as connected or may lead to conflicts of interests, in order to promote transparency and comply with the Stock Exchange's laws and regulations. According to the review results, there were no transactions of unusual nature or conditions, and the Company had disclosed its information accurately and completely.



### 3. Meeting with External Auditor

The Committee met with Senior Vice President of Account and Finance Division, Senior Vice President of Audit Division, and external auditors regularly on a quarterly basis, to discuss and exchange opinions concerning preparation of financial statements in order to ensure that such reports conformed to accounting standards, with sufficient information disclosure, as well as adequate internal control system. The Committee also considered observations made by the external auditors during their financial audits or reviews.

### 4. Selection and Proposing of the Company's External Auditor

The Audit Committee, in selecting and nominating the external auditors for the year 2011, had considered service and fee proposals from 3 leading auditing offices; and selected Mr. Chavala Tienpasertkij CPA No.4301 or Mr. Niti Jungnitnirundr CPA No.3809 or Mr. Permsak Jerajakwattana CPA No.3427 of Deloitte Touche Tohmatsu Jaiyos Company Limited as the Company's external auditors for the fiscal year ended December 31, 2010. It suggested that the Board of Directors subsequently propose the auditor appointment for the Shareholders Meeting's approval, according to the following opinions:

- ➡ In the past fiscal year, these external auditors performed their duties with due knowledge and professional expertise; gave recommendations concerning internal control system and various risks; and acted with independence. Furthermore, in their auditing and preparation of reports, they had provided the Committee sufficient time for review.
- ➡ The proposed fee was appropriate, with a 5.13% increase from 2010 audit fee.
- ➡ The auditors had been working for a credible leading audit office. They possessed relevant qualifications, with no prohibited characteristics stipulated by law. If appointed in 2011, these auditors would be the Company's external auditors for 2 consecutive years.

In conclusion, the Audit Committee has discharged its duty prudently, independently, and completely in accordance with the Audit Committee Charter approved by the Company's Board of Directors. It opined that the Company had issued financial reports that were accurate in essence according to the generally-accepted accounting standards; had adequate and effective internal control and internal audit systems; had complied with laws and regulations of the Stock Exchange and other laws relating to the Company's business. No connected transactions with atypical conditions were found, whereas connected transactions were reported accurately and completely. Also, the Company's operations were carried out with adequacy, transparency and reliability, in compliance with good corporate governance system.



**(Assoc.Prof. Dr.Sunti Tirapat)**  
Chairman of the Audit Committee

\* Details attendance of the Audit Committee

No	Name	Position	Regular meeting	Extraordinary meeting
1	Assoc.Prof. Dr. Sunti Tirapat	Chairman of the Audit Committee	6	4
2	Mr. Kavi Ansvananda	Audit Committee Member	6	5
3	Assoc.Prof. Dr. Kamales Santivejkul	Audit Committee Member	6	5

## RESPONSIBILITY OF THE BOARD OF DIRECTORS FOR FINANCIAL REPORTING

The Board of Directors is responsible for the Company's financial statements, consolidated statements, including other financial information appearing in the annual report.

The Company's financial statement and information are to be done according to generally accepted accounting standard, under appropriately and regularly practiced accounting policy, and careful discretion; thus enabling its shareholders, investors and the public to access sufficient, accurate, and timely information. In this regard, the Board of Directors takes into account of assigning the audit directors, being experienced and competent in financial and accounting systems, to consider and select the Company's external auditor from the auditing offices that are of acceptable universal standard and certified by the Securities and Exchange Commission.

As mentioned above, the Board of Directors has appointed the Audit Committee to take responsibility for the audit creditability of the Company's financial reports for quarters, 6-month and the fiscal year. The responsibility also includes making recommendations about the internal control review, so that the information in the Company's financial statements is prepared according to the objectives under the good corporate governance system.

In the year 2010, the Deloitte Touche Tohmatsu Jaiyos Office was appointed to prepare the Company's financial statements and information. The Board of Directors had regularly and closely reviewed the reports every quarter, and considered that the both the Company's and its consolidated financial statements including any other financial information were done under the generally accepted accounting standard, the appropriate and regularly-practiced accounting policy, and careful discretion; with the sufficient, accurate, and timely information disclosure.



**(Mr. Wirutt Ruttanaporn)**  
ChairmanPresident



**(Ms. Wanvimol Chotipuech)**  
Chief Executive Officer

# REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

## TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS THE SIAM INDUSTRIAL CREDIT PUBLIC COMPANY LIMITED

We have audited the consolidated balance sheet of The Siam Industrial Credit Public Company Limited and its subsidiaries and the separate balance sheet of The Siam Industrial Credit Public Company Limited as at December 31, 2010 and the related consolidated and separate statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated and separate financial statements for the year ended December 31, 2009, presented herein for comparison, were audited by another auditor of the same firm in accordance with generally accepted auditing standards whose audit report thereon dated February 25, 2010 expressed an unqualified opinion on those statements and included an explanatory paragraph that described the change in method for the classification of hire purchase loans.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned consolidated and separate financial statements present fairly, in all material respects, the financial position of The Siam Industrial Credit Public Company Limited and its subsidiaries and The Siam Industrial Credit Public Company Limited, as at December 31, 2010, and the results of operations and cash flows for the year then ended, in conformity with generally accepted accounting principles.



**Chavala Tienpasertkij**

Certified Public Accountant (Thailand)

Registration No. 4301

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK

February 22, 2011

# BALANCE SHEETS

THE SIAM INDUSTRIAL CREDIT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
AS AT DECEMBER 31, 2010 AND 2009

(Unit : Baht)

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009
<b>ASSETS</b>					
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS	4	1,146,557,549	544,600,741	754,669,288	126,459,839
LOANS TO FINANCIAL INSTITUTIONS	5	-	3,000,000,000	-	3,000,000,000
INVESTMENTS	6				
Current investments, net		2,716,243,956	252,708,474	2,479,120,179	82,480,846
Long-term investments, net		365,418,938	580,281,806	357,130,188	565,651,674
Investments in subsidiaries		-	-	497,442,707	497,482,107
Total investments, net		3,081,662,894	832,990,280	3,333,693,074	1,145,614,627
RECEIVABLES FROM CLEARING HOUSE		16,928	16,137,068	-	-
LOANS, RECEIVABLES AND ACCRUED					
INTEREST RECEIVABLES	7				
Finance business loans and receivables		13,690,784,882	17,421,004,559	13,690,784,882	17,421,004,559
Securities and derivative business receivables		909,572,621	773,543,762	-	-
Total loans and receivables		14,600,357,503	18,194,548,321	13,690,784,882	17,421,004,559
Accrued interest receivables		44,746,091	54,564,872	41,248,106	48,869,696
Total loans, receivables and accrued					
interest receivables		14,645,103,594	18,249,113,193	13,732,032,988	17,469,874,255
<u>Less</u> Allowance for doubtful accounts	8.1	(2,456,108,315)	(1,985,312,655)	(2,379,665,954)	(1,898,503,254)
<u>Less</u> Allowance for revaluation of debt					
restructuring	8.2	(28,038,540)	(33,187,575)	(28,038,540)	(33,187,575)
Net loans, receivables and accrued					
interest receivables		12,160,956,739	16,230,612,963	11,324,328,494	15,538,183,426
PROPERTIES FORECLOSED, NET	10	129,251,557	318,679,832	129,251,557	314,830,240
PROPERTY, PREMISES AND EQUIPMENT, NET	11	79,486,654	105,011,139	46,665,919	65,484,356
SUBORDINATED DEFERRED PURCHASE PRICE					
RECEIVABLES, NET	9	195,207,401	408,130,861	195,207,401	408,130,861
DEFERRED TAX ASSETS	25	248,623,836	122,109,578	248,623,836	122,109,578
INTANGIBLE ASSETS, NET	12	48,553,728	55,696,461	15,574,238	20,070,301
LOANS TO EMPLOYEES		7,834,941	12,437,999	7,834,941	12,437,999
ACCRUED INCOME		6,634,484	2,801,055	6,634,484	2,801,055
PREPAID EXPENSES		6,198,215	15,370,636	4,253,454	13,415,444
VAT ACCOUNT RECEIVABLE		8,361,548	18,655,531	8,361,548	18,655,531
RECEIVABLE FROM REVENUE DEPARTMENT		3,094,993	13,598,163	3,094,993	3,130,755
OTHER ASSETS, NET	13	70,509,876	69,866,227	33,465,907	37,150,560
TOTAL ASSETS		17,192,951,343	21,766,698,534	16,111,659,134	20,828,474,572

Notes to the financial statements form an integral part of these financial statements

# BALANCE SHEETS (Continued)

THE SIAM INDUSTRIAL CREDIT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
AS AT DECEMBER 31, 2010 AND 2009

(Unit : Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Note	As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
BORROWINGS AND DEPOSITS	15				
From public		11,400,333,674	16,364,480,394	11,417,401,374	16,382,180,394
From financial institutions		189,000,000	290,819,106	294,000,000	397,819,106
Total borrowings and deposits		11,589,333,674	16,655,299,500	11,711,401,374	16,779,999,500
PAYABLE TO CLEARING HOUSE		90,689,338	18,900,630	-	-
SECURITIES AND DERIVATIVE BUSINESS PAYABLES		295,057,428	243,572,075	-	-
SUBORDINATED DEBENTURES	16	-	9,000,000	-	9,000,000
ACCRUED INTEREST PAYABLES		35,915,211	57,546,686	35,364,626	54,981,633
PAYABLES FROM CASH COLLECTION					
UNDER SECURITIZATION PROJECT	9	279,676,279	436,572,407	37,656,330	174,059,330
DEFERRED TAX LIABILITIES	25	62,814,465	36,358,840	25,711,481	5,439,687
CAR HIRE PURCHASE PAYABLE		32,038,803	59,416,167	32,038,803	59,416,167
POST - EMPLOYMENT BENEFITS OBLIGATION	17	27,651,144	10,659,735	20,909,680	8,338,735
ACCRUED EXPENSES		91,530,809	78,431,644	78,347,204	69,331,572
CORPORATE TAX PAYABLE		164,377,208	10,381,162	146,327,676	2,880,872
VAT ACCOUNT PAYABLE		25,335,452	36,636,303	23,518,361	35,528,743
OTHER LIABILITIES	18	82,249,039	67,584,510	35,587,562	37,423,187
TOTAL LIABILITIES		12,776,668,850	17,720,359,659	12,146,863,097	17,236,399,426
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Authorized share capital					
669,000,000 ordinary shares of Baht 5 each		3,345,000,000	3,345,000,000	3,345,000,000	3,345,000,000
Issued and paid-up share capital					
597,423,062 ordinary shares of Baht 5 each		2,987,115,310	2,987,115,310	2,987,115,310	2,987,115,310
PREMIUM ON SHARE CAPITAL		79,491,129	79,491,129	79,491,129	79,491,129
CAPITAL SURPLUS ON INVESTMENT IN SUBSIDIARY		86,573,630	92,757,461	-	-
REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	19	34,445,551	(30,617,428)	34,445,551	(30,617,428)
RETAINED EARNINGS					
Appropriated					
Statutory reserve		118,398,332	103,015,436	118,398,332	103,015,436
Unappropriated		830,048,441	538,893,990	745,345,715	453,070,699
TOTAL EQUITY ATTRIBUTABLE TO					
THE COMPANY'S SHAREHOLDERS		4,136,072,393	3,770,655,898	3,964,796,037	3,592,075,146
MINORITY INTERESTS - EQUITY					
ATTRIBUTABLE TO MINORITY					
SHAREHOLDERS OF SUBSIDIARIES		280,210,100	275,682,977	-	-
TOTAL SHAREHOLDERS' EQUITY		4,416,282,493	4,046,338,875	3,964,796,037	3,592,075,146
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		17,192,951,343	21,766,698,534	16,111,659,134	20,828,474,572
OFF-BALANCE SHEET ITEMS - CONTINGENCIES					
Other contingencies	27	33,522,740	53,458,492	33,522,740	53,458,492

Notes to the financial statements form an integral part of these financial statements

# STATEMENTS OF INCOME

THE SIAM INDUSTRIAL CREDIT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Unit : Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Note	2010	2009	2010	2009
INTEREST AND DIVIDEND INCOME					
Loans and deposits		65,395,021	125,206,244	35,478,833	114,828,177
Hire purchase income		1,143,660,163	1,480,285,711	1,143,660,163	1,480,285,711
Investments		88,627,042	90,701,805	116,770,931	116,324,826
Total interest and dividend income		1,297,682,226	1,696,193,760	1,295,909,927	1,711,438,714
INTEREST EXPENSES					
Interest and discounts		253,162,815	521,608,683	251,125,590	520,758,312
Fees and charges		2,283,244	3,034,360	2,283,244	3,034,360
Total interest expenses		255,446,059	524,643,043	253,408,834	523,792,672
Net interest and dividend income		1,042,236,167	1,171,550,717	1,042,501,093	1,187,646,042
BAD DEBT AND DOUBTFUL ACCOUNTS		(686,886,166)	(650,514,033)	(696,665,612)	(655,872,580)
REVERSAL OF LOSS ON DEBT RESTRUCTURING		5,149,035	8,780,278	5,149,035	8,780,278
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		360,499,036	529,816,962	350,984,516	540,553,740
NON-INTEREST INCOME					
Brokerage fees		352,773,559	323,308,736	-	-
Gain (loss) on investments	23	33,834,279	(107,115,505)	38,858,036	(108,321,745)
Fees and service income		188,634,425	190,706,654	166,684,204	182,602,325
Income from suggestion insurance company for customers		40,625,410	50,894,394	40,625,410	50,894,394
Income from securitization	9	15,122,162	67,503,770	-	-
Other income		91,832,997	67,641,095	94,108,142	92,404,267
Total non-interest income		722,822,832	592,939,144	340,275,792	217,579,241

Notes to the financial statements form an integral part of these financial statements

# STATEMENTS OF INCOME (Continued)

THE SIAM INDUSTRIAL CREDIT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Unit : Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Note	2010	2009	2010	2009
NON-INTEREST EXPENSES					
Personnel expenses		410,993,510	490,955,312	191,626,629	278,952,122
Premises and equipment expenses		137,527,486	154,963,305	61,993,794	70,433,372
Taxes and duties		3,780,145	7,848,263	2,401,670	6,503,021
Directors' remuneration	24	5,431,164	7,044,846	2,735,000	4,159,846
Contributions to Deposit Protection Agency		56,703,357	76,173,504	56,703,357	76,173,504
Loss from sale and impairment on properties foreclosed (reversal)		(57,106,425)	243,138,840	(57,090,564)	241,507,581
Other expenses		139,483,758	159,546,171	75,656,689	99,732,146
Total non-interest expenses		696,812,995	1,139,670,241	334,026,575	777,461,592
INCOME (LOSS) BEFORE INCOME TAX		386,508,873	(16,914,135)	357,233,733	(19,328,611)
CORPORATE INCOME TAX (reversal)	25	69,694,442	(2,547,307)	49,575,821	(14,900,756)
NET INCOME (LOSS)		316,814,431	(14,366,828)	307,657,912	(4,427,855)
PROFIT (LOSS) ATTRIBUTABLE TO					
Equity holders of the parent company		306,537,347	(15,096,784)	307,657,912	(4,427,855)
Minority interests		10,277,084	729,956	-	-
		316,814,431	(14,366,828)	307,657,912	(4,427,855)
EARNINGS (LOSS) PER SHARE					
Basic earnings (loss) per share	Baht	0.513	(0.025)	0.515	(0.007)
Weighted average number of ordinary shares	Shares	597,423,062	597,423,062	597,423,062	597,423,062

Notes to the financial statements form an integral part of these financial statements

THE SIAM INDUSTRIAL CREDIT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the financial statements form an integral part of these financial statements



# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

THE SIAM INDUSTRIAL CREDIT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Unit : Baht)

## SEPARATE FINANCIAL STATEMENTS

	Note	Issued and paid-up share capital	Premium on share capital	Revaluation surplus/(deficit) on investments	Retained earnings		Total Shareholders' equity
					Appropriated	Unappropriated	
<b>Beginning balance as at January 1, 2009</b>		2,987,115,310	79,491,129	(197,309,866)	103,015,436	576,983,166	3,549,295,175
Revaluation surplus on investment		-	-	168,855,474	-	-	168,855,474
Gain recognized in the shareholders' equity		-	-	168,855,474	-	-	168,855,474
Net loss		-	-	-	-	(4,427,855)	(4,427,855)
Total net gain (loss) recognized for the year		-	-	168,855,474	-	(4,427,855)	164,427,619
Dividend paid	22	-	-	-	-	(119,484,612)	(119,484,612)
The effect of deferred tax liabilities		-	-	(2,163,036)	-	-	(2,163,036)
<b>Ending balance as at December 31, 2009</b>		<b>2,987,115,310</b>	<b>79,491,129</b>	<b>(30,617,428)</b>	<b>103,015,436</b>	<b>453,070,699</b>	<b>3,592,075,146</b>
<b>Beginning balance as at January 1, 2010</b>		2,987,115,310	79,491,129	(30,617,428)	103,015,436	453,070,699	3,592,075,146
Revaluation surplus on investment		-	-	74,435,232	-	-	74,435,232
Net gain recognized in the shareholders' equity		-	-	74,435,232	-	-	74,435,232
Net income		-	-	-	-	307,657,912	307,657,912
Total net gain recognized for the year		-	-	74,435,232	-	307,657,912	382,093,144
Appropriated - Statutory reserve		-	-	-	15,382,896	(15,382,896)	-
The effect of deferred tax liabilities		-	-	(9,372,253)	-	-	(9,372,253)
<b>Ending balance as at December 31, 2010</b>		<b>2,987,115,310</b>	<b>79,491,129</b>	<b>34,445,551</b>	<b>118,398,332</b>	<b>745,345,715</b>	<b>3,964,796,037</b>

Notes to the financial statements form an integral part of these financial statements

# STATEMENTS OF CASH FLOWS

THE SIAM INDUSTRIAL CREDIT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2010	2009	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income (loss) before income tax	386,508,873	(16,914,135)	357,233,733	(19,328,611)
Adjustments to reconcile income (loss) before income tax to net cash received (paid) from operating activities:				
Depreciation and amortization	39,318,352	47,979,308	22,914,041	28,168,651
Bad debt and doubtful accounts	686,886,166	650,514,033	696,665,612	655,872,580
Reversal of loss on debt restructuring	(5,149,035)	(8,780,278)	(5,149,035)	(8,780,278)
Amortization of premium on debentures	3,950,904	9,858,889	3,950,904	9,858,889
(Gain) loss on sale of trading investment	(2,135,006)	7,109,368	(725,531)	127,121
(Gain) loss on sale of available-for-sale-securities	(43,460,865)	12,655,589	(43,460,865)	12,655,589
Gain on sale of general investments	(4,100,536)	-	(10,441,918)	-
Loss on impairment of available-for-sale securities	18,334,215	100,242,610	18,334,215	100,242,610
Unrealized gain on trading securities	(2,472,087)	(12,892,062)	(2,563,937)	(4,703,575)
Reversal of loss on impairment of properties foreclosed	(48,758,756)	(99,314,757)	(48,758,756)	(99,314,757)
(Gain) loss on disposal of properties foreclosed	(8,347,669)	342,453,597	(8,331,808)	340,822,338
Loss on impairment of equipment and intangible assets	2,078,554	-	-	-
Gain on disposal of equipment	(522,286)	(3,397,842)	(971,253)	(5,575,484)
Post-employment benefits obligation	16,991,409	10,659,735	12,570,945	8,338,735
Increase in accrued expenses	13,099,165	38,967,373	9,015,632	39,549,544
Net interest and dividend income	(1,042,236,167)	(1,171,550,717)	(1,042,501,093)	(1,187,646,042)
Cash received from interest and dividends	1,303,667,578	1,736,081,024	1,299,698,088	1,743,976,774
Cash paid for interest	(277,077,534)	(542,354,168)	(273,025,841)	(537,542,751)
Cash paid for corporate income tax	(31,535,793)	(8,342,631)	(21,743,734)	(3,130,755)
Income from operating activities before changes in operating assets and liabilities	1,005,039,482	1,092,974,936	962,709,399	1,073,590,578

Notes to the financial statements form an integral part of these financial statements

# STATEMENTS OF CASH FLOWS (Continued)

THE SIAM INDUSTRIAL CREDIT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2010	2009	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES (Con't)</b>				
(Increase) decrease in operating assets				
Loans to financial institutions	3,000,000,000	(160,000,000)	3,000,000,000	(160,000,000)
Current investments	(2,384,362,426)	554,381,819	(2,318,783,902)	565,694,600
Receivables from Clearing House	16,120,140	41,493,447	-	-
Finance business loans and receivables	3,241,581,926	3,029,466,110	3,243,597,203	3,043,028,325
Securities and derivative business receivables	(136,028,859)	(155,325,501)	-	-
Properties foreclosed	490,411,351	680,496,059	485,118,214	660,154,925
Loans to employees	4,603,058	3,938,841	4,603,058	3,938,841
Other assets	29,325,925	84,918,571	23,176,388	92,976,676
Increase (decrease) in operating liabilities				
Borrowings from public	(4,964,146,720)	(6,050,299,142)	(4,964,779,020)	(6,053,099,142)
Borrowings from financial institutions	(101,819,106)	62,829,020	(103,819,106)	136,329,020
Payable to Clearing House	71,788,708	14,260,561	-	-
Securities and derivative business payables	51,485,353	101,131,717	-	-
Payables from cash collection under securitization project	(156,896,128)	(598,923,973)	(136,403,000)	(175,162,555)
Other liabilities	(23,791,009)	(42,155,611)	(41,223,371)	(50,903,766)
Net cash flows provided by (used in) operating activities	143,311,695	(1,340,813,146)	154,195,863	(863,452,498)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash received from sale of long-term investments	240,008,420	249,016,615	240,008,420	249,753,044
Cash received from capital payback of investments in subsidiary	-	-	39,400	-
Cash paid for purchase of equipment	(7,831,876)	(6,764,232)	(390,370)	(3,959,404)
Cash received from disposal of equipment	5,359,328	11,239,250	3,476,580	9,038,160
Increase in intangible assets	(5,734,852)	(15,920,484)	(1,714,498)	(11,751,915)
Net cash flows provided by investing activities	231,801,020	237,571,149	241,419,532	243,079,885

Notes to the financial statements form an integral part of these financial statements

# STATEMENTS OF CASH FLOWS (Continued)

THE SIAM INDUSTRIAL CREDIT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2010	2009	2010	2009
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Decrease in subordinated deferred purchase price receivables	241,594,054	865,959,263	241,594,054	865,959,263
Decrease subordinated debentures	(9,000,000)	(144,000,000)	(9,000,000)	(144,000,000)
Dividend paid	-	(119,484,612)	-	(119,484,612)
Dividend of subsidiaries paid to minority interests	(5,749,961)	7,984	-	-
Net cash flows provided by financing activities	226,844,093	602,482,635	232,594,054	602,474,651
Net increase (decrease) in cash and cash equivalents	601,956,808	(500,759,362)	628,209,449	(17,897,962)
Cash and cash equivalents as at January 1,	544,600,741	1,045,360,103	126,459,839	144,357,801
<b>Cash and cash equivalents as at December 31,</b>	<b>1,146,557,549</b>	<b>544,600,741</b>	<b>754,669,288</b>	<b>126,459,839</b>

## Supplementary cash flow information:

### Non-cash transactions:

Assets received for loans settlement	243,232,139	692,718,889	241,804,456	679,156,675
Property received from restructuring of debt	644,512	43,980,615	644,512	43,980,615
Revaluation surplus on investment	74,435,232	168,855,474	74,435,232	168,855,474
Subordinated deferred purchase price receivable	28,670,594	(16,216,497)	28,670,594	(16,216,497)
Deferred tax assets	126,514,258	14,900,756	126,514,258	14,900,756
Deferred tax liabilities	15,556,084	(2,163,036)	9,372,253	(2,163,036)
Equipment payables	557,271	1,148,039	-	-
Statutory reserve	15,382,896	-	15,382,896	-

Notes to the financial statements form an integral part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS

THE SIAM INDUSTRIAL CREDIT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

## I. GENERAL INFORMATION

### I.1 Company information

The Siam Industrial Credit Public Company Limited ("the Company") was incorporated as a limited company under Thai laws on March 17, 1966 and was listed on the Stock Exchange of Thailand (SET) on December 9, 1988 and converted the status to be a public limited company on November 22, 1993. The Company operates in Thailand and has been licensed by the Ministry of Finance to operate a finance business. The major shareholder is The Siam Commercial Bank Public Company Limited, a bank also existing under Thai laws. Its registered office is located at 130-132, 3-5th Floor, Sindhorn Tower II, Wireless Road, Lumpini, Patumwan, Bangkok.

On August 30, 2010, the Siam Commercial Bank Public Company Limited, a major shareholder, informed the Company that it had entered into the Share Sale and Purchase Agreement with Thai Credit Retail Bank Public Company Limited to sell its shareholding of 230,883,188 ordinary shares in the Company, representing 38.65 percent of the total issued and paid-up shares capital of the Company. Subsequently, On August 31, 2010, the Company has acknowledged the agreement between both parties as specified in the Share Sale and Purchase Agreement. Currently, it has been in the progress complying with the agreement by both parties.

#### The subsidiaries information

SICCO Securities Public Company Limited is a subsidiary of the Company which was incorporated under Thai laws and established to carry out the securities business operations.

SICCO Advisory Company Limited is a subsidiary of the SICCO Securities Public Company Limited, operates its business in Thailand and has been granted a full license to provide in financial advisory.

SSEC Asset Management Securities Company Limited is a subsidiary of the SICCO Securities Public Company Limited, operates its business in Thailand and has been granted license to manage private fund, provide financial advisory and other business that generally has been granted by the Office of the Securities and Exchange Commission (Thailand).

On August 30, 2010, the Board of Directors' meeting of SSEC Asset Management Securities Company Limited (subsidiary) had passed a resolution to dissolve its business and return the fund management license and financial advisory license to the Ministry of Finance. On December 22, 2010, the Ministry of Finance has approved the subsidiary to dissolve fund management business and financial advisory business, which is effective on December 31, 2010 onwards. Subsequently, on January 31, 2011, the Extraordinary Shareholders' Meeting No. 1/ 2011 of the subsidiary had passed a special resolution to dissolve the subsidiary and the subsidiary has registered the dissolution with the Ministry of Commerce on February 11, 2011 (see Note 1.3 and Note 31).

SICCO Special Purpose Vehicle 1 Company Limited, SICCO Special Purpose Vehicle 2 Company Limited and SICCO Special Purpose Vehicle 3 Company Limited are subsidiaries of the Company which were incorporated under the Civil and Commercial Code of Thailand, and under the Securitization law on March 8, 2005, May 15, 2006 and February 21, 2007, respectively.

SICCO Special Purpose Vehicle 1 Company Limited has registered the dissolution with the Ministry of Commerce on December 29, 2009, and registered the liquidation with the Ministry of Commerce on February 7, 2011.

SICCO Special Purpose Vehicle 3 Company Limited has registered the dissolution with the Ministry of Commerce on November 22, 2010, and is being in the liquidation process.

## **1.2 The operations of the Company**

The Company is a finance company under the Financial Institutions Business Act B.E. 2551. The Act published in the Royal Gazette on February 5, 2008 was effective on August 3, 2008 for replacing the Act on the Undertaking of Finance Business, Securities Business and Credit Foncier Business B.E. 2522.

## **1.3 Restructuring business and dissolving business of SSEC Asset Management Securities Company Limited (“Subsidiary”)**

On April 28, 2009, the 2009 Annual General Shareholders Meeting of the subsidiary had passed a resolution to cease the private fund business and financial advisory business for the temporary period of 2 years since June 1, 2009. The Securities and Exchange Commission has approved the subsidiary to cease the business as requested. If the subsidiary will to resume its operation in securities business, the subsidiary has to inform in advance and demonstrate that the subsidiary has the ability to operate and comply with the requirements. However, if the period requirement mentioned above has been exceeded, the Securities and Exchange Commission will consider the subsidiary not operate its business under the license at the required volume, resulting in the license being revoked (see Note 20).

On August 30, 2010, the Board of Directors' meeting of the subsidiary had passed a resolution to dissolve its business and return the fund management license and financial advisory license to the Ministry of Finance. The subsidiary has submitted a letter to request for a permission to dissolve its business and return its business license to the Ministry of Finance on August 30, 2010 and submitted letters to request a permission to dissolve fund management business and financial advisory business to The Securities and Exchange Commission on September 9, 2010 and September 14, 2010, respectively. Subsequently, on October 22, 2010, the Extraordinary Shareholders' Meeting of the subsidiary has endorsed to return its license. On December 22, 2010, the Ministry of Finance has approved the subsidiary to dissolve fund management business and financial advisory business, which is effective on December 31, 2010 onwards. On January 31, 2011, the Extraordinary Shareholders' Meeting No. 1/2011 of the subsidiary had passed a special resolution to dissolve the subsidiary and the subsidiary has registered the dissolution with the Ministry of Commerce on February 11, 2011 (see Note 31).

## **2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS**

### **2.1 Basis for preparation of the financial statements**

The consolidated and separate financial statements are prepared in accordance with the regulations of The Stock Exchange of Thailand dated January 22, 2001, regarding the Preparation and Filing of Financial Statements and Reports Concerning the Financial Status and Results of Business Operations of Listed Companies B.E. 2544 (2001) and are presented in accordance with the Notification of BOT dated August 3, 2008 regarding the format of presentation financial statements of finance companies, and credit foncier companies and the Company changes the format of presentation of the financial statements to comply with the Thai Accounting Standard No. 1 (Revised 2007) “Presentation of Financial Statements” which are effective for financial periods beginning on or after January 1, 2008 onward.

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

The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with financial accounting standards. The financial statements are prepared in accordance with accounting principles and practices generally accepted in Thailand and the Bank of Thailand's guidelines.

On December 3, 2010, Bank of Thailand issued the Notification No. SorNorSor. 12/2553 "Preparation and publication of financial statement of finance company and credit foncier company", to be effective of the financial statements for the accounting period since January 1, 2011 onwards. The Company has considered the above Notification and has determined that there will apply the form of financial statements according to such notification in the year 2011.

## 2.2 Basis for preparation of the consolidated financial statements

The consolidated financial statements include the account of subsidiaries and the company which the Company have significant control, its included of the accounts of the Company, SICCO Securities Public Company Limited and SICCO Advisory Company Limited, which the Company has a holding 70.06% in its equity, SSEC Asset Management Securities Company Limited, which the Company has a holding of 35.73% in its equity, SICCO Special Purpose Vehicle 1 Company Limited, which the Company has a holding of 98.50% in its equity, SICCO Special Purpose Vehicle 2 Company Limited and SICCO Special Purpose Vehicle 3 Company Limited, which the Company has a holding of 100% in its equity. Significant transactions and balances between the Company and the subsidiaries have been eliminated.

The percentage of total assets, total income and net earnings (loss) of the subsidiaries included in the consolidated financial statements are as follows:

(Unit : Percentage)

Company	Percentage of shares held by the Company as at December 31, December 31,		Subsidiaries' total assets as a percentage to the consolidated total as at consolidated total for the years ended		Subsidiaries' total income as a percentage to the consolidated total for the years ended		Subsidiaries' net earnings (loss) as a percentage to the consolidated total	
	December 31,		December 31,		December 31,		December 31,	
	2010	2009	2010	2009	2010	2009	2010	2009
SICCO Securities Public Company Limited	70.06	70.06	7.22	4.84	19.80	16.02	9.72	183.34
SICCO Advisory Company Limited	70.06	70.06	0.12	0.09	0.31	0.05	(0.38)	(28.33)
SSEC Asset Management Securities Company Limited*	35.73	35.73	0.02	0.03	-	0.05	(0.12)	(41.59)
SICCO Special Purpose Vehicle 1 Company Limited**	-	98.50	-	-	-	0.37	-	0.42
SICCO Special Purpose Vehicle 2 Company Limited	100.00	100.00	1.71	0.79	0.71	1.38	2.10	(91.65)
SICCO Special Purpose Vehicle 3 Company Limited***	100.00	100.00	0.01	0.74	0.43	1.80	1.74	135.42

\* SSEC Asset Management Securities Company Limited has registered the dissolution with the Ministry of Commerce on February 11, 2011 (See Note 31).

\*\* SICCO Special Purpose Vehicle 1 Company Limited has registered the dissolution with the Ministry of Commerce on December 29, 2009, and registered the liquidation with the Ministry of Commerce on February 7, 2011 and The Company has received the total ordinary shares payment.

\*\*\* SICCO Special Purpose Vehicle 3 Company Limited has registered the dissolution with the Ministry of Commerce on November 22, 2010, and is being in the liquidation process.

**2.3** The Federation of Accounting Professions has issued the Notifications regarding the new and revised Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS) and Thai Financial Reporting Interpretation (TFRI), which are not yet effective for the current period. The TASs, TFRSs and TFRI which are related to the Company are as follows:

2.3.1 TAS, TFRS and TFRI which are effective on January 1, 2011:

**TAS**

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 33 (Revised 2009)	Earnings Per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets

**TFRS**

TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
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2.3.2 TAS which is effective on January 1, 2013:

**TAS**

TAS 12	Income taxes
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The Company's management will adopt the above TAS, TFRS and TFRI relevant to the Company in the preparation of Company's financial statements when they become effective except for TAS 12 "Income Taxes" and TAS 19 "Employee Benefits" which the Company had early adopted.

The Company's management anticipates that the adoption of those accounting standards will have no material impact on the financial statements of the Company in the period of initial application.



## 2.4 Reclassification

The Company has reclassified item in the consolidated and separate financial statements for the year ended December 31, 2009 to conform to the classification used in the consolidated and separate financial statements for the year ended December 31, 2010 as follow:

Corporate tax payable as at December 31, 2009 in the consolidated and separate financial statements amounting to Baht 10.38 million and Baht 2.88 million, respectively, which were previously presented as a part of other liabilities, to be separately presented as corporate tax payable.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Revenue recognition

#### 3.1.1 Interest and discounts on loans

##### The Company

Interest on loans is recognized over the term of the loans based on the amount of principal outstanding. No accrual is made for loans that fall under the conditions set out in the Bank of Thailand's Notification.

Interest income on restructured loans of the Company is recognized on the same accrual basis as used for loans mentioned above, except that for loans that are subject to monitoring for compliance with restructuring conditions, where the Company recognizes interest income on a cash basis until the receivables have been able to comply with the restructuring conditions for a period of no less than three months or three installments, whichever is longer.

Interest or discounts, which are already included in the face value of notes receivable or loans, are deferred and taken up as income evenly over the term of the notes or loans.

##### The subsidiary

Interest income on margin loans is recognized on an accrual basis, but where there is uncertainty as to the collectability of loans and interest the Company ceases accrual.

In the following cases collectability of loans and interest is held to be uncertain.

- 1) Loans which are not fully collateralized.
- 2) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue by more than 3 months.
- 3) Installment loans with repayments scheduled no less frequently than every 3 months, unless there is clear evidence and a high degree of certainty that full repayment will be received.
- 4) Problem financial institutions.
- 5) Other receivables from which interest payment is overdue for 3 months or more.

These conditions are based on the guidelines stipulated by the Office of the Securities and Exchange Commission.

### 3.1.2 Hire purchase income

The Company recognize income from hire purchase contracts starting before January 1, 2007 are recognized by the "Sum-of-the-year digits" method, which calculates income as a proportion of the principal outstanding for each installment period by calculating based on unearned income net of commission paid on hire purchase contracts, in accordance with the repayment schedule that the Company recognizes accrued interest from the last payment date to the month end date. For hire purchase contracts starting on January 1, 2007 are recognized by the "Effective interest" method, which calculates income as daily to end of months. No accrual is made for hire purchase contracts that fall under the conditions set out in the Bank of Thailand's Notification.

### 3.1.3 Interest and dividends on investment

Interest on investments is recognized as income on an accrual basis. Dividends on securities are recognized as income when the dividends are declared.

### 3.1.4 Brokerage fees

Brokerages on securities trading are recognized as income on the transaction dates.

### 3.1.5 Gains (losses) on trading in investments

Gains (losses) on trading in investments are recognized as income/expenses on the transaction dates.

### 3.1.6 Fees and service charges

Fees and service charges are recognized as income on an accrual basis.

## 3.2 Interest expenses

Interest expenses are charged to earnings on an accrual basis. In cases where interest charges have been included in the face value of notes, the interest is deferred and charged to earnings evenly over the lives of the notes.

## 3.3 Securitization transaction

Since there are no Thai Accounting Standards in dealing with securitization transaction, the Company recognized from the sales of hire purchase receivables to a Special Purposes Vehicle ("Securitization Plan"), according to the approval conditions required by the Securities Exchange Commission of Thailand. The conditions relate to the accounting treatment are as follows:

1. The Company will prepare its financial statements in accordance with the account standards and the accounting guideline issued by the Federation of Accounting Professions. Therefore, the Company will prepare its consolidated financial statements to combine the financial statements of SICCO Special Purpose Vehicle 1 Company Limited, SICCO Special Purpose Vehicle 2 Company Limited and SICCO Special Purpose Vehicle 3 Company Limited.

2. The Company is able to derecognize the hire purchase receivables, which were transferred to SICCO Special Purpose Vehicle 1 Company Limited, SICCO Special Purpose Vehicle 2 Company Limited and SICCO Special Purpose Vehicle 3 Company Limited and the debentures under the securitization project in the amount that the risks and returns on the receivables have been transferred to the debentureholders for both initial receivables transferred on the initial cut off date and additional revolving receivables transferred during the revolving period.

For those receivables whose risks and returns were not transferred to the debentureholders, the Company has recorded it as Subordinated Deferred Purchase Price Receivable and separately presented in balance sheet.

In order to derecognize the hire purchase receivables and the debentures under the securitization project which the risks and returns on the receivables have been transferred to the debentureholders, the Company has considered that the risks and returns have been transferred when the transferor surrenders control over those assets to the transferee and accounted for as a sale to the extent that consideration other than beneficial interests in the transferred assets is received in exchange.

Servicing assets and other retained interests in the transferred assets are measured by allocating the previous carrying amount between the assets sold, if any, and retained interests, if any, based on their relative fair values at the date of transfer, if practicable.

### **3.4 Recognition and amortization of customer deposits**

Cash which customers have placed with the subsidiary in cash accounts and credit balance accounts for securities trading is recorded as asset and liability of the subsidiary for internal control purposes. As at the balance sheet date, the subsidiary writes these amounts off from both assets and liabilities and presents only assets which belong to the subsidiary.

### **3.5 Investments**

The Company classifies its investments in securities as trading securities, available-for-sale securities, held-to-maturity securities, general investments and investment in subsidiaries and associated companies. The Company presents these investments in the balance sheet as either short-term investments, long-term investments or investments in subsidiaries and associated companies. Short-term investments are those investments that the Company intends to hold for less than 1 year. Long-term investments are those investments that the Company intends to hold for more than 1 year.

Trading securities are those investments that management acquires with the intent of holding these for a short period of time in order to take advantage of anticipated changes in the underlying market values. Trading securities are carried at fair value. Changes in fair value are recognized in the statement of income as either non-interest income or expense. Interest income on trading securities is recognized using the accrual basis of accounting.

Marketable debt and equity securities that are not classified as trading securities, held-to-maturity securities, and investment in subsidiaries and associated companies are classified as available-for-sale securities and are carried at fair value, with the valuation surplus on investments presented as a separate component of shareholders' equity until realized upon disposition or sale of the underlying securities. Interest income on available-for-sale securities is recognized using the accrual basis of accounting.

Debt securities for which the Company has both the intent and ability to hold until maturity are classified as held-to-maturity securities. Such securities are carried at amortized cost, net of valuation allowances for impairment, if any. Premiums and discounts on held-to-maturity securities are amortized or accreted as adjustments to interest income using the effective interest rate method over the term of the securities. Interest income on held-to-maturity securities is recognized using the accrual basis of accounting.

The Company classifies non-negotiable promissory notes and the rights of the Company against the non-negotiable promissory notes, which were given to the Company by the Thai Asset Management Corporation (TAMC) upon entering into the Asset Transfer Agreement in order to transfer impaired assets of the Company, as held-to-maturity debt securities.

Equity securities which are not readily marketable securities and are not subsidiaries and associated companies are classified as general investments and are carried at the historical cost, net of valuation allowances for impairment, if any.

Investments in subsidiaries are recorded by the cost method in the separate financial statements net of allowances for impairment, if any.

Valuation allowances are established and recognized as non-interest expense in the statement of income, when management has assessed a security as being impaired.

Cost of investment sold during the period is calculated using the weighted average method.

The following methodologies are used to determine the fair value of securities held by the Company.

The fair value of government debt securities is estimated based on monthly auction value prices. In situations where no auction prices are available, the fair value is estimated based on the Thai Bond Market Association (Thai BMA) yield curve. For state enterprise debt securities without guarantees by the government, the fair value is estimated based on the yield curve of government debt securities plus an appropriate risk premium.

The bidding prices at The Stock Exchange of Thailand on the last business day of the year are used to estimate the fair value of listed private sector debt and equity securities. The fair value of non-listed private sector debt securities is estimated using the prices obtained from the Thai Bond Market Association (Thai BMA). In the absence of available prices, fair value is estimated by applying the BOT valuation formula and the risk free yield curve plus the appropriate risk premium.

The fair value of unit trusts is estimated based on the net asset value at the end of the year.

The fair value of foreign debt and equity securities listed on foreign exchanges is estimated by using the bid prices in such exchanges as of the last business day of the year. The fair value of non-listed foreign debt and equity securities is determined based on values quoted by reliable international financial institutions.

### **3.6 Loans and receivables**

Loans and receivables are presented at principal balances, excluding accrued interest receivables. Unrecognized unearned income/discount on loans is deducted from loans balances.

### **3.7 Bad debt and doubtful accounts**

Bad debt and doubtful accounts are shown as an expense in the statement of income.

### **3.8 Troubled debt restructuring**

Under the Company's accounting policy for troubled debt restructuring, if payment of debt is received through the transfer of property, financial instruments, or if equity in the debtor is received as a result of a debt to equity swap, the Company records the assets received at their fair value. Losses arising from differences between the book value of the debt and the fair value of the assets are recorded in the statement of income, taking into account existing provisions for doubtful debt.

If debts restructuring includes the provision of a waiver of debt repayment conditions to the debtor, the Company will record the loss arising from the revaluation of the book value of the debtor, determined on the basis of the present value of the future cash flows to be received under the new conditions, and using the Minimum Loan Rate (MLR) in discounting. Any amount by which the newly determined book value is lower than the previous book value, including interest receivable, is recorded as a loss from restructuring in the statement of income.

Losses from troubled debt restructuring arising from reductions of principal and interest are included in the statement of income.

### 3.9 Properties foreclosed

Properties foreclosed are stated at the lower of cost and net realizable value with reference to the latest appraisal value.

The Company records property foreclosed received as a result of debt restructuring at its fair value, minus estimated selling expenses, which is not to exceed the balance of the debt legally collectible rights.

Gains (losses) on disposal of properties foreclosed are recorded as income or expenses in the statement of earnings when the disposal is made. Impairment loss (if any) is recognized in the statement of income.

### 3.10 Property, premises and equipment

Property is stated at cost, building and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated by reference to their costs on a straight-line basis over the estimated useful lives as follows:

Building and leasehold improvement	2 - 30	years (lease period)
Furniture, fixture and office equipment	5 - 10	years
Vehicles	5	years

### 3.11 Intangible assets

#### 1) Goodwill

Goodwill was incurred from the additional investment in subsidiary being made at costs higher than the subsidiary's net book value. The Company changes to test for impairment annually and provision for the impairment have to be made (if any).

#### 2) Other intangible assets

Intangible assets with definite useful life are stated at cost less accumulated amortization.

Intangible assets of the Company and Subsidiaries amortization intangible asset on a straight-line basis as follows:

The amortization of software is calculated by reference to its cost on a straight-line basis over the useful life of 5 years.

The amortization of leasehold right is calculated by reference to its cost on a straight-line basis over the leased period of 24 years.

Intangible asset which are prepaid broker license and TFEX membership fee of subsidiary company with indefinite useful live are tested for impairment using a fair value method of discounted cash flows on a semi-annual basis.

Intangible assets with indefinite useful life are to test for impairment annually and provision made for impairment are recorded as expenses in the statement of income (if any).

### 3.12 Foreign currencies

Foreign currency transactions during the period were recorded at the rates ruling on the transaction dates. Monetary assets and liabilities in foreign currency outstanding on the balance sheet date are to be translated into Baht at the reference BOT exchange rates at the end of the year, with the exception of those covered by forward exchange contracts with financial institutions, which are translated at the agreed rate.

Gains and losses on foreign transactions and translation gains and losses are recognized as income and expense in non-interest income in the statement of income.

### 3.13 Sales of bills of exchange

Sales, with recourse clause, of bills of exchange that carry no acceptances or aval of the financial institutions are recorded as liabilities under the caption of "Liabilities under commercial papers sold". The amount of loans recorded upon the purchase of the bills will be credited when the bills are due and collected.

### 3.14 Employee benefit

#### 3.14.1 Provident fund

The Company and its subsidiaries and their employees have jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. The fund is contributed to by the Company, its subsidiaries and their employees at a rate of 5% - 10% of the employees' basic salary. The fund is managed by Bank and will be paid to the employees upon termination in accordance with the rules of the fund.

The contributions for provident fund made by the Company and subsidiaries are recorded as expenses in the statement of income when incurred.

#### 3.14.2 Post-employment benefits obligation

The Company and subsidiaries provide for post-employment benefits obligation, payable to employees under the Thai Labor Protection Act. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by using the actuarial technique. The present value of the defined benefits obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, length of service and other. Actuarial gains or losses will be recognized in the consolidated and separate statements of income in the period to which they are related. The costs associated with providing these benefits are charged to the consolidated and separate statements of income so as to spread the cost over the employment period during which the entitlement to benefits is earned. However, at an initial adoption of TAS No. 19 "Employee Benefits", the transitional liabilities will be amortized as an expense in the statements of income on a straight-line method over 5 years (see Note 17).

### 3.15 Financial assets and financial liabilities

Financial assets and financial liabilities presented in the balance sheet consist of cash and deposits at financial institutions, loans to financial institutions, securities purchased under resale agreements, investments, trading transaction with security companies, loans and receivables, borrowings and deposits, securities sold under repurchase agreements, securities business payables and debentures. The accounting policy used for each accounting transaction has been separately shown under the related caption.

### 3.16 Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include all kinds of cash in hand and all types of deposits at financial institutions with original maturities of three months or less, but exclude negotiable certificates of deposit (NCDs).

### 3.17 Income tax

- a) The Company records corporate income tax using deferred income tax method.

Deferred tax assets/liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the balance sheet date. This will be realized in future periods when the income is realized, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred tax assets are recognized for deductible temporary differences if it is highly probable that the Company will generate sufficient taxable profits from its future operations to utilize these assets. Deferred tax liabilities are recognized for payable temporary differences.

Deferred tax assets/liabilities are calculated based on the tax rate that is expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax legislations) that have been enacted at the balance sheet date.

The Company records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

At each, balance sheet date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

- b) The subsidiaries recorded income tax expense based on tax paid and accrued for the current year.

### 3.18 Earnings (loss) per share

Basic earnings (loss) per share are determined by dividing net income (loss) for the year by the weighted average number of ordinary shares held by outside parties outstanding during the year.

The diluted earnings (loss) per share are calculated from net income (loss) for the year by divided outstanding by the weighted average number of ordinary shares, on the assumption that exercise of all warrants have been made at the beginning of the year. Therefore, ordinary share equivalent is the warrants.

### 3.19 Critical accounting judgments policies and source of estimation uncertainty

The preparation of financial statements in conformity with Generally Accepted Accounting Principles also requires the Company's and the subsidiaries management to exercise judgments in order to determine the accounting policies, 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 reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. Accounting estimates are as follows:

1. Allowance for doubtful accounts and loss on troubled debt restructuring

#### The Company

#### Loans (excluding car hire purchase receivables)

The Company classifies its loan portfolios into categories and sets allowance for doubtful accounts for loans in accordance with the Bank of Thailand's Notification dated August 3, 2008 and with the management estimation over the allowance for doubtful accounts from the ending balance of loans. The period of time that a loan is past due and the ability to repay the debt are the principal criteria utilized in classifying a loan. The collateral value appraised by an independent valuer or internal valuer every 3 years used in calculating the required allowance for doubtful accounts is based on the type of collateral according to the Bank of Thailand's guideline.

The Company sets loans reserve at the rate 100% for the discrepancies between debts and net present value of estimated future cash flows from selling of collateral or from collection except for the normal and specially mentioned debts where reserve is set at the rates of 1% and 2% of debt balance deduct collateral value.

#### Hire purchase receivables

The Company calculated allowance for doubtful accounts on hire purchase loans by using Collective Approach method which considers historical losses experience of loan which is calculated by the probability of default and the percentage of loss given default. In addition, the Company adjusted the historical loss experienced with significant factors related to the ability to repay loans in the future, such as the increasing losses on sales of foreclosed assets.

Since December 31, 2009, the Company revised the probability of default and percentage of loss given default, with factors that would affect the ability to repay loans in the future.

The Company considered the allowance for doubtful accounts for hire purchase receivables motorcycle based on valuation collateral according to the Bank of Thailand's guideline. The Company records the allowance for doubtful accounts for hire purchase receivables motorcycle at the rate of 100% from the discrepancies between the debts and the estimated cash flow from debtors or the net present value of the estimated future cash flow from selling collaterals. The discounted interest rate and the holding period are in accordance with the Bank of Thailand's guideline. For the normal and specially mentioned debts, the Company provided the allowance for doubtful account at the rate of 1% and 2% of debt balance after deduct collateral value respectively. In addition, since January 1, 2009 the Company does not deduct the collateral value from the debt balance to calculate allowance for doubtful account for hire purchase receivable motorcycle.

#### The subsidiary

For the subsidiary, the classification of debtors, and allowance for doubtful accounts are based on the guidelines laid down in the Notification of the Office of the Securities and Exchange Commission and other relevant factors as follows:

The subsidiary has provided an allowance for doubtful debts based on a review of debtor's repayment capability, taking into consideration risk in recovery and value of collateral. An allowance will be set aside for doubtful debts not fully covered by collateral and/or debtors which are expectable not to be recovered in full. Such debt classifications and provisions are in accordance with guidelines by the Office of the Securities and Exchange Commission as follows:

- a) Assets classified as loss are to satisfy the following criteria:
  - 1) Loans balances which the Company has already made every effort to collect, but which remain unpaid and which the Company has already written off in accordance with tax law.
  - 2) Loans balance which the Company has forgiven.
- b) Doubtful debt is defined as the uncollateralized portion of the value of a debt which meets the following criteria:
  - 1) General loans, problem financial institution loans, and other loans for which the collateral value is less than the loan balance.
  - 2) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue by more than 3 months.



- 3) Installment loans with repayments scheduled on less frequently than every 3 months, unless there is clear evidence and a high degree of certainty that full repayment will be received.
- c) Substandard debt is defined as the collateralized portion of loans which meet the criteria in b).

2. Allowance for properties foreclose

The fair value of immovable properties foreclosed based on annually appraised by external appraiser or the Company's internal appraiser less estimated selling expenses and considered devaluation of appraised value on holding period.

The fair value of moveable properties foreclosed based on impairment loss from historical loss and appraised value by the Company's internal appraiser and considered devaluation of appraised value on holding period.

3. Intangible assets

Intangible asset which is goodwill with indefinite useful live is tested for impairment using a fair value method of discounted cash flows on a semi-annual basis.

4. Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

5. Provisions

Provisions are recognized as liabilities in the balance sheet when it is probable that an obligation has been incurred as a result of a part event, it is possible that an outflow low of economic benefits will be required to settle the obligating and the amount of the obligation can be reasonably estimated.

## 4. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS

Cash and deposits at financial institutions are as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009
Cash	145,000	125,000	50,000	50,000
Deposits at financial institutions and promissory notes	1,468,668,388	911,556,795	754,619,288	126,409,839
Total cash and deposits at financial institutions	1,468,813,388	911,681,795	754,669,288	126,459,839
<u>Less</u> Deposits at financial institutions and promissory notes on behalf of customers in the subsidiary's name *	(322,255,839)	(367,081,054)	-	-
<b>Total cash and deposits at financial institutions, net</b>	<b>1,146,557,549</b>	<b>544,600,741</b>	<b>754,669,288</b>	<b>126,459,839</b>

(\* Deposit accounts for the customers are not shown as assets and liabilities in financial statements according to the announcement of the SEC.)

## 5. LOANS TO FINANCIAL INSTITUTIONS

Loans to financial institutions are as follows:

(Unit : Baht)

	Consolidated and Separate Financial Statements	
	As at December 31, 2010	As at December 31, 2009
Debt from Bank of Thailand under resale agreements	-	3,000,000,000
<b>Total</b>	-	3,000,000,000

## 6. INVESTMENTS

### 6.1 Investments are as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS			
	As at December 31, 2010		As at December 31, 2009	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
<b>Current investments</b>				
Trading securities				
Domestic marketable equity securities	-	-	11,064,980	11,129,400
Unit trusts	237,012,585	237,123,777	170,024,586	170,227,628
<b>Total</b>	237,012,585	237,123,777	181,089,566	181,357,028
<u>Add</u> Allowance for revaluation of investment	111,192	-	267,462	-
<b>Total</b>	237,123,777	237,123,777	181,357,028	181,357,028
Available-for-sale securities				
Government and State Enterprise securities	2,479,093,001	2,479,120,179	52,387,153	53,052,590
Debt securities of private sector	-	-	18,298,882	18,298,856
<u>Add</u> Allowance for revaluation of investment	27,178	-	665,411	-
<b>Total</b>	2,479,120,179	2,479,120,179	71,351,446	71,351,446
<b>Total current investments, net</b>	2,716,243,956	2,716,243,956	252,708,474	252,708,474

(Unit : Baht)

CONSOLIDATED FINANCIAL STATEMENTS				
	As at December 31, 2010		As at December 31, 2009	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
<b>Long-term investments</b>				
Available-for-sale securities				
Government and State Enterprise securities	64,105,029	64,544,743	137,609,605	138,876,996
Domestic marketable equity securities	172,476,405	221,267,006	304,789,780	277,679,236
Debt securities of private sector	112,000	111,998	10,047,871	10,047,871
Total	236,693,434	285,923,747	452,447,256	426,604,103
Add (Less) Allowance for revaluation of investment	49,230,313	-	(25,843,153)	-
<b>Total</b>	285,923,747	285,923,747	426,604,103	426,604,103
Held-to-maturity debt securities				
Government and State Enterprise securities	48,939,622	48,939,622	57,939,622	57,939,622
<b>Total</b>	48,939,622	48,939,622	57,939,622	57,939,622
General investment				
Domestic non-marketable equity securities	45,751,150	30,555,569	142,098,411	95,738,081
Less Allowance for impairment	(15,195,581)	-	(46,360,330)	-
<b>Total</b>	30,555,569	30,555,569	95,738,081	95,738,081
<b>Total long-term investments, net</b>	365,418,938	365,418,938	580,281,806	580,281,806

(Unit : Baht)

SEPARATE FINANCIAL STATEMENTS				
	As at December 31, 2010		As at December 31, 2009	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
<b>Current investments</b>				
Trading securities				
Domestic marketable equity securities	-	-	11,064,980	11,129,400
Total	-	-	11,064,980	11,129,400
Add Allowance for revaluation of investment	-	-	64,420	-
<b>Total</b>	-	-	11,129,400	11,129,400
Available-for-sale securities				
Government and State Enterprise securities	2,479,093,001	2,479,120,179	52,387,153	53,052,590
Debt securities of private sector	-	-	18,298,882	18,298,856
Add Allowance form revaluation of investment	27,178	-	665,411	-
<b>Total</b>	2,479,120,179	2,479,120,179	71,351,446	71,351,446
<b>Total current investments, net</b>	2,479,120,179	2,479,120,179	82,480,846	82,480,846
<b>Long-term investments</b>				
Available-for-sale securities				
Government and State Enterprise securities	64,105,029	64,544,743	137,609,605	138,876,996
Domestic marketable equity securities	172,476,405	221,267,006	304,789,780	277,679,236
Debt securities of private sector	112,000	111,998	10,047,871	10,047,871
Total	236,693,434	285,923,747	452,447,256	426,604,103
Add (Less) Allowance for revaluation of investment	49,230,313	-	(25,843,153)	-
<b>Total</b>	285,923,747	285,923,747	426,604,103	426,604,103
Held-to-maturity debt securities				
Government and State Enterprise securities	48,939,622	48,939,622	57,939,622	57,939,622
<b>Total</b>	48,939,622	48,939,622	57,939,622	57,939,622
General investment				
Domestic non-marketable equity securities	37,462,400	22,266,819	127,468,279	81,107,949
Less Allowance for impairment	(15,195,581)	-	(46,360,330)	-
<b>Total</b>	22,266,819	22,266,819	81,107,949	81,107,949
<b>Total long-term investments, net</b>	357,130,188	357,130,188	565,651,674	565,651,674

**6.2 Debt securities of the Company can be classified by the remaining period to maturity as presented below:**

(Unit : Baht)

<b>CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS As at December 31, 2010</b>				
	Maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale securities</b>				
Government and State Enterprise securities	2,479,093,001	64,105,029	-	2,543,198,030
Debt securities of private sector	-	112,000	-	112,000
Add Allowance for revaluation of investment	27,178	439,712	-	466,890
Total	2,479,120,179	64,656,741	-	2,543,776,920
<b>Held-to-maturity debt securities</b>				
Government and State Enterprise securities	31,619,719	17,319,903	-	48,939,622
Total	31,619,719	17,319,903	-	48,939,622
<b>Total debt securities</b>	<b>2,510,739,898</b>	<b>81,976,644</b>	<b>-</b>	<b>2,592,716,542</b>

(Unit : Baht)

<b>CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS As at December 31, 2009</b>				
	Maturity			
	With in 1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale securities</b>				
Government and State Enterprise securities	52,387,153	137,609,605	-	189,996,758
Debt securities of private sector	18,298,882	10,047,871	-	28,346,753
Add Allowance for revaluation of investment	665,411	1,267,391	-	1,932,802
Total	71,351,446	148,924,867	-	220,276,313
<b>Held-to-maturity debt securities</b>				
Government and State Enterprise securities	9,000,000	48,939,622	-	57,939,622
Total	9,000,000	48,939,622	-	57,939,622
<b>Total debt securities</b>	<b>80,351,446</b>	<b>197,864,489</b>	<b>-</b>	<b>278,215,935</b>

**6.3** As at December 31, 2009, held-to-maturity debt securities included Baht 9 million of ten-year, non-negotiable government bonds bearing interest at rates of 2.50% - 2.75% per annum which are redeemable before maturity. The Company invested in these debt instruments in accordance with the conditions laid down by the Ministry of Finance under the Assistance for Tier 2 Funding Increase Project. As at December 31, 2010 government bonds had already redeem.

#### 6.4 The Company's investments in its subsidiaries, associated Company and related companies are summarized as follows:

(Unit : Thousand Baht)

Name	Type of business	Type of invested security	Relationship	Paid-up share capital	Percentage of shareholding (%)	Investment (Cost method)				Investment (Book value)		Dividend	
						As at December 31, 2010		As at December 31, 2009		As at December 31, 2010	As at December 31, 2009		For the years ended December 31, 2010
						As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009		
Subsidiaries													
SICCO Securities Plc.	Security business	Common share	Subsidiary	637,215	70.06	70.06	497,435	497,435	654,417	639,530	13,394	-	
(included equity in SICCO Advisory Co., Ltd. and SSEC Assets Management Securities Co., Ltd.)													
SICCO Special Purpose Vehicle 1 Co., Ltd.*	Securitization	Common share	Subsidiary	40	-	98.50	-	39	-	420	-	-	
SICCO Special Purpose Vehicle 2 Co., Ltd.	Securitization	Common share	Subsidiary	40	100.00	100.00	4	4	51,187	44,710	-	-	
SICCO Special Purpose Vehicle 3 Co., Ltd.**	Securitization	Common share	Subsidiary	40	100.00	100.00	4	4	219	15,981	21,083	33,324	
Total							497,443	497,482	705,823	700,641	34,477	33,324	
Related companies													
Siam Bansu Leasing (2002) Co., Ltd. ***	Hire purchase business	Common share	Significant management	100,000	-	10.00	-	19,179	-	-	-	-	
SCB Leasing Co., Ltd.	Hire purchase business	Common share	Common Shareholder	105,769	1.00	1.00	1,000	1,000	-	-	-	-	

\* SICCO Special Purpose Vehicle 1 Company Limited has registered the dissolution with the Ministry of Commerce on December 29, 2009, and registered the liquidation with the Ministry of Commerce on February 7, 2011 and The Company has received the total ordinary shares payment.

\*\* SICCO Special Purpose Vehicle 3 Company Limited has registered the dissolution with the Ministry of Commerce on November 22, 2010, and is being in the liquidation process.

\*\*\* On July 30, 2010 The Company had to leave investment in Siam Bansa Leasing (2002) Co., Ltd. by selling investment in common stock to Ban Suzuki Co., Ltd.

The subsidiaries operates its business in Thailand and has been granted permission to manage private fund, provide financial advisory and other businesses that generally have been granted by the Office of the Securities and Exchange Commission. The subsidiary has been approved from the Ministry of Finance to dissolve its business (see Note 1). On January 31, 2011, the Extraordinary Shareholders' Meeting No. 1/2011 of subsidiary had passed a special resolution to dissolve the subsidiary and the subsidiary has registered the dissolution with the Ministry of Commerce on February 11, 2011 (see Note 31). However the Company have not been separately presented the results from discontinued operations since the Company's management anticipates that such effects will have no material impact on the consolidated financial statements of the Company.

**6.5** In June 2001, the Government issued an Emergency Decree establishing Thai Asset Management Corporation B.E. 2544 (TAMC). Under this Emergency Decree financial institutions may choose whether to join the scheme and transfer those of their non-performing assets which meet the stipulated conditions to TAMC, within the specified timeframe. The assets are to be transferred at a price equal to the value of the collateral or a price stipulated by the Board of TAMC and any future profits and losses from the non-performing assets are to be shared. The Company's management agree to join the scheme. In 2001 and 2002, the Company transferred 5 doubtful receivables to the TAMC with a book value after writing off bad debt amounting to Baht 119.6 million and Baht 32.6 million, respectively, to TAMC, at a price stipulated by the Board of TAMC. The Company does not suffer any material loss as a result of the transfer of these loans. The TAMC was to issue a Baht 152.2 million promissory notes to the Company for the value of these non-performing loans within 180 days of the transfer date, which was identified as the date on the promissory notes. Subsequently on March 19, 2003, TAMC informed the Company to cancel transferring a non-performing loan, with a book value after writing off bad debt amounting to Baht 58.6 million, since the loan did not meet the stipulated conditions to TAMC. The Company recorded the loan balance into the account in 2003.

During 2006, TAMC made payment and redeemed promissory notes to settle a total of Baht 1 million. In June 2006 TAMC informed the Company to change promissory notes from Baht 45.9 million to Baht 86.4 million since TAMC found a change in transfer value of the doubtful receivable increase Baht 40.5 million. Such promissory notes maturing on October 31, 2011, November 30, 2011 and June 28, 2012 and TAMC shall calculate interest from banks' average quarterly deposit rates at year end, and will pay interest on an annual basis by issuing a one year non-negotiable promissory note. The Company included it in long-term investment in the balance sheet and classified it as an investment in debt security to be held to maturity. As at December 31, 2010, the Company has already set up allowance for possible loss amounting Baht 40.3 million (As at December 31, 2009: Baht 40.3 million). So the net balance of promissory notes as at December 31, 2010 was Baht 48.9 million (As at December 31, 2009: Baht 48.9 million). The management of the Company believes that the Company's allowance for possible loss is sufficient to cover the losses which may arise.

**6.6** On February 28, 1997, the Company jointly with a bank, which subsequently became the Company's parent company in 1998, and another finance company and the agreement provided a syndicated loan to Siam Sindhorn Property Co., Ltd. The agreement states that shareholders of Siam Sindhorn Property Co., Ltd. would have to pledge their stock certificates as collateral. As a shareholder of Siam Sindhorn Property Co., Ltd. the Company pledged its Baht 60 million investment in Siam Sindhorn Property Co., Ltd. as collateral for this syndicated loan. Then as at July 31, 2009, the Company, as a creditor, had fully received that loan back and the Company, as a shareholder, received back the stock certificate used to pledge as collateral.

On September 2, 2009, the shareholders' extraordinary meeting No. 1/2009 of Siam Sindhorn Property Co., Ltd. has resolution to wind up the Company and register the dissolution with the Department of Business Development, Ministry of Commerce. The Company's management believes that the investment in Siam Sindhorn Property Co., Ltd. would be impaired. Thus, an allowance for impairment of investment in Siam Sindhorn Property Co., Ltd. was recorded as at December 31, 2009 amounting to Baht 20.3 million. Subsequently, on October 14, 2010, the Company agreed to leave an investment in Siam Sindhorn Property Co., Ltd. The Company had sold all of ordinary shares of such company to Siam Sindhorn Co., Ltd.

**6.7** As at December 31, 2010 and 2009, the Company has investments in the companies which have problems with their financial position and operating result in the amount of Baht 254.6 million and Baht 266.6 million, respectively, that the Company has allowance for impairment of investments in the amount of Baht 254.6 million and Baht 238.4 million, respectively.

## 7. LOANS, RECEIVABLES AND ACCRUED INTEREST RECEIVABLES

### 7.1 Classified by nature of credit agreement

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009
<b>Finance business loans and receivables:</b>				
Loans	956,271,248	1,062,064,612	956,271,248	1,062,064,612
Notes receivable	489,474,117	760,757,645	489,474,117	760,757,645
Hire purchase receivables	12,245,039,517	15,598,182,302	12,245,039,517	15,598,182,302
Total finance business loans and receivables	13,690,784,882	17,421,004,559	13,690,784,882	17,421,004,559
<u>Add</u> Accrued interest receivables	41,685,450	52,641,559	41,248,106	48,869,696
<u>Less</u> Allowance for doubtful accounts	(2,379,665,954)	(1,898,503,254)	(2,379,665,954)	(1,898,503,254)
Allowance for revaluation of debt restructuring	(28,038,540)	(33,187,575)	(28,038,540)	(33,187,575)
<b>Net finance business loans, receivables and accrued interest receivables</b>	<b>11,324,765,838</b>	<b>15,541,955,289</b>	<b>11,324,328,494</b>	<b>15,538,183,426</b>
<b>Securities and derivative business receivables:</b>				
Customers' accounts - cash	316,355,442	250,810,124	-	-
Customers' accounts - credit balance	516,774,818	350,080,486	-	-
Other receivables	76,442,361	172,653,152	-	-
Total securities and derivative business receivables	909,572,621	773,543,762	-	-
<u>Add</u> Accrued interest receivables	3,060,641	1,923,313	-	-
<u>Less</u> Allowance for doubtful accounts	(76,442,361)	(86,809,401)	-	-
Net securities and derivative business receivables and accrued interest receivables	836,190,901	688,657,674	-	-
<b>Net loans, receivables and accrued interest receivables</b>	<b>12,160,956,739</b>	<b>16,230,612,963</b>	<b>11,324,328,494</b>	<b>15,538,183,426</b>



## 7.2 Classified by the remaining period of the contract

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009
<b>Finance business loans and receivables:</b>				
At call*	109,006,399	136,676,317	109,006,399	136,676,317
Not over 1 year	981,195,477	1,022,189,893	981,195,477	1,022,189,893
Over 1 year	12,600,583,006	16,262,138,349	12,600,583,006	16,262,138,349
Total finance business loans and receivables	13,690,784,882	17,421,004,559	13,690,784,882	17,421,004,559
Add Accrued interest receivables	41,685,450	52,641,559	41,248,106	48,869,696
<b>Total finance business loans, receivables and accrued interest receivables</b>	<b>13,732,470,332</b>	<b>17,473,646,118</b>	<b>13,732,032,988</b>	<b>17,469,874,255</b>

\* Included contracts which are due already

## 7.3 Classified by type of business and classification

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS As at December 31, 2010					
	Normal	Special mentioned	Sub- standard	Doubtful	Doubtful loss	Total
Manufacturing and commerce	133,123	2,596	111	265,139	377,312	778,281
Real estate and construction	67,719	-	7,421	65,562	281,090	421,792
Public utilities and service	9,530	-	-	-	-	9,530
Housing loans	1,516	3,094	1,690	4,826	37,066	48,192
Hire purchase loans	9,662,685	1,722,222	368,490	155,498	336,145	12,245,040
Others	833,130	-	-	-	264,392	1,097,522
Total loans and receivables	10,707,703	1,727,912	377,712	491,025	1,296,005	14,600,357
Add Accrued interest receivables	6,822	56	4	3,722	34,142	44,746
<b>Total loans, receivables and accrued interest receivables</b>	<b>10,714,525</b>	<b>1,727,968</b>	<b>377,716</b>	<b>494,747</b>	<b>1,330,147</b>	<b>14,645,103</b>

(Unit : Thousand Baht)

**CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2009**

	Normal	Special mentioned	Sub- standard	Doubtful	Doubtful loss	Total
Manufacturing and commerce	215,993	1,873	732	234,760	369,633	822,991
Real estate and construction	343,717	-	-	66,517	299,697	709,931
Public utilities and service	25,484	-	-	-	-	25,484
Housing loans	8,738	2,384	2,368	7,478	39,694	60,662
Hire purchase loans	11,749,219	2,662,520	695,643	223,604	267,196	15,598,182
Others	686,734	-	-	-	290,564	977,298
Total loans and receivables	13,029,885	2,666,777	698,743	532,359	1,266,784	18,194,548
Add Accrued interest receivables	14,990	11	5	482	39,077	54,565
<b>Total loans, receivables and accrued interest receivables</b>	<b>13,044,875</b>	<b>2,666,788</b>	<b>698,748</b>	<b>532,841</b>	<b>1,305,861</b>	<b>18,249,113</b>

(Unit : Thousand Baht)

**SEPARATE FINANCIAL STATEMENTS**  
**As at December 31, 2010**

	Normal	Special mentioned	Sub- standard	Doubtful	Doubtful loss	Total
Manufacturing and commerce	133,123	2,596	111	265,139	377,312	778,281
Real estate and construction	67,719	-	7,421	65,562	281,090	421,792
Public utilities and service	9,530	-	-	-	-	9,530
Housing loans	1,516	3,094	1,690	4,826	37,066	48,192
Hire purchase loans	9,662,685	1,722,222	368,490	155,498	336,145	12,245,040
Others	-	-	-	-	187,950	187,950
Total loans and receivables	9,874,573	1,727,912	377,712	491,025	1,219,563	13,690,785
Add Accrued interest receivables	3,324	56	4	3,722	34,142	41,248
<b>Total loans, receivables and accrued interest receivables</b>	<b>9,877,897</b>	<b>1,727,968</b>	<b>377,716</b>	<b>494,747</b>	<b>1,253,705</b>	<b>13,732,033</b>

(Unit : Thousand Baht)

**SEPARATE FINANCIAL STATEMENTS**  
**As at December 31, 2009**

	<b>Normal</b>	<b>Special mentioned</b>	<b>Sub- standard</b>	<b>Doubtful</b>	<b>Doubtful loss</b>	<b>Total</b>
Manufacturing and commerce	215,993	1,873	732	234,760	369,633	822,991
Real estate and construction	343,717	-	-	66,517	299,697	709,931
Public utilities and service	25,484	-	-	-	-	25,484
Housing loans	8,738	2,384	2,368	7,478	39,694	60,662
Hire purchase loans	11,749,219	2,662,520	695,643	223,604	267,196	15,598,182
Others	-	-	-	-	203,755	203,755
Total loans and receivables	12,343,151	2,666,777	698,743	532,359	1,179,975	17,421,005
Add Accrued interest receivables	9,294	11	5	482	39,077	48,869
<b>Total loans, receivables and accrued interest receivables</b>	<b>12,352,445</b>	<b>2,666,788</b>	<b>698,748</b>	<b>532,841</b>	<b>1,219,052</b>	<b>17,469,874</b>

## 7.4 Classified by type of loan classification

(Unit : Baht)

**CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2010**

<b>Loan classification</b>	<b>Loans and accrued interest receivables</b>	<b>Loan outstanding after collateral</b>	<b>% For set up allowance for doubtful</b>	<b>Minimum reserve required per BOT</b>
Normal	10,714,525,007	10,584,150,773	1%, 2.05%	252,329,186
Special mentioned	1,727,968,420	1,723,845,642	2%, 11.58%	240,065,849
Sub-standard	377,715,772	369,304,643	30.54%, 100%	128,347,420
Doubtful	494,746,903	483,575,572	30.54%, 100%	354,090,292
Doubtful loss	1,330,147,492	1,066,888,314	30.54%, 100%	1,051,566,690
Allowance for Doubtful Accounts in Excess of the BOT's Requirement	-	-		429,708,878
<b>Total</b>	<b>14,645,103,594</b>	<b>14,227,764,944</b>		<b>2,456,108,315</b>

(Unit : Baht)

Loan classification	CONSOLIDATED FINANCIAL STATEMENTS As at December 31, 2009			
	Loans and accrued interest receivables	Loan outstanding after collateral	% For set up allowance for doubtful	Minimum reserve required per BOT
Normal	13,044,874,884	12,646,703,368	1%, 2.10%	248,431,505
Special mentioned	2,666,788,379	2,665,268,678	2%, 11.65%	307,453,715
Sub-standard	698,748,098	697,187,117	30.54%, 100%	228,695,059
Doubtful	532,840,989	519,284,842	30.54%, 100%	352,968,650
Doubtful loss	1,305,860,843	1,001,116,612	30.54%, 100%	847,763,726
<b>Total</b>	<b>18,249,113,193</b>	<b>17,529,560,617</b>		<b>1,985,312,655</b>

(Unit : Baht)

Loan classification	SEPARATE FINANCIAL STATEMENTS As at December 31, 2010			
	Loans and accrued interest receivables	Loan outstanding after collateral	% For set up allowance for doubtful	Minimum reserve required per BOT
Normal	9,877,896,763	9,747,522,528	1%, 2.05%	252,329,186
Special mentioned	1,727,968,420	1,723,845,642	2%, 11.58%	240,065,849
Sub-standard	377,715,771	369,304,643	30.54%, 100%	128,347,420
Doubtful	494,746,903	483,575,572	30.54%, 100%	354,090,292
Doubtful loss	1,253,705,131	990,445,953	30.54%, 100%	975,124,329
Allowance for Doubtful Accounts in Excess of the BOT's Requirement	-	-		429,708,878
<b>Total</b>	<b>13,732,032,988</b>	<b>13,314,694,338</b>		<b>2,379,665,954</b>

(Unit : Baht)

Loan classification	SEPARATE FINANCIAL STATEMENTS As at December 31, 2009			
	Loans and accrued interest receivables	Loan outstanding after collateral	% For set up allowance for doubtful	Minimum reserve required per BOT
Normal	12,352,445,347	11,954,273,831	1%, 2.10%	248,431,505
Special mentioned	2,666,788,379	2,665,268,678	2%, 11.65%	307,453,715
Sub-standard	698,748,098	697,187,117	30.54%, 100%	228,695,059
Doubtful	532,840,989	519,284,842	30.54%, 100%	352,968,650
Doubtful loss	1,219,051,442	914,307,211	30.54%, 100%	760,954,325
<b>Total</b>	<b>17,469,874,255</b>	<b>16,750,321,679</b>		<b>1,898,503,254</b>

Hire purchase receivable motorcycle does not deduct the collateral value from the debt balance to calculate allowance for doubtful account for hire purchase receivables motorcycle.

**7.5** Classification of assets under the Bank of Thailand's guidelines for hire purchase receivables on which the Company sets aside provision using a collective approach

The Company provided allowance for doubtful accounts on hire purchase loans using Collective Approach method which considers historical losses experience of loan, by calculating the probability of default and percentage of loss given default and also consider in addition the future factors that might affect the ability to repay loans.

(Unit : Baht)

Hire purchase receivables automobile classification	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS As at December 31, 2010			
	Debt balance	Debt balance after deduct collateral <sup>(1)</sup>	% For set up allowance for doubtful	Allowance for doubtful accounts
Normal				
- Collective approach	9,606,210,016	9,606,210,016	2.05%	197,147,095
- Full reserve <sup>(2)</sup>	54,345,665	54,345,665	100.00%	54,345,665
Special mentioned				
- Collective approach	1,674,571,063	1,674,571,063	11.58%	193,928,190
- Full reserve <sup>(2)</sup>	46,074,790	46,074,790	100.00%	46,074,790
Sub-standard				
- Collective approach	346,900,694	346,900,694	30.54%	105,943,472
- Full reserve <sup>(2)</sup>	19,762,556	19,762,556	100.00%	19,762,556
Doubtful				
- Collective approach	146,050,590	146,050,590	30.54%	44,603,850
- Full reserve <sup>(2)</sup>	5,265,536	5,265,536	100.00%	5,265,536
Doubtful loss				
- Collective approach	22,058,198	22,058,198	30.54%	6,736,574
- Full reserve <sup>(2)</sup>	314,086,760	314,086,760	100.00%	314,086,760
<b>Total hire purchase receivables automobile</b>	<b>12,235,325,868</b>	<b>12,235,325,868</b>		<b>987,894,488</b>

<sup>(1)</sup> The Company does not deduct the collateral value from the debt balance to calculate allowance for doubtful account for hire purchase receivables automobile.

<sup>(2)</sup> Group of hire purchase receivables automobile that the Company expects not to receive the repayment from such loans. The Company set provision by using the highest rate of provision for loans in that group.

(Unit : Baht)

Hire purchase receivables automobile classification	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS As at December 31, 2009			
	Debt balance	Debt balance after deduct collateral <sup>(1)</sup>	% For set up allowance for doubtful	Allowance for doubtful accounts
Normal	11,708,096,750	11,708,096,750	2.10%	246,362,474
Special mentioned	2,632,555,127	2,632,555,127	11.65%	306,799,659
Sub-standard	674,474,455	674,474,455	30.54%	205,984,499
Doubtful	196,342,510	196,342,510	30.54%	59,963,003
Doubtful loss				
- Collective approach	225,997,506	225,997,506	30.54%	69,019,638
- Full reserve <sup>(2)</sup>	41,199,072	41,199,072	100.00%	41,199,072
<b>Total hire purchase receivables automobile</b>	<b>15,478,665,420</b>	<b>15,478,665,420</b>		<b>929,328,345</b>

<sup>(1)</sup> The Company does not deduct the collateral value from the debt balance to calculate allowance for doubtful account for hire purchase receivables automobile.

<sup>(2)</sup> Group of hire purchase receivables automobile that the Company expects not to receive the repayment from such loans. The Company set provision by using the highest rate of provision for loans in that group.

## 7.6 Hire Purchase Receivables are as follows:

(Unit : Baht)

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS As at December 31, 2010 Time to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
Hire purchase receivables				
Contract before January 1, 2007				
Hire purchase receivable	402,828,737	538,585,807	301,135,328	1,242,549,872
<u>Less</u> Unearned income on hire purchase	(11,635,115)	(21,412,561)	(4,095,073)	(37,142,749)
	391,193,622	517,173,246	297,040,255	1,205,407,123
<u>Add</u> Deferred commission expenses	618,761	1,358,416	-	1,977,177
<u>Less</u> Allowance for doubtful accounts	(13,831,797)	(23,872,969)	(261,535,670)	(299,240,436)
	377,980,586	494,658,693	35,504,585	908,143,864
Contract after January 1, 2007				
Hire purchase receivable	559,906,403	10,393,281,140	1,631,451,550	12,584,639,093
<u>Less</u> Unearned income on hire purchase	(17,114,352)	(1,271,015,996)	(344,041,423)	(1,632,171,771)
	542,792,051	9,122,265,144	1,287,410,127	10,952,467,322
<u>Add</u> Deferred commission expenses	977,801	70,596,161	13,613,933	85,187,895
<u>Less</u> Allowance for doubtful accounts	(24,507,368)	(407,204,825)	(263,002,808)	(694,715,001)
	519,262,484	8,785,656,480	1,038,021,252	10,342,940,216
<b>Total hire purchase receivables - net</b>	<b>897,243,070</b>	<b>9,280,315,173</b>	<b>1,073,525,837</b>	<b>11,251,084,080</b>

(Unit : Baht)

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**As at December 31, 2009**  
**Time to maturity**

	<b>Within 1 year</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Hire purchase receivables				
Contract before January 1, 2007				
Hire purchase receivable	639,734,644	2,086,377,151	460,015,150	3,186,126,945
<u>Less</u> Unearned income on hire purchase	(20,126,817)	(157,983,480)	(19,226,687)	(197,336,984)
	619,607,827	1,928,393,671	440,788,463	2,988,789,961
<u>Add</u> Deferred commission expenses	1,417,930	8,308,480	-	9,726,410
<u>Less</u> Allowance for doubtful accounts	(22,536,323)	(88,967,773)	(178,023,033)	(289,527,129)
	598,489,434	1,847,734,378	262,765,430	2,708,989,242
Contract after January 1, 2007				
Hire purchase receivable	312,100,464	11,957,016,831	2,324,347,872	14,593,465,167
<u>Less</u> Unearned income on hire purchase	(11,565,470)	(1,592,538,315)	(501,177,818)	(2,105,281,603)
	300,534,994	10,364,478,516	1,823,170,054	12,488,183,564
<u>Add</u> Deferred commission expenses	880,108	92,455,878	18,146,381	111,482,367
<u>Less</u> Allowance for doubtful accounts	(8,549,234)	(386,951,374)	(293,741,751)	(689,242,359)
	292,865,868	10,069,983,020	1,547,574,684	11,910,423,572
<b>Total hire purchase receivables - net</b>	<b>891,355,302</b>	<b>11,917,717,398</b>	<b>1,810,340,114</b>	<b>14,619,412,814</b>

## 7.7 Unearned income

(Unit : Baht)

**CONSOLIDATED AND SEPARATE  
FINANCIAL STATEMENTS**

	<b>As at December 31, 2010</b>	<b>As at December 31, 2009</b>
Unearned income on hire purchase	1,582,149,448	2,181,409,810
Unearned income on discount	3,156	9,301
<b>Total unearned income</b>	<b>1,582,152,604</b>	<b>2,181,419,111</b>

## 7.8 Non-performing loans and receivables

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009
Finance business loans and receivables	2,088,300,219	2,411,076,335	2,088,300,219	2,411,076,335
Securities business receivables	76,442,361	86,809,401	-	-
Total non-performing loans and receivables	2,164,742,580	2,497,885,736	2,088,300,219	2,411,076,335
Less Allowance for doubtful accounts	(1,534,004,402)	(1,429,427,435)	(1,457,562,041)	(1,342,618,034)
<b>Non-performing loans and Receivables, net</b>	<b>630,738,178</b>	<b>1,068,458,301</b>	<b>630,738,178</b>	<b>1,068,458,301</b>

As at December 31, 2010, the Company has non-performing loans (NPLs) and receivables according to the Bank of Thailand's definition of 15.3% of total loans and receivables (As at December 31, 2009 : 11.8%) and the non-performing loans (NPLs) and receivables according to the Bank of Thailand's definition, net of allowance for doubtful account as at December 31, 2010, is 5.2% of total loans and receivable after allowance for doubtful account of non-performing loans (As at December 31, 2009 : 5.6%).

## 7.9 Troubled debt restructuring

For the year ended December 31, 2010, the Company recognized interest income from restructured receivables of Baht 5.1 million (for the year ended December 31, 2009: Baht 58.8 million) and collected principal and interest for the year ended December 31, 2010 of Baht 8.3 million (for the year ended December 31, 2009: Baht 181.7 million).

As at December 31, 2010, the balance of restructured receivables in the Company's account amounts to Baht 332.8 million (As at December 31, 2009: Baht 338.7 million).

For the years ended December 31, 2010 and 2009, the Company has no losses from troubled debt restructuring and any losses as a result of calculating the present value of the debt restructuring.

The outstanding restructuring loan balances can be summarized as follows:

(Unit : Million Baht)

	As at December 31, 2010		As at December 31, 2009	
	Number of debtors	Amount	Number of debtors	Amount
Loans being restructured	-	-	2	22
Normal loans	34,489	13,732	52,173	17,448
<b>Total loans</b>	<b>34,489</b>	<b>13,732</b>	<b>52,175</b>	<b>17,470</b>

As at December 31, 2010 and 2009, the Company has not any commitment to additionally lend to its debtors after restructuring.

The Company is unable to estimate the amount of future losses on outstanding loans being restructured currently.



**7.10** As at December 31, 2010 and 2009, the Company has loans, receivables and accrued interest receivables from companies which have problems with their financial position and operating performance. The Company has set aside the following allowances for doubtful accounts.

(Unit: Thousand Baht)

<b>CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS</b>								
	<b>Number of loans</b>		<b>Amount</b>		<b>Collateral</b>		<b>Allowance for doubtful accounts</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
1. Listed companies which have had their shares delisted	4	4	235,779	236,213	1,724	1,033	225,879	222,968
2. Non-listed companies with financial position and operating performance equivalent to those of delisted companies	2	2	37,720	40,999	22,858	23,813	14,862	17,186

## **8. ALLOWANCE FOR DOUBTFUL ACCOUNTS AND ALLOWANCE FOR REVALUATION OF DEBT RESTRUCTURING**

### **8.1 Allowance for doubtful accounts**

(Unit : Baht)

<b>CONSOLIDATED FINANCIAL STATEMENTS</b>							
<b>As at December 31, 2010</b>							
	<b>Normal</b>	<b>Special mentioned</b>	<b>Sub-standard</b>	<b>Doubtful</b>	<b>Doubtful loss</b>	<b>Allowance for Doubtful Accounts in Excess of the BOT's Requirement</b>	<b>Total</b>
Beginning balance	248,431,505	307,453,715	228,695,059	352,968,650	847,763,726	-	1,985,312,655
Allowance for doubtful accounts (reversal)	-	-	-	25,246,577	(9,779,446)	671,419,035	686,886,166
Bad debts written-off	-	-	-	-	(234,028,296)	-	(234,028,296)
Others	3,897,681	(67,387,866)	(100,347,639)	(24,124,935)	447,610,706	(241,710,157)	17,937,790
<b>Ending balance</b>	<b>252,329,186</b>	<b>240,065,849</b>	<b>128,347,420</b>	<b>354,090,292</b>	<b>1,051,566,690</b>	<b>429,708,878</b>	<b>2,456,108,315</b>

(Unit : Baht)

**CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2009**

	Normal	Special mentioned	Sub- standard	Doubtful	Doubtful loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	Total
Beginning balance	163,667,063	88,509,336	114,407,836	363,451,796	859,526,626	-	1,589,562,657
Allowance for doubtful accounts	-	-	117,017,959	41,521,843	222,721,859	269,252,372	650,514,033
Bad debts written-off	-	-	-	-	(258,790,724)	-	(258,790,724)
Others	84,764,442	218,944,379	(2,730,736)	(52,004,989)	24,305,965	(269,252,372)	4,026,689
<b>Ending balance</b>	<b>248,431,505</b>	<b>307,453,715</b>	<b>228,695,059</b>	<b>352,968,650</b>	<b>847,763,726</b>	<b>-</b>	<b>1,985,312,655</b>

(Unit : Baht)

**SEPARATE FINANCIAL STATEMENTS**  
**As at December 31, 2010**

	Normal	Special mentioned	Sub- standard	Doubtful	Doubtful loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	Total
Beginning balance	248,431,505	307,453,715	228,695,059	352,968,650	760,954,325	-	1,898,503,254
Allowance for doubtful accounts	-	-	-	25,246,577	-	671,419,035	696,665,612
Bad debts written-off	-	-	-	-	(233,440,702)	-	(233,440,702)
Others	3,897,681	(67,387,866)	(100,347,639)	(24,124,935)	447,610,706	(241,710,157)	17,937,790
<b>Ending balance</b>	<b>252,329,186</b>	<b>240,065,849</b>	<b>128,347,420</b>	<b>354,090,292</b>	<b>975,124,329</b>	<b>429,708,878</b>	<b>2,379,665,954</b>

(Unit : Baht)

**SEPARATE FINANCIAL STATEMENTS**  
**As at December 31, 2009**

	Normal	Special mentioned	Sub- standard	Doubtful	Doubtful loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	Total
Beginning balance	163,667,063	88,509,336	114,407,836	363,451,796	767,358,678	-	1,497,394,709
Allowance for doubtful accounts	-	-	117,017,959	41,521,843	228,080,406	269,252,372	655,872,580
Bad debts written-off	-	-	-	-	(258,790,724)	-	(258,790,724)
Others	84,764,442	218,944,379	(2,730,736)	(52,004,989)	24,305,965	(269,252,372)	4,026,689
<b>Ending balance</b>	<b>248,431,505</b>	<b>307,453,715</b>	<b>228,695,059</b>	<b>352,968,650</b>	<b>760,954,325</b>	<b>-</b>	<b>1,898,503,254</b>

## 8.2 Allowance for revaluation of debt restructuring

(Unit : Baht)

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2010	As at December 31, 2009
Beginning balance	33,187,575	41,967,853
Decrease during the year	(5,149,035)	(8,780,278)
<b>Ending Balance</b>	<b>28,038,540</b>	<b>33,187,575</b>

## 9. TRANSFERS OF FINANCIAL ASSETS

The Company entered into the Receivables Sale and Purchase Agreements with SICCO Special Purposes Vehicle 1 Company Limited, SICCO Special Purposes Vehicle 2 Company Limited and SICCO Special Purposes Vehicle 3 Company Limited ("SPV"), which were incorporated under the Civil and Commercial Code of Thailand, and under the Securitizations Law. Securitization plan was approved by the Office of the Thai Securities and Exchange Commission. The Company was allowed to sell additional revolving receivables subsequently. The Company was appointed to act as the servicer which is responsible for collecting payments from its obligor under the Receivables Sale and Purchase Agreements and Servicing Agreements.

Details of aforementioned sales of receivables are as follows:

		SPV1	SPV2	SPV3
Selling date		May 30, 2005	August 17, 2006	April 25, 2007
Type of transferred receivables		Hire Purchase Receivable	Hire Purchase Receivable	Hire Purchase Receivable
Revolving period		May 2005 - November 2006 (Approximately)	August 2006 - February 2008 (Approximately)	-
<b>Initial sales of receivables</b>				
Sales price - net book value of				
initial receivables	<b>Baht</b>	4,939,990,355	3,870,640,661	3,789,999,188
Proceeds from transfer of				
the right of receivables	<b>Baht</b>	3,999,790,355	2,999,800,000	2,999,800,000
Sales price - net book value of				
initial receivables as at		April 30, 2005	July 31, 2006	February 28, 2007
Remaining sale price of initial				
sales of receivables <sup>1</sup>	<b>Baht</b>	940,200,000	870,840,661	790,199,188
Remaining Period to Maturity	<b>Months</b>	12 - 48	3 - 72	12 - 60
Interest Rate	<b>% p.a.</b>	5.01 - 11.08	5.01 - 16.24	5.01 - 15.98

<sup>1</sup> It is recorded as Subordinate Deferred Purchase Price Receivables

Other related information is summarized as follows:

		SPV 2		SPV 3	
		As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009
Aggregate principal amount outstanding	Baht	266,284,321	933,172,166	-	769,377,801
Number of contracts	Contracts	2,966	7,234	-	6,650
Average principal amount outstanding	Baht	89,779	128,998	-	115,696
Average principal amount as at					
the time of origination	Baht	482,102	492,309	-	454,100
Weighted average nominal interest rate	% p.a.	8.06	7.73	-	7.53
Weighted average originate term to maturity	Months	65	61	-	62
Weighted average remaining term					
to maturity	Months	16	20	-	18

On November 5, 2009, The Siam Industrial Credit Public Company Limited purchased back the entire amount of hire purchase receivables from Sicco Special Purpose Vehicle 1 Company Limited at book value before deducting allowance in accordance with the Receivable Sale Agreement.

On October 7, 2010, The Siam Industrial Credit Public Company Limited purchased back the entire amount of hire purchase receivables from Sicco Special Purpose Vehicle 3 Company Limited at book value before deducting allowance in accordance with the Receivable Sale Agreement.

The Company believes that the fair value of Initial Receivables sold is its estimated net book value because of the relatively short period of time from the origination date to transaction date. In addition, the Company does not recognize the fair value of servicing assets because the amount is immaterial.

The Company does not recognize other assets obtained in transfer of financial assets including retained interests on the financial statements because it is not practical to estimate their fair values.

During the revolving period under securitization, the SPV will apply collections received from prior acquired hire purchase receivables to acquire additional offered eligible receivables from the Company under the condition specified in the agreement. The purchase price of the receivables offered to be sold will be equal to the total net book value of such offered receivables.

Under the Receivables Sales Agreement, conditions to the repurchase of the Receivables from the SPV during or at the end of the securitization transaction are as follows:

1. When the receivables sold are ineligible receivables.

An option to repurchase, subject to the applicable law, all remaining Purchased Receivables from the SPV if the cost of servicing the Purchased Receivables exceeds the benefits for doing so (Clean-up call)

Subordinated deferred purchase price receivables, net are consist of:

(Unit: Baht)

	<b>CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS</b>	
	<b>As at December 31, 2010</b>	<b>As at December 31, 2009</b>
Subordinated deferred purchase price receivables	236,130,231	482,324,593
<u>Less</u> Valuation adjustment account in relation to the allowance for subordinated deferred purchase price receivables	(40,922,830)	(74,193,732)
Subordinated deferred purchase price receivables, net	195,207,401	408,130,861

The key financial information of Special Purpose Vehicle Companies as at December 31, 2010 and 2009 and for the years ended December 31, 2010 and 2009 are summarized as follows:

(Unit: Million Baht)

	<b>SPV1</b>		<b>SPV2</b>		<b>SPV3</b>	
	<b>As at December 31, 2010</b>	<b>As at December 31, 2009</b>	<b>As at December 31, 2010</b>	<b>As at December 31, 2009</b>	<b>As at December 31, 2010</b>	<b>As at December 31, 2009</b>
Total assets	-	0.68	562.09	1,161.68	1.56	975.33
Total liabilities	-	0.25	510.86	1,116.92	1.37	959.35
Total shareholders' equity	-	0.43	51.23	44.76	0.19	15.98

(Unit : Million Baht)

	<b>SPV1</b>		<b>SPV2</b>		<b>SPV3</b>	
	<b>For the year ended December 31, 2010</b>	<b>For the year ended December 31, 2009</b>	<b>For the year ended December 31, 2010</b>	<b>For the year ended December 31, 2009</b>	<b>For the year ended December 31, 2010</b>	<b>For the year ended December 31, 2009</b>
Financial income from						
investment in hire purchase	-	28.97	40.40	111.95	26.33	86.65
Other income	-	4.65	7.87	6.42	3.35	2.75
Financial cost - Interest						
expenses	-	25.21	33.57	86.77	18.04	48.10
Interest expenses						
deferred purchase price	-	2.18	0.43	8.59	0.36	5.74
Other operating expenses	-	6.15	7.79	36.18	3.65	7.76
Income tax	-	-	-	-	2.31	8.34
Net income (loss)	-	0.08	6.48	(13.17)	5.32	19.46

- 1 SICCO Special Purpose Vehicle 1 Company Limited commenced to transfer hire purchase receivables from the Company in May 2005. The Company has registered the dissolution with the Ministry of Commerce on December 29, 2009 and registered the liquidation with the Ministry of Commerce on February 7, 2011.
- 2 SICCO Special Purpose Vehicle 2 Company Limited commenced to transfer hire purchase receivables from the Company in August 2006
- 3 SICCO Special Purpose Vehicle 3 Company Limited commenced to transfer hire purchase receivables from the Company in April 2007. The Company has registered the dissolution with the Ministry of Commerce on November 22, 2010, and is being in the liquidation process.

Income from securitization presented in the consolidate statement of income was calculated from financial income from investment in hire purchase net of financial cost-interest expenses.

For the years ended December 31, 2010 and 2009, transfers of financial assets which related to securitization are summarized as follows:

(Unit: Million Baht)

	For the years ended December 31,	
	2010	2009
Cash collection on behalf of Special Purpose Vehicles		
- Hire-purchase receivables SPV1*	-	570.48
- Hire-purchase receivables SPV2	716.92	1,445.27
- Hire-purchase receivables SPV3**	514.78	1,066.79
	1,231.70	3,082.54
Servicing fee income from the Special Purpose Vehicles		
- Hire-purchase receivables SPV1*	-	2.65
- Hire-purchase receivables SPV2	2.35	6.67
- Hire-purchase receivables SPV3**	1.63	5.36
	3.98	14.68

\* SICCO Special Purpose Vehicle 1 Company Limited has registered the dissolution with the Ministry of Commerce on December 29, 2009 and registered the liquidation with the Ministry of Commerce on February 7, 2011.

\*\* SICCO Special Purpose Vehicle 3 Company Limited has registered the dissolution with the Ministry of Commerce on November 22, 2010, and is being in the liquidation process.

As at December 31, 2010 and 2009, outstanding balances of receivables sold to special purpose vehicles and managed by the Company, are classified by aging as follows:

(Unit: Million Baht)

	As at December 31, 2010	As at December 31, 2009
Hire purchase receivables (included accrued interest) SPV 2		
Less than 3 months	244.31	900.42
4 - 12 months	6.36	20.19
More than 12 months	2.67	0.32
Debtors subject to legal proceedings	13.38	14.05
<u>Less</u> Allowance for doubtful accounts	(36.41)	(39.36)
Total	230.31	895.62
Hire purchase receivables (included accrued interest) SPV 3		
Less than 3 months	-	739.44
4 - 12 months	-	19.93
More than 12 months	-	0.31
Debtors subject to legal proceedings	-	11.62
<u>Less</u> Allowance for doubtful accounts	-	(33.18)
Total	-	738.12

As at December 31, 2010, the payable from cash collection under securitization project presented as a liability in the consolidated and the separate financial statements are Baht 279.7 million and Baht 37.7 million, respectively (As at December 31, 2009 : Baht 436.6 million and Baht 174.1 million, respectively). Such payable in the consolidated financial statement is the amount net by the obligations which the SPV will have to pay for its liabilities and to shareholders.

## 10. PROPERTIES FORECLOSED, NET

Properties foreclosed represent properties transferred to the Company in settlement of loans on which the debtors had defaulted on their repayment obligations under the loan contracts and hire purchase contracts or properties received from restructuring of debts. The values of the assets are recorded at fair value less estimated selling expenses, provided that they are not over outstanding debts under the collection right by the law.

Details of properties foreclosed, net are as follows:

(Unit : Baht)

Type of property foreclosed	CONSOLIDATED FINANCIAL STATEMENTS As at December 31, 2010			
	Beginning balance	Additions	Disposals/ Transfer	Ending balance
<b>Assets acquired from debt repayment</b>				
Immovable assets <sup>(1)</sup>	253,786,608	644,512	(137,806,389)	116,624,731
Movable assets <sup>(2)</sup>	164,124,990	243,232,139	(332,682,171)	74,674,958
Total	417,911,598	243,876,651	(470,488,560)	191,299,689
Less Allowance on impairment	(99,231,766)	(31,348,251)	68,531,885	(62,048,132)
<b>Total properties foreclosed, net</b>	<b>318,679,832</b>	<b>212,528,400</b>	<b>(401,956,675)</b>	<b>129,251,557</b>

(Unit : Baht)

Type of property foreclosed	CONSOLIDATED FINANCIAL STATEMENTS As at December 31, 2009			
	Beginning balance	Additions	Disposals/ Transfer	Ending balance
<b>Assets acquired from debt repayment</b>				
Immovable assets <sup>(1)</sup>	228,755,225	43,980,615	(18,949,232)	253,786,608
Movable assets <sup>(2)</sup>	463,829,300	692,718,889	(992,423,199)	164,124,990
Total	692,584,525	736,699,504	(1,011,372,431)	417,911,598
Less Allowance on impairment	(186,969,298)	(111,459,894)	199,197,426	(99,231,766)
<b>Total properties foreclosed, net</b>	<b>505,615,227</b>	<b>625,239,610</b>	<b>(812,175,005)</b>	<b>318,679,832</b>

(Unit : Baht)

Type of property foreclosed	SEPARATE FINANCIAL STATEMENTS As at December 31, 2010			
	Beginning balance	Additions	Disposals/ Transfer	Ending balance
<b>Assets acquired from debt repayment</b>				
Immovable assets <sup>(1)</sup>	253,786,608	644,512	(137,806,389)	116,624,731
Movable assets <sup>(2)</sup>	158,625,572	241,804,456	(330,267,449)	70,162,579
Total	412,412,180	242,448,968	(468,073,838)	186,787,310
Less Allowance on impairment	(97,581,940)	(27,828,619)	67,874,806	(57,535,753)
<b>Total properties foreclosed, net</b>	<b>314,830,240</b>	<b>214,620,349</b>	<b>(400,199,032)</b>	<b>129,251,557</b>



(Unit : Baht)

Type of property foreclosed	SEPARATE FINANCIAL STATEMENTS As at December 31, 2009			
	Beginning balance	Additions	Disposals/ Transfer	Ending balance
<b>Assets acquired from debt repayment</b>				
Immovable assets <sup>(1)</sup>	228,755,225	43,980,615	(18,949,232)	253,786,608
Movable assets <sup>(2)</sup>	446,599,802	679,156,675	(967,130,905)	158,625,572
Total	675,355,027	723,137,290	(986,080,137)	412,412,180
Less Allowance on impairment	(181,999,571)	(110,701,528)	195,119,159	(97,581,940)
<b>Total properties foreclosed, net</b>	<b>493,355,456</b>	<b>612,435,762</b>	<b>(790,960,978)</b>	<b>314,830,240</b>

<sup>(1)</sup> Appraised by the independent appraiser<sup>(2)</sup> Appraised by the internal appraiser

As at December 31, 2010 and 2009, the Company does not have any commitments with regard to the properties foreclosed which were received as repayments for debts and the debtors can repurchase these properties.

## II. PROPERTY, PREMISES AND EQUIPMENT, NET

Property, premises and equipment, net are as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2010	Additions	Disposals and write-off	Adjustment, Transfer in (out)	Balance as at December 31, 2010
<b>Cost:</b>					
Land	3,408,000	-	-	-	3,408,000
Building and leasehold improvement	128,234,686	668,965	(4,217,179)	-	124,686,472
Furniture, fixture and office equipment	219,285,600	6,167,798	(21,058,427)	(17,653)	204,377,318
Vehicles	58,688,541	1,012,768	(10,973,281)	-	48,728,028
Total cost	409,616,827	7,849,531	(36,248,887)	(17,653)	381,199,818
<b>Accumulated depreciation:</b>					
Building and leasehold improvement	(78,813,135)	(8,802,866)	2,482,706	-	(85,133,295)
Furniture, fixture and office equipment	(186,482,930)	(12,101,575)	20,172,892	-	(178,411,613)
Vehicles	(39,419,046)	(6,672,149)	8,756,247	-	(37,334,948)
Total accumulated depreciation	(304,715,111)	(27,576,590)	31,411,845	-	(300,879,856)
Allowance for impairment	-	(942,731)	-	-	(942,731)
Assets during installation	109,423	-	-	-	109,423
<b>Property, premises and equipment, net</b>	<b>105,011,139</b>	<b>(20,669,790)</b>	<b>(4,837,042)</b>	<b>(17,653)</b>	<b>79,486,654</b>

**PROPERTY, PREMISES AND EQUIPMENT, NET (Continued)**

(Unit : Baht)

<b>CONSOLIDATED FINANCIAL STATEMENTS</b>					
	<b>Balance as at January 1, 2009</b>	<b>Additions</b>	<b>Disposals and write-off</b>	<b>Adjustment, Transfer in (out)</b>	<b>Balance as at December 31, 2009</b>
<b>Cost:</b>					
Land	3,408,000	-	-	-	3,408,000
Building and leasehold improvement	131,362,529	344,051	(3,471,894)	-	128,234,686
Furniture, fixture and office equipment	229,815,394	2,762,481	(14,676,475)	1,384,200	219,285,600
Vehicles	79,961,359	3,014,583	(24,287,401)	-	58,688,541
Total cost	444,547,282	6,121,115	(42,435,770)	1,384,200	409,616,827
<b>Accumulated depreciation:</b>					
Building and leasehold improvement	(70,823,053)	(10,040,207)	2,050,125	-	(78,813,135)
Furniture, fixture and office equipment	(183,229,624)	(14,635,184)	11,381,878	-	(186,482,930)
Vehicles	(50,202,827)	(10,629,495)	21,413,276	-	(39,419,046)
Total accumulated depreciation	(304,255,504)	(35,304,886)	34,845,279	-	(304,715,111)
Allowance for impairment	(400,000)	-	-	400,000	-
Assets during installation	1,501,423	-	-	(1,392,000)	109,423
<b>Property, premises and equipment, net</b>	<b>141,393,201</b>	<b>(29,183,771)</b>	<b>(7,590,491)</b>	<b>392,200</b>	<b>105,011,139</b>
<b>Depreciation for the years ended December 31,</b>					
2010					27,576,590
2009					35,304,886

As at December 31, 2010, the Company and the subsidiaries have fully depreciated assets amounting to Baht 179 million (at cost) which are still used in its operations (As at December 31, 2009: Baht 176 million (at cost)).

**PROPERTY, PREMISES AND EQUIPMENT, NET (Continued)**

(Unit : Baht)

SEPARATE FINANCIAL STATEMENTS					
	Balance as at January 1, 2010	Additions	Disposals and write-off	Adjustment, Transfer in (out)	Balance as at December 31, 2010
<b>Cost:</b>					
Land	3,408,000	-	-	-	3,408,000
Building and leasehold improvement	85,089,206	-	(358,846)	-	84,730,360
Furniture, fixture and office equipment	89,023,439	390,370	(7,823,891)	-	81,589,918
Vehicles	41,218,606	-	(7,042,295)	-	34,176,311
Total cost	218,739,251	390,370	(15,225,032)	-	203,904,589
<b>Accumulated depreciation:</b>					
Building and leasehold improvement	(55,812,684)	(4,948,484)	353,405	-	(60,407,763)
Furniture, fixture and office equipment	(69,774,791)	(6,965,975)	7,541,036	-	(69,199,730)
Vehicles	(27,776,843)	(4,789,021)	4,825,264	-	(27,740,600)
Total accumulated depreciation	(153,364,318)	(16,703,480)	12,719,705	-	(157,348,093)
Assets during installation	109,423	-	-	-	109,423
<b>Property, plant and equipment, net</b>	<b>65,484,356</b>	<b>(16,313,110)</b>	<b>(2,505,327)</b>	<b>-</b>	<b>46,665,919</b>

(Unit : Baht)

SEPARATE FINANCIAL STATEMENTS					
	Balance as at January 1, 2009	Additions	Disposals and write-off	Adjustment, Transfer in (out)	Balance as at December 31, 2009
<b>Cost:</b>					
Land	3,408,000	-	-	-	3,408,000
Building and leasehold improvement	85,179,404	-	(90,198)	-	85,089,206
Furniture, fixture and office equipment	89,559,754	353,538	(2,281,853)	1,392,000	89,023,439
Vehicles	59,481,424	3,014,583	(21,277,401)	-	41,218,606
Total cost	237,628,582	3,368,121	(23,649,452)	1,392,000	218,739,251
<b>Accumulated depreciation:</b>					
Building and leasehold improvement	(49,812,763)	(6,034,884)	34,963	-	(55,812,684)
Furniture, fixture and office equipment	(63,562,155)	(8,428,757)	2,216,121	-	(69,774,791)
Vehicles	(38,608,261)	(7,695,557)	18,526,975	-	(27,776,843)
Total accumulated depreciation	(151,983,179)	(22,159,198)	20,778,059	-	(153,364,318)
Assets during installation	1,501,423	-	-	(1,392,000)	109,423
<b>Property, premises and equipment, net</b>	<b>87,146,826</b>	<b>(18,791,077)</b>	<b>(2,871,393)</b>	<b>-</b>	<b>65,484,356</b>

**Depreciation for the years ended December 31,**

2010	16,703,480
2009	22,159,198

As at December 31, 2010, the Company has fully depreciated assets amounting to Baht 77 million (at cost) which are still used in its operations (As at December 31, 2009: Baht 71 million (at cost)).

## 12. INTANGIBLE ASSETS, NET

Intangible assets, net are as follows:

(Unit : Baht)

CONSOLIDATED FINANCIAL STATEMENTS						
	Remaining useful lives	Balance as at January 1, 2010	Additions	Amortizations	Write-off/ Transfer in (out)	Balance as at December 31, 2010
<b>Cost:</b>						
Goodwill	-	17,002,116	-	-	-	17,002,116
Software	1-5 years	33,677,893	4,851,043	(11,611,947)	78,065	26,995,054
Prepaid broker license	-	408,333	-	-	-	408,333
TFEX membership fee	-	3,414,469	-	-	-	3,414,469
Others	2.5-3.5 years	234,092	-	(129,815)	-	104,277
Total		54,736,903	4,851,043	(11,741,762)	78,065	47,924,249
Software during installation		959,558	2,875,917	-	(2,070,173)	1,765,302
Total		55,696,461	7,726,960	(11,741,762)	(1,992,108)	49,689,551
Allowance for Impairment Loss		-				(1,135,823)
<b>Intangible assets, net</b>		<u>55,696,461</u>				<u>48,553,728</u>

(Unit : Baht)

CONSOLIDATED FINANCIAL STATEMENTS						
	Remaining useful lives	Balance as at January 1, 2009	Additions	Amortizations	Write-off/ Transfer in (out)	Balance as at December 31, 2009
<b>Cost:</b>						
Goodwill	-	17,002,116	-	-	-	17,002,116
Software	1-5 years	27,618,461	17,829,775	(12,516,833)	746,490	33,677,893
Prepaid broker license	-	408,333	-	-	-	408,333
TFEX membership fee	-	3,414,469	-	-	-	3,414,469
Others	2.5-3.5 years	391,681	-	(157,589)	-	234,092
Total		48,835,060	17,829,775	(12,674,422)	746,490	54,736,903
Software during installation		3,615,340	3,425,175	-	(6,080,957)	959,558
<b>Intangible assets, net</b>		<u>52,450,400</u>	<u>21,254,950</u>	<u>(12,674,422)</u>	<u>(5,334,467)</u>	<u>55,696,461</u>

### Amortization for the years ended December 31,

2010	11,741,762
2009	<u>12,674,422</u>

**INTANGIBLE ASSETS, NET (Continued)**

(Unit : Baht)

SEPARATE FINANCIAL STATEMENTS						
	Remaining useful lives	Balance as at January 1, 2010	Additions	Amortizations	Write-off/ Transfer in (out)	Balance as at December 31, 2010
<b>Cost:</b>						
Software	1-5 years	19,802,561	1,714,498	(6,210,561)	267,740	15,574,238
Total		19,802,561	1,714,498	(6,210,561)	267,740	15,574,238
Software during installation		267,740	-	-	(267,740)	-
<b>Intangible assets, net</b>		20,070,301	1,714,498	(6,210,561)	-	15,574,238

(Unit : Baht)

SEPARATE FINANCIAL STATEMENTS						
	Remaining useful lives	Balance as at January 1, 2009	Additions	Amortizations	Write-off/ Transfer in (out)	Balance as at December 31, 2009
<b>Cost:</b>						
Software	1-5 years	13,462,039	11,544,176	(6,009,453)	805,799	19,802,561
Total		13,462,039	11,544,176	(6,009,453)	805,799	19,802,561
Software during installation		865,800	207,740	-	(805,800)	267,740
<b>Intangible assets, net</b>		14,327,839	11,751,916	(6,009,453)	(1)	20,070,301

**Amortization for the years ended December 31,**

2010	6,210,561
2009	6,009,453

Goodwill was incurred from the additional investment in subsidiary being made at costs higher than the subsidiary's net book value. Intangible assets are prepaid broker license and TFEX membership fee of the subsidiary. No foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Therefore the Company has no amortization for goodwill but the Company will test for impairment annually and provision made for impairment (if any).

### 13. OTHER ASSETS, NET

Other assets, net are as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009
Deposits	19,716,418	19,197,844	7,699,837	7,401,457
Input tax suspense	109,153	2,132,562	109,153	2,132,562
Clearing fund	20,655,943	18,811,327	-	-
Counter service account receivable	14,559,189	19,681,047	14,559,189	19,681,047
Others	15,469,173	10,043,447	11,097,728	7,935,494
<b>Other assets, net</b>	<b>70,509,876</b>	<b>69,866,227</b>	<b>33,465,907</b>	<b>37,150,560</b>

### 14. CLASSIFICATIONS OF ASSETS

#### 14.1 Classification of assets in accordance with the announcement of the Bank of Thailand

As at December 31, 2010 and 2009, the Company had the following classified assets and provided the following allowances in accordance with the criteria in the Announcement of the Bank of Thailand (BOT) as follows:

(Unit: Million Baht)

	Debt balance		Percentage required by BOT	Allowance for doubtful accounts			
				Amount to be provided under BOT's guideline		Amounts already set up by the Company	
	2010	2009	%	2010	2009	2010	2009
Loans and receivables							
Normal	9,874	12,343	1	252	249	252	249
Special mentioned	1,728	2,667	2	240	307	240	307
Sub-standard	378	699	100	128	229	128	229
Doubtful	495	532	100	354	353	354	353
Doubtful loss	1,254	1,219	100	975	761	975	761
Total	13,729	17,460	1,949	1,899	1,949	1,899	
Loss on receivables under							
troubled debt restructuring	-	-		28	33	28	33
Total	13,729	17,460		1,977	1,932	1,977	1,932
General Reserve	-	-		-	-	430	-
Total	13,729	17,460		1,977	1,932	2,407	1,932
Loans to employees							
Normal	8	12		-	-	-	-
<b>Total Classified Assets</b>	<b>13,737</b>	<b>17,472</b>		<b>1,977</b>	<b>1,932</b>	<b>2,407</b>	<b>1,932</b>

The above classification of assets included loans, receivables and accrued interest receivables and other assets.

**14.2** Classification of assets in accordance with the Notification of the Office of the Securities and Exchange Commission (SEC) as at December 31, 2010 and 2009, the subsidiary classified the following securities business receivables, and accrued interest receivables, and had provided the related allowances for doubtful accounts as follows:

(Unit: Million Baht)

	Receivables and accrued interest receivables		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts recorded of the subsidiary	
	2010	2009	2010	2009	2010	2009
Normal debts	836.19	688.66	-	-	-	-
Doubtful debts	76.44	86.81	76.44	86.81	76.44	86.81
<b>Total</b>	<b>912.63</b>	<b>775.47</b>	<b>76.44</b>	<b>86.81</b>	<b>76.44</b>	<b>86.81</b>

### 14.3 Hire purchase receivables

As at December 31, 2010 and 2009, the Hire purchase Receivables of the Company can be classified by aging of outstanding debtors from the due date for repayment under the contract, as follows:

(Unit: Million Baht)

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2010	As at December 31, 2009
Current or overdue < 90 days	11,385	14,412
Overdue 91 - 365 days	524	919
Overdue over 365 days	124	44
Debtors subject to legal proceedings	212	223
<b>Total</b>	<b>12,245</b>	<b>15,598</b>

## 15. BORROWINGS AND DEPOSITS

### 15.1 Classified by source of borrowings and deposits

(Unit : Baht)

#### CONSOLIDATED FINANCIAL STATEMENTS

	As at December 31, 2010					As at December 31, 2009				
	Promissory Notes	Bill of exchange	Deposit Receipt	Certificate of Deposit	Total	Promissory Notes	Bill of exchange	Deposit Receipt	Certificate of Deposit	Total
From public	3,536,840	-	11,253,132,824	143,664,010	11,400,333,674	4,625,059	78,977,701	15,900,171,612	380,706,022	16,364,480,394
From financial institutions	-	-	189,000,000	-	189,000,000	-	-	290,819,106	-	290,819,106
<b>Total borrowings and deposits</b>	<b>3,536,840</b>	<b>-</b>	<b>11,442,132,824</b>	<b>143,664,010</b>	<b>11,589,333,674</b>	<b>4,625,059</b>	<b>78,977,701</b>	<b>16,190,990,718</b>	<b>380,706,022</b>	<b>16,655,299,500</b>

(Unit : Baht)

#### SEPARATE FINANCIAL STATEMENTS

	As at December 31, 2010					As at December 31, 2009				
	Promissory Notes	Bill of exchange	Deposit Receipt	Certificate of Deposit	Total	Promissory Notes	Bill of exchange	Deposit Receipt	Certificate of Deposit	Total
From public	3,536,840	-	11,270,200,524	143,664,010	11,417,401,374	4,625,059	78,977,701	15,917,871,612	380,706,022	16,382,180,394
From financial institutions	-	-	294,000,000	-	294,000,000	-	-	397,819,106	-	397,819,106
<b>Total borrowings and deposits</b>	<b>3,536,840</b>	<b>-</b>	<b>11,564,200,524</b>	<b>143,664,010</b>	<b>11,711,401,374</b>	<b>4,625,059</b>	<b>78,977,701</b>	<b>16,315,690,718</b>	<b>380,706,022</b>	<b>16,779,999,500</b>



## 15.2 Classified by the remaining period of the contracts

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009
At call*	334,827,865	1,078,628,046	442,832,378	1,137,328,046
Not over 1 year	11,224,390,788	14,659,803,421	11,238,453,975	14,725,803,421
Over 1 year	30,115,021	916,868,033	30,115,021	916,868,033
<b>Total borrowings and deposits</b>	<b>11,589,333,674</b>	<b>16,655,299,500</b>	<b>11,711,401,374</b>	<b>16,779,999,500</b>

\* Included contracts which are already due

## 16. SUBORDINATED DEBENTURES

In 1999, the Company issued Baht 144 million of subordinated debentures at a par value of Baht 1 million each. These subordinated debentures have a coupon rate of 7.5% per annum and mature in 2009. In 2000, the Company issued Baht 9 million of subordinated debentures at a par value of Baht 1 million. Baht 4 million of the subordinated debentures bear interest at a rate of 3.75% per annum, while the other Baht 5 million bear interest at 3.5% per annum, and all mature in 2010. All subordinated debentures were sold to the Ministry of Finance under the Assistance for Tier 2 Funding Increase Project. The Company has received the subscription and used it to purchase the government bonds discussed in Note 6.3. As at December 31, 2010, all of subordinated debentures had already redeemed. (As at December 31, 2009: Baht 9 million).

## 17. POST-EMPLOYMENT BENEFITS OBLIGATION

As at December 31, 2010 and 2009, the Company and subsidiaries calculated post-employment benefits obligation by using actuarial technique. The assumptions are included discount rate 3.88% - 4.18% and 4.60% - 5.85%, respectively, turnover rate 12.00% - 14.79% and 12.00% - 15.00%, respectively, salary increase rate based on the historical data and retirement age at 60 years.

The consolidated and the separate financial statements recognized post-employment benefits obligation as liabilities in the balance sheet as at December 31, 2010 of Baht 27.6 million and Baht 20.9 million, respectively, (As at December 31, 2009: Baht 10.7 million and Baht 8.3 million, respectively).

The Company and subsidiaries recognized past service cost as expense by using straight-line method over 5 years. Post-employment benefit expenses in the consolidated and separate financial statements for the years ended December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2010	2009	2010	2009
Post-employment benefits expenses	17.0	10.7	12.6	8.3

As at December 31, 2010, the consolidated and the separate financial statements also have post-employment benefits obligation of Baht 32.8 million and Baht 25.0 million respectively, which have not been recognized as liabilities (As at December 31, 2009: Baht 42.6 million and Baht 33.3 million, respectively).

## 18. OTHER LIABILITIES

Other liabilities are as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009
Insurance premium payables	10,196,289	12,434,362	10,196,289	12,434,362
Other payables	2,893,703	3,287,258	2,637,362	2,466,726
Accrued commission to employees	29,529,990	17,662,135	-	-
Withholding tax payable	6,410,776	9,201,281	3,482,714	6,629,938
Special business tax payable	3,646,405	3,808,155	3,646,405	3,808,155
Others	29,571,876	21,191,319	15,624,792	12,084,006
<b>Total</b>	<b>82,249,039</b>	<b>67,584,510</b>	<b>35,587,562</b>	<b>37,423,187</b>

## 19. REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS

Revaluation surplus (deficit) on investments is as follows:

(Unit : Baht)

	Consolidated and Separate Financial Statements	
	As at December 31, 2010	As at December 31, 2009
Beginning balance	(25,177,741)	(194,033,215)
Increase from changes in value of securities	88,589,494	174,658,110
Decrease from changes in value of securities	(14,154,262)	(5,802,636)
	49,257,491	(25,177,741)
<u>Less</u> The effect of deferred tax liabilities	(14,811,940)	(5,439,687)
<b>Ending balance</b>	<b>34,445,551</b>	<b>(30,617,428)</b>

## 20. CAPITAL MANAGEMENT

As at December 31, 2010 and 2009, the capital funds maintained by the Company in accordance with the Bank of Thailand Notice SorNorSor. 86/2551, "Elements of Capital funds and guidelines of managing Capital funds" are as follows:

(Unit : Baht)

	SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2010	As at December 31, 2009
Tier 1 capital		
Authorized and fully paid-up share capital	2,987,115,310	2,987,115,310
Premium on share capital	79,491,129	79,491,129
Statutory reserve	118,398,332	103,015,436
Net income after appropriation	745,345,715	453,070,699
<u>Less</u> Deferred tax assets	(248,623,836)	(122,109,578)
Capital funds for deferred purchase price receivable	(117,536,489)	(225,842,740)
Total Tier 1 Capital	3,564,190,161	3,274,740,256
Tier 2 capital		
Subordinated debentures	-	1,800,000
Reserve for assets classified as normal	158,010,444	248,431,505
Revaluation gain on available-for-sale equity securities	21,955,770	-
<u>Less</u> Capital funds for deferred purchase price receivable	(117,536,489)	(250,231,505)
Total Tier 2 Capital	62,429,725	-
<b>Total capital funds before deduction</b>	<b>3,626,619,886</b>	<b>3,274,740,256</b>
Deductions		
Revaluation deficit on available-for-sale equity securities, net	-	(27,110,544)
<u>Less</u> Deferred tax liabilities	(14,811,940)	(5,439,687)
	(14,811,940)	(32,550,231)
<b>Total capital funds</b>	<b>3,611,807,946</b>	<b>3,242,190,025</b>

Capital funds do not include unrealized losses on debt securities held as investments.

The capital ratios of the Company are as follows:

(Unit : Percentage)

	SEPARATE FINANCIAL STATEMENTS			
	As at December 31, 2010		As at December 31, 2009	
	Company	Requirement	Company	Requirement
Tier 1 capital fund ratio risk assets	28.20	4.00	18.71	4.00
Total capital fund ratio risk assets	28.57	8.00	18.52	8.00
Total capital fund issued and paid-up share capital	120.91	75.00	108.54	75.00

In addition, the objective of the capital management of the Company is to sustain the Company's ability to continue as a going concern in order to generate returns to the shareholders and to maintain an optimal capital structure.

**The subsidiary - SICCO Securities Public Company Limited**

Under the Notification of the Office of the Securities and Exchange Commission Kor/Tor 18/2549 "Net Capital Requirement - NCR" the subsidiary is to maintain its net capital requirement at the end of the day not less than Baht 15 million and not less than 7% of general liability.

The subsidiary was granted securities business licenses of derivatives agent under The Derivative Act. The subsidiary has to maintain its net capital requirement at the end of the day not less than Baht 25 million and not less than 7% of general liabilities and assets held as collateral except if the subsidiary discontinued its derivatives agent business and notified to the Securities and Exchange Commission. The subsidiary, therefore, has to maintain its net capital requirement as mentioned in the first paragraph.

As at December 31, 2010, the subsidiary has net capital requirement of Baht 763.7 million or 166.78% of liabilities and assets held as collateral (As at December 31, 2009 of Baht 641.4 million or 222.01% of liabilities and assets held as collateral).

In addition, the objective of the capital management of the subsidiary is to sustain the subsidiary's ability to continue as a going concern in order to generate returns to the shareholders and to maintain an optimal capital structure.

**The subsidiary - SSEC Asset Management Securities Company Limited**

Under the Notification of the Securities and Exchange Commissions No. Kor/Nor. 20/2552 regarding "Principle for Maintaining Capital Adequacy of Securities Company", the subsidiary shall maintain shareholders' equity at least Baht 10 million with the warning level at Baht 15 million. In case, the subsidiary cannot maintain capital adequacy over the warning level, the subsidiary shall report to the Securities and Exchange Commission including the plan to recover its shareholders' equity to the level not less than Baht 15 million. As at December 31, 2009, financial statements showed shareholders' equity amount of Baht 6.5 million. The subsidiary complies with the Notification of the Securities and Exchange Commissions above completely, regarding the subsidiary cannot maintain capital adequacy required.

On August 30, 2010, the Board of Directors of a subsidiary had passed a resolution to dissolve its business and return the fund management license to the Ministry of Finance. On December 22, 2010 The Ministry of Finance has approved the subsidiary to dissolve fund management business and financial advisory business, which is effective on December 31, 2010 onwards (see Note 1). Subsequently, on January 31, 2011, the Extraordinary Shareholders' Meeting No. 1/2011 of the subsidiary had passed a special resolution to dissolve the subsidiary and the subsidiary has registered the dissolution with the Ministry of Commerce on February 11, 2011 (see Note 31), currently the subsidiary has no plan to manage its capital.

## 21. STATUTORY RESERVE

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

## 22. DIVIDEND PAID

### The Company

On April 20, 2010, the 2010 Annual General Shareholders' Meeting approved not to pay dividend of the year 2009.

On April 21, 2009, the 2009 Annual General Shareholders' Meeting approved the payment of a dividend to its shareholders of Baht 0.20 per share or a total of Baht 119.48 million. The dividend will be paid on May 13, 2009.

### The Subsidiary - SICCO Securities Public Company Limited

On April 28, 2010, the year 2010 Annual General Meeting of the Company's shareholders approved payment of a dividend to its shareholders of Baht 0.03 per share or a total of Baht 19.12 million. The dividend will be paid on May 14, 2010.

On April 29, 2009, the year 2009 Annual General Shareholders' Meeting of the subsidiary approved not to pay dividend of the year 2008.

## 23. GAIN (LOSS) ON INVESTMENTS

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended December 31,		For the years ended December 31,	
	2010	2009	2010	2009
Gain (loss) on sale of securities				
- Trading securities	2,135,006	(7,109,368)	725,531	(127,121)
- Available-for-sale securities	43,460,865	(12,655,589)	43,460,865	(12,655,589)
- General investments	4,100,536	-	10,441,918	-
Loss on impairment of available-for-sale securities	(18,334,215)	(44,982,602)	(18,334,215)	(44,982,602)
Loss on impairment of held-to-maturity debt securities	-	(25,656,443)	-	(25,656,443)
Loss on impairment of general investments	-	(29,603,565)	-	(29,603,565)
Unrealized gain on securities held for trading	2,472,087	12,892,062	2,563,937	4,703,575
<b>Total gain (loss) on investments</b>	<b>33,834,279</b>	<b>(107,115,505)</b>	<b>38,858,036</b>	<b>(108,321,745)</b>

## 24. DIRECTORS' REMUNERATION

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

## 25. CORPORATE INCOME TAX

According to the Royal Decree No. 475 B.E. 2551 issued under the Revenue Code regarding the corporate income tax rate deduction effective on August 7, 2008, the corporate income tax for listed companies in the Stock Exchange of Thailand has been reduced from 30% to 25% of net profit which does not exceed Baht 300 million. This will remain in effect for three consecutive accounting periods beginning on or after January 1, 2008. Therefore, the Company has used a tax rate 25% for net profit which does not exceed Baht 300 million and tax rate 30% of net profit which exceed Baht 300 million for the corporate income tax calculations for the years ended December 31, 2010 and 2009 to conform to such tax rate change. However, the Company use the tax rate of 30% to calculate deferred tax for the year ended December 31, 2010 because it is the rate that the Company expects to apply when the asset is realized or liability is settled (for the year ended December 31, 2009 : 25%).

(Unit : Baht)

CONSOLIDATED FINANCIAL STATEMENTS For the years ended December 31,		
	2010	2009
Corporate income tax on taxable profit	185,309,159	12,353,449
<u>Adjustment</u> Net increase in deferred tax on temporary differences	(115,614,717)	(14,900,756)
Income tax expense (income)	69,694,442	(2,547,307)

(Unit : Baht)

SEPARATE FINANCIAL STATEMENTS For the years ended December 31,		
	2010	2009
Corporate income tax on taxable profit	165,190,538	-
<u>Adjustment</u> Net increase in deferred tax on temporary differences	(115,614,717)	(14,900,756)
Income tax expense (income)	49,575,821	(14,900,756)

Deferred tax assets and deferred tax liabilities are as follows:

(Unit : Baht)

CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2010	Increase	Decrease	Balance as at December 31, 2010
<b>Deferred Tax Assets</b>				
Allowance for impairment of available-for-sale securities	61,326,372	17,686,040	(1,855,572)	77,156,840
Allowance for impairment of general investment	7,400,891	-	(7,400,891)	-
Allowance for impairment of held-to-maturity debt securities	6,414,111	1,282,822	-	7,696,933
Allowance for impairment of property foreclosed	24,395,485	13,227,683	(20,362,442)	17,260,726
Allowance for doubtful account	-	154,503,726	(25,591,063)	128,912,663
Provision liabilities	4,178,278	8,859,623	(1,342,684)	11,695,217
Non-accrual of interest income	7,559,395	5,271,389	(6,929,327)	5,901,457
Cumulative tax loss a carried forward not more than 5 years	10,835,046	-	(10,835,046)	-
<b>Total</b>	<b>122,109,578</b>	<b>200,831,283</b>	<b>(74,317,025)</b>	<b>248,623,836</b>
<b>Deferred Tax Liabilities</b>				
Revaluation surplus on investment	5,439,687	15,778,752	(6,406,499)	14,811,940
Commission from hire purchase contract	-	10,899,541	-	10,899,541
Capital surplus on investment in subsidiary	30,919,153	6,183,831	-	37,102,984
<b>Total</b>	<b>36,358,840</b>	<b>32,862,124</b>	<b>(6,406,499)</b>	<b>62,814,465</b>

(Unit : Baht)

CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2009	Increase	Decrease	Balance as at December 31, 2009
<b>Deferred Tax Assets</b>				
Unrealized loss on trading securities	1,159,789	-	(1,159,789)	-
Allowance for impairment of available for sale investment	50,080,721	14,331,357	(3,085,706)	61,326,372
Allowance for impairment of general investment	-	7,400,891	-	7,400,891
Allowance for impairment of held-to-maturity debt securities	-	6,414,111	-	6,414,111
Allowance for impairment of property foreclosed	45,499,893	27,675,382	(48,779,790)	24,395,485
Allowance for doubtful account	-	11,001,985	(11,001,985)	-
Provision liabilities	-	4,178,278	-	4,178,278
Non-accrual of interest income	10,468,419	7,048,580	(9,957,604)	7,559,395
Cumulative tax loss a carried forward not more than 5 years	-	41,159,982	(30,324,936)	10,835,046
<b>Total</b>	<b>107,208,822</b>	<b>119,210,566</b>	<b>(104,309,810)</b>	<b>122,109,578</b>
<b>Deferred Tax Liabilities</b>				
Revaluation surplus on investment	3,276,651	4,552,722	(2,389,686)	5,439,687
Capital surplus on investment in subsidiary	30,919,153	-	-	30,919,153
<b>Total</b>	<b>34,195,804</b>	<b>4,552,722</b>	<b>(2,389,686)</b>	<b>36,358,840</b>

(Unit : Baht)

## SEPARATE FINANCIAL STATEMENTS

	Balance as at January 1, 2010	Increase	Decrease	Balance as at December 31, 2010
<b>Deferred Tax Assets</b>				
Allowance for impairment of available-for-sale securities	61,326,372	17,686,040	(1,855,572)	77,156,840
Allowance for impairment of general investment	7,400,891	-	(7,400,891)	-
Allowance for impairment of held-to-maturity debt securities	6,414,111	1,282,822	-	7,696,933
Allowance for impairment of property foreclosed	24,395,485	13,227,683	(20,362,442)	17,260,726
Allowance for doubtful account	-	154,503,726	(25,591,063)	128,912,663
Provision liabilities	4,178,278	8,859,623	(1,342,684)	11,695,217
Non-accrual of interest income	7,559,395	5,271,389	(6,929,327)	5,901,457
Cumulative tax loss a carried forward not more than 5 years	10,835,046	-	(10,835,046)	-
<b>Total</b>	<b>122,109,578</b>	<b>200,831,283</b>	<b>(74,317,025)</b>	<b>248,623,836</b>
<b>Deferred Tax Liabilities</b>				
Revaluation surplus on investment	5,439,687	15,778,752	(6,406,499)	14,811,940
Commission from hire purchase contract	-	10,899,541	-	10,899,541
<b>Total</b>	<b>5,439,687</b>	<b>26,678,293</b>	<b>(6,406,499)</b>	<b>25,711,481</b>

(Unit : Baht)

## SEPARATE FINANCIAL STATEMENTS

	Balance as at January 1, 2009	Increase	Decrease	Balance as at December 31, 2009
<b>Deferred Tax Assets</b>				
Unrealized loss on trading securities	1,159,789	-	(1,159,789)	-
Allowance for impairment of available for sale investment	50,080,721	14,331,357	(3,085,706)	61,326,372
Allowance for impairment of general investment	-	7,400,891	-	7,400,891
Allowance for impairment of held-to-maturity debt securities	-	6,414,111	-	6,414,111
Allowance for impairment of property foreclosed	45,499,893	27,675,382	(48,779,790)	24,395,485
Allowance for doubtful account	-	11,001,985	(11,001,985)	-
Provision liabilities	-	4,178,278	-	4,178,278
Non-accrual of interest income	10,468,419	7,048,580	(9,957,604)	7,559,395
Cumulative tax loss a carried forward not more than 5 years	-	41,159,982	(30,324,936)	10,835,046
<b>Total</b>	<b>107,208,822</b>	<b>119,210,566</b>	<b>(104,309,810)</b>	<b>122,109,578</b>
<b>Deferred Tax Liabilities</b>				
Revaluation surplus on investment	3,276,651	4,552,722	(2,389,686)	5,439,687
<b>Total</b>	<b>3,276,651</b>	<b>4,552,722</b>	<b>(2,389,686)</b>	<b>5,439,687</b>



The Company did not record deferred tax assets for some transaction because the management no longer believes it is probable that such asset will be realized. In addition, the Company will not recognize deferred tax assets until it is probable that taxable profits will be available against which the deferred tax asset can be utilized.

## 26. PROVIDENT FUND

There had been contributed to the provident fund by the Company and its subsidiaries as follows:

(Unit : Baht)

	<b>CONSOLIDATED FINANCIAL STATEMENTS</b>		<b>SEPARATE FINANCIAL STATEMENTS</b>	
	<b>For the years ended December 31,</b>		<b>For the years ended December 31,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Provident fund	19,969,428	21,744,776	9,983,538	11,689,481

## 27. CONTINGENT LIABILITIES AND COMMITMENTS

### 27.1 Other contingencies

(Unit : Baht)

	<b>CONSOLIDATED AND SEPARATE Financial Statements</b>	
	<b>As at December 31, 2010</b>	<b>As at December 31, 2009</b>
Other contingencies - guarantees for construction	33,522,740	53,458,492
<b>Total contingent liabilities and commitments</b>	<b>33,522,740</b>	<b>53,458,492</b>

**27.2** The Company has transferred non-performing loans amounting to approximately Baht 134.2 million to the Thai Asset Management Corporation (TAMC). The Company is still jointly liable for a share of the gains or losses arising from TAMC's management of the non-performing assets, at the end of every fifth and tenth years, counting from July 1, 2001. The ultimate result of gain or loss cannot be estimated at this time. The maximum loss for which the Company may be liable is equivalent to 30 percent of the transfer price.

However, as at December 31, 2010, the Company has set up allowance for possible losses amounting to Baht 40.3 million (As at December 31, 2009: Baht 40.3 million), which the management of the Company considers that the amount is sufficient to cover the losses which may arise.

**27.3** As at December 31, 2010, the Company and its subsidiaries had the outstanding rental and service commitments under long-term lease agreements for its offices and office equipment as follows :

(Unit : Million Baht)

	<b>CONSOLIDATED FINANCIAL STATEMENTS</b>		<b>SEPARATE FINANCIAL STATEMENTS</b>	
	<b>As at December 31,</b>		<b>As at December 31,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Within 1 year	35.27	34.25	16.57	14.65
1-5 years	39.82	14.47	20.22	9.67
Over 5 years	5.82	7.38	5.82	6.48
Total	80.91	56.10	42.61	30.80

**27.4** As at December 31, 2010 and 2009, the Company is required to pay a fee to the Deposit Protection Agency at the rate of 0.4 percent per annum on the outstanding balance of deposits taken from the public.

**27.5** The Company has commitment regarding to the Receivables Sale and Purchase Agreements on November 11, 2003 with the Secondary Mortgage Corporation. The agreement has allowed the Secondary Mortgage Corporation to sell such loan back to the Company if the Secondary Mortgage Corporation found that there was misconduct on the condition of such agreement. The repurchase price of receivables will be equal to the outstanding balance with accrued interest. The loss after repurchasing is fully the Company's responsibility. The Company has already transferred 111 receivables with Baht 288 million. Until December 31, 2010, the Company repurchased 3 receivables with Baht 8 million collateralized by property. However, the Company's management expected to repurchase a few receivables and the loss amount will not be material.

**27.6** As at December 31, 2010 and 2009, the subsidiary has outstanding bank guarantees of Baht 1.4 million, issued by a bank on behalf of the subsidiary.

## 28. RELATED PARTY TRANSACTIONS

As at December 31, 2010 and 2009, the Company had significant business transactions with its subsidiaries and related parties (related by way of common shareholders and/or common directors). Such transactions are summarized below:

The Company had granted the following credit and made the following commitments to directors and management employees from assistant departmental manager level upward:

(Unit : Baht)

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2010	As at December 31, 2009
Directors and management employees from assistant departmental managers level upward Loans	2,826,809	4,155,646

The outstanding balances of transactions between the Company and its subsidiaries and related parties can be summarized as follows:

(Unit: Thousand Baht)

	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009
<b>Deposits at financial institutions</b>					
Siam Commercial Bank Plc.	Shareholder	41,644	99,950	19,063	56,442
<b>Other accounts receivable</b>					
SICCO Special Purpose Vehicle 2 Co., Ltd.	Subsidiary	-	-	100	446
SICCO Special Purpose Vehicle 3 Co., Ltd.	Subsidiary	-	-	-	366
<b>Prepaid fee</b>					
Siam Commercial Bank Plc.	Shareholder	163	4,189	163	4,189

(Unit: Thousand Baht)

	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009
<b>Deposits from related companies</b>					
SICCO Securities Plc.	Subsidiary	-	-	105,000	107,000
SICCO Advisory Co., Ltd.	Subsidiary	-	-	17,068	17,700
<b>Collectible agents payable</b>					
SICCO Special Purpose Vehicle 2 Co., Ltd.	Subsidiary	279,676	219,907	37,656	95,206
SICCO Special Purpose Vehicle 3 Co., Ltd.	Subsidiary	-	216,665	-	78,853
<b>Accrued interest payable</b>					
SICCO Securities Plc.	Subsidiary	-	-	-	17
SICCO Advisory Co., Ltd.	Subsidiary	-	-	19	20

For the year ended December 31, 2010, SICCO Securities Plc., which is a subsidiary, had deposits with the Company, of which the average outstanding balance at month-end was Baht 70.9 million (For the year ended December 31, 2009: Baht 108.9 million), such deposits have interest rate at 0.875% - 1.25% per annum.

For the year ended December 31, 2010, SICCO Advisory Co., Ltd., which is a subsidiary, had deposits with the Company, of which the average outstanding balance at month-end was Baht 17.4 million (For the year ended December 31, 2009: Baht 19.5 million), such deposits have interest rate at 0.875% - 1.80% per annum.

For the year ended December 31, 2010, SSEC Asset Management Securities Co., Ltd., which is a subsidiary, had no deposits with the Company (For the year ended December 31, 2009, SSEC Asset Management Securities Co., Ltd., which is a subsidiary, had deposits with the Company, of which the average outstanding balance at month-end was Baht 2.5 million, such deposits have interest rate at 1.00% - 1.80% per annum.)

The related transactions are as follows:

(Unit : Thousand Baht)

Transaction	Consolidated Financial Statements For the years ended December 31,		Separate Financial Statements For the years ended December 31,		Pricing Policy
	2010	2009	2010	2009	
<b>Transactions with subsidiaries</b>					
Interest income	-	-	793	16,495	Contract price
Interest expenses	-	-	790	1,750	Interest rate of 0.875% - 1.25% per annum (2009 : 0.50% - 3.875% per annum)
Dividend income	-	-	34,477	33,324	As declared
Other revenue	-	-	2,374	25,421	Contract price
Brokerage fee expenses	-	-	252	211	0.25% of trading volume
Servicing fee from cash collection under securitization project	-	-	3,979	14,674	0.40% - 0.60% of beginning loan outstanding

(Unit : Thousand Baht)

Transaction	Consolidated Financial Statements For the years ended December 31,		Separate Financial Statements For the years ended December 31,		Pricing Policy
	2010	2009	2010	2009	
Transactions with related parties					
Interest income	37	58,179	-	57,893	Interest at rate of 0.25 - 3.40% per annum (2009: 3.00% per annum)
Building rental	24,854	27,915	12,823	14,558	Market price
Insurance expenses	709	753	-	-	Market price
Fee income	792	689	-	-	0.25% - 0.50% of net assets volume of the fund
Fee expenses	4,015	8,226	4,015	8,226	0.40% of debenture volume
Transactions with director and management level employees					
Brokerage fee income	50	295	-	-	0.25% of trading volume

## 29. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries' financial information by segment are as follows:

(Unit: Million Baht)

	For the years ended December 31,							
	Finance business		Securities business		Elimination entries		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Interest and dividend income	1,261	1,662	37	36	(1)	(2)	1,297	1,696
Interest expenses	(253)	(524)	(3)	(3)	1	2	(255)	(525)
Net interest income and dividend income	1,008	1,138	34	33	-	-	1,042	1,171
Reversal of bad debt and doubtful accounts								
(Bad debt and doubtful accounts)	(697)	(656)	10	5	-	-	(687)	(651)
Reversal of loss on debt restructuring	5	9	-	-	-	-	5	9
Net interest income and dividend income								
after bad debt and doubtful accounts								
and loss on debt restructuring	316	491	44	38	-	-	360	529
Non-interest income	381	274	370	335	(28)	(16)	723	593
Non-interest expenses	(339)	(787)	(359)	(353)	1	1	(697)	(1,139)
Income (loss) before income tax	358	(22)	55	20	(27)	(15)	386	(17)
Corporate income tax (Reversal)	(51)	7	(18)	(4)	-	-	(69)	3
Net income (loss)	307	(15)	37	16	(27)	(15)	317	(14)

(Unit : Million Baht)

	Finance business		Securities business		Elimination entries		Total	
	As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009	As at December 31, 2010	As at December 31, 2009
Investments, net	3,491	1,294	245	178	(654)	(639)	3,082	833
Loans, receivables and accrued interest receivables, net	11,325	15,542	836	689	-	-	12,161	16,231
Other assets	1,749	4,474	321	353	(120)	(124)	1,950	4,703
<b>Total assets</b>	<b>16,565</b>	<b>21,310</b>	<b>1,402</b>	<b>1,220</b>	<b>(774)</b>	<b>(763)</b>	<b>17,193</b>	<b>21,767</b>

### 30. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Company is exposed to risks from changes in market interest rates and in currency exchange rates, and from nonperformance of contractual obligations by counterparties. The Company uses derivative instruments, as and when it considers appropriate, to manage such risks.

#### 30.1 Credit Risk

Credit risk is the risk that the party to a financial agreement will fail to discharge an obligation and consequently cause the Company and the subsidiaries to incur a financial loss. The Company and the subsidiaries disclose significant concentrations of credit risk in Note 7.3. The maximum amount of credit risk exposure is the carrying amount of the financial instruments less provision for losses as stated in the balance sheets. The risk from off-balance sheet is presented in Note 27.

#### 30.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates that will affect the results of the Company and the subsidiaries' operations and their cash flows.

(Unit : Million Baht)

Transactions	CONSOLIDATED FINANCIAL STATEMENTS			
	As at December 31, 2010			
	Outstanding balances of financial instrument, net			
	Floating interest rate	Fixed interest rate	Non-interest	Total
<b>Financial assets</b>				
Cash and deposits at financial institutions	6	23	1,118	1,147
Investments, net	-	2,593	489	3,082
Loans, receivables and accrued interest receivables	144	11,975	2,526	14,645
Loans to employees	-	8	-	8
<b>Financial liabilities</b>				
Borrowings and deposits	-	11,589	-	11,589
Payable to clearing house	-	-	91	91
Securities and derivative business payables	-	-	295	295

(Unit : Million Baht)

Transactions	CONSOLIDATED FINANCIAL STATEMENTS			
	As at December 31, 2009			
	Outstanding balances of financial instrument, net			
	Floating interest rate	Fixed interest rate	Non-interest	Total
<b>Financial assets</b>				
Cash and deposits at financial institutions	31	16	498	545
Loan to financial institutions	-	3,000	-	3,000
Investments, net	-	278	555	833
Receivables from Clearing House	-	-	16	16
Loans, receivables and accrued interest receivables	519	14,841	2,889	18,249
Loans to employees	-	12	-	12
<b>Financial liabilities</b>				
Borrowings and deposits	-	16,655	-	16,655
Payable to clearing House	-	-	19	19
Securities and derivative business payables	-	-	244	244
Subordinated debentures	-	9	-	9

(Unit : Million Baht)

Transactions	SEPARATE FINANCIAL STATEMENTS			
	As at December 31, 2010			
	Outstanding balances of financial instrument, net			
	Floating interest rate	Fixed interest rate	Non-interest	Total
<b>Financial assets</b>				
Cash and deposits at financial institutions	-	-	755	755
Investments, net	-	2,593	741	3,334
Loans, receivables and accrued interest receivables	144	11,458	2,130	13,732
Loans to employees	-	8	-	8
<b>Financial liabilities</b>				
Borrowings and deposits	-	11,711	-	11,711

(Unit : Million Baht)

Transactions	SEPARATE FINANCIAL STATEMENTS			
	As at December 31, 2009			
	Outstanding balances of financial instrument, net			
	Floating interest rate	Fixed interest rate	Non-interest	Total
<b>Financial assets</b>				
Cash and deposits at financial institutions	-	-	126	126
Loan to financial institutions	-	3,000	-	3,000
Investments, net	-	278	868	1,146
Loans, receivables and accrued interest receivables	519	14,491	2,460	17,470
Loans to employees	-	12	-	12
<b>Financial liabilities</b>				
Borrowings and deposits	-	16,780	-	16,780
Subordinated debentures	-	9	-	9

The periods of time from the balance sheet date to the reprising or maturity dates (whichever dates are earlier) of financial instruments which have fixed interest rates are as follows:

(Unit: Million Baht)

Transactions	CONSOLIDATED FINANCIAL STATEMENTS						Average Interest  Rates %
	As at December 31, 2010						
	Reprising or maturity date						
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	
Financial assets							
Cash and deposits at financial institutions	20	-	-	3	-	23	0.875-2.00
Investments, net	-	2,448	63	82	-	2,593	1.875-7.50
Loans, receivables and accrued interest							
receivables	548	95	882	9,712	738	11,975	0.01-50.92
Loans to employees	-	8	-	-	-	8	2.07-6.375
Financial liabilities							
Borrowings and deposits	335	7,687	3,537	30	-	11,589	0.50-7.00

(Unit: Million Baht)

Transactions	CONSOLIDATED FINANCIAL STATEMENTS						Average Interest  Rates %
	As at December 31, 2009						
	Reprising or maturity date						
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	
<b>Financial assets</b>							
Cash and deposits at financial institutions	-	13	-	3	-	16	0.75-2.50
Loan to financial institutions	-	3,000	-	-	-	3,000	1.12
Investments, net	-	18	62	198	-	278	2.50-7.50
Loans, receivables and accrued interest							
receivables	354	126	872	12,393	1,096	14,841	0.01-88.03
Loans to employees	-	12	-	-	-	12	2.47-5.85
<b>Financial liabilities</b>							
Borrowings and deposits	1,079	8,751	5,908	917	-	16,655	0.50-7.00
Subordinated debentures	-	-	9	-	-	9	3.50-3.75

(Unit: Million Baht)

Transactions	SEPARATE FINANCIAL STATEMENTS						Average Interest  Rates %
	As at December 31, 2010						
	Reprising or maturity date						
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	
Financial assets							
Investments, net	-	2,448	63	82	-	2,593	1.875-7.50
Loans, receivables and accrued interest							
receivables	31	95	882	9,712	738	11,458	0.01-50.92
Loans to employees	-	8	-	-	-	8	2.07-6.375
Financial liabilities							
Borrowings and deposits	443	7,701	3,537	30	-	11,711	0.50-7.00



(Unit: Million Baht)

Transactions	SEPARATE FINANCIAL STATEMENTS						Average Interest Rates %
	As at December 31, 2009						
	Reprising or maturity date						
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	
<b>Financial assets</b>							
Loan to financial institutions	-	3,000	-	-	-	3,000	1.12
Investments, net	-	18	62	198	-	278	2.50-7.00
Loans, receivables and accrued interest receivables	4	126	872	12,393	1,096	14,491	0.01-88.03
Loans to employees	-	12	-	-	-	12	2.47-5.85
<b>Financial liabilities</b>							
Borrowings and deposits	1,137	8,818	5,908	917	-	16,780	0.50-7.00
Subordinated debentures	-	-	9	-	-	9	3.50-3.75

The average yields on the average financial asset balances and the average cost of funds on average financial liabilities for interest bearing financial instruments are presented in the following table:

(Unit : Baht)

Financial Instruments	CONSOLIDATED FINANCIAL STATEMENTS		
	As at December 31, 2010		
	Average balance	Interest income/expenses	Average Yield (%)
<b>Financial assets</b>			
Cash and cash equivalents	1,358,219,881	12,019,722	0.88
Loan to financial institutions	1,280,000,000	17,008,629	1.33
Investments in debt and equity securities	1,694,251,043	26,212,456	1.55
Loans, receivables and accrued interest receivables	16,299,991,630	1,210,297,795	7.43
<b>Financial liabilities</b>			
Borrowings and deposits	13,983,782,359	250,031,501	1.79
Subordinated debentures	7,200,000	301,301	4.18

(Unit : Baht)

Financial Instruments	CONSOLIDATED FINANCIAL STATEMENTS		
	As at December 31, 2009		
	Average balance	Interest income/expenses	Average Yield (%)
<b>Financial assets</b>			
Cash and cash equivalents	894,122,662	6,092,571	0.68
Loan to financial institutions	2,962,000,000	39,207,655	1.32
Investments in debt and equity securities	1,208,001,060	25,564,475	2.12
Loans, receivables and accrued interest receivables	20,155,569,690	1,623,107,228	8.05
<b>Financial liabilities</b>			
Borrowings and deposits	19,618,185,573	512,108,665	2.61
Subordinated debentures	93,800,000	6,885,479	7.34

(Unit : Baht)

Financial Instruments	SEPARATE FINANCIAL STATEMENTS		
	As at December 31, 2010		
	Average balance	Interest income/expenses	Average Yield (%)
<b>Financial assets</b>			
Cash and cash equivalents	896,487,894	7,214,026	0.80
Loan to financial institutions	1,280,000,000	17,008,629	1.33
Investments in debt and equity securities	2,022,319,376	26,212,456	1.30
Loans, receivables and accrued interest receivables	15,425,889,640	1,179,117,093	7.64
<b>Financial liabilities</b>			
Borrowings and deposits	14,090,975,899	250,824,289	1.78
Subordinated debentures	7,200,000	301,301	4.18

(Unit : Baht)

Financial Instruments	SEPARATE FINANCIAL STATEMENTS		
	As at December 31, 2009		
	Average balance	Interest income/expenses	Average Yield (%)
<b>Financial assets</b>			
Cash and cash equivalents	117,751,318	28,584	0.02
Loan to financial institutions	2,962,000,000	39,207,655	1.32
Investments in debt and equity securities	1,562,427,996	25,564,475	1.64
Loans, receivables and accrued interest receivables	19,401,290,554	1,595,113,889	8.22
<b>Financial liabilities</b>			
Borrowings and deposits	19,738,965,573	513,858,433	2.60
Subordinated debentures	93,800,000	6,885,479	7.34

### 30.3 Liquidity risk

The periods to the maturity dates of financial instruments held as of December 31, 2010 and 2009, counting from the balance sheet date, as follows:

(Unit: Million Baht)

Transactions	CONSOLIDATED FINANCIAL STATEMENTS							
	As at December 31, 2010							
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non-Performing Loans	Total
<b>Financial assets</b>								
Cash and deposits at financial institutions	1,144	-	-	3	-	-	-	1,147
Investments, net	-	2,448	63	82	-	489	-	3,082
Loans, receivables and accrued interest receivables	626	416	885	9,771	741	-	2,206	14,645
Loans to employees	-	-	-	2	6	-	-	8
<b>Financial liabilities</b>								
Borrowings and deposits	335	7,687	3,537	30	-	-	-	11,589
Payable to clearing house	-	91	-	-	-	-	-	91
Securities and derivative business payables	-	295	-	-	-	-	-	295
<b>Off-balance sheet items-contingencies</b>								
Other commitments	-	4	-	-	-	30	-	34

(Unit: Million Baht)

Transactions	CONSOLIDATED FINANCIAL STATEMENTS As at December 31, 2009							
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non- Performing Loans	Total
<b>Financial assets</b>								
Cash and deposits at financial institutions	529	13	-	3	-	-	-	545
Loan to financial institutions	-	3,000	-	-	-	-	-	3,000
Investments, net	-	18	62	198	-	555	-	833
Receivable from Clearing House	-	16	-	-	-	-	-	16
Loans, receivables and accrued interest receivables	487	467	894	12,748	1,103	-	2,550	18,249
Loans to employees	-	-	-	3	9	-	-	12
<b>Financial liabilities</b>								
Borrowings and deposits	1,079	8,751	5,908	917	-	-	-	16,655
Payable to Clearing House	-	19	-	-	-	-	-	19
Securities and derivative business payables	-	244	-	-	-	-	-	244
Subordinated debentures	-	-	9	-	-	-	-	9
<b>Off-balance sheet items - contingencies</b>								
Other commitments	-	2	2	1	-	48	-	53

(Unit: Million Baht)

Transactions	SEPARATE FINANCIAL STATEMENTS As at December 31, 2010							
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non- Performing Loans	Total
<b>Financial assets</b>								
Cash and deposits at financial institutions	755	-	-	-	-	-	-	755
Investments, net	-	2,448	63	82	-	741	-	3,334
Loans, receivables and accrued interest receivables	109	97	885	9,771	741	-	2,129	13,732
Loans to employees	-	-	-	2	6	-	-	8
<b>Financial liabilities</b>								
Borrowings and deposits	443	7,701	3,537	30	-	-	-	11,711
<b>Off-balance sheet items - contingencies</b>								
Other contingencies	-	4	-	-	-	30	-	34

(Unit: Million Baht)

Transactions	SEPARATE FINANCIAL STATEMENTS							
	As at December 31, 2009							
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non-Performing Loans	Total
Financial assets								
Cash and deposits at financial institutions	126	-	-	-	-	-	-	126
Loan to financial institutions	-	3,000	-	-	-	-	-	3,000
Investments, net	-	18	62	198	-	868	-	1,146
Loans, receivables and accrued interest receivables	137	128	894	12,748	1,103	-	2,460	17,470
Loans to employees	-	-	-	3	9	-	-	12
Financial liabilities								
Borrowings and deposits	1,137	8,818	5,908	917	-	-	-	16,780
Subordinated debentures	-	-	9	-	-	-	-	9
Off-balance sheet items - contingencies								
Other contingencies	-	2	2	1	-	48	-	53

### 30.4 Foreign exchange risk

As at December 31, 2010 and 2009, the Company and the subsidiaries do not have any material financial instruments in foreign currencies.

### 30.5 Fair value

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The Company and its subsidiaries have estimated the fair value of financial instruments as follows:

#### a) Financial assets

The methodology used for determining the fair value is dependent upon the characteristics of the financial instruments. As at December 31, 2010 and 2009, the fair values of major financial assets are presented as the amount stated in the balance sheet, including cash, deposits at banks and loans and receivable which are considered to approximate their respective carrying value since the financial instruments are predominantly subject to market interest rates. Financial instruments that have standard terms and conditions which are traded on an active and liquid market, such as investments in securities, have their fair values determined by the quoted market price.

#### b) Financial liabilities

As at December 31, 2010 and 2009, the fair values of financial liabilities, including borrowings and deposits and subordinated debentures, approximate their respective carrying values since the value of the major financial instruments predominantly depends on market interest rates or market interest rates plus a risk premium.

The fair value of off-balance sheet items cannot be reasonably determined thus it has not been disclosed.

### **31. EVENTS AFTER BALANCE SHEET DATE**

#### **The Subsidiary - SICCO Securities Public Company Limited**

In January 2011, the subsidiary has been a defendant in the Civil Court for a claim of Baht 3,374,730, the lawsuit has not been judged by the Civil Court, the subsidiary's management believe that the subsidiary will have no loss from the lawsuit. Therefore, the subsidiary has not yet recorded such contingent liabilities in the financial statements for the year ended December 31, 2010.

#### **The Subsidiary - SSEC Asset Management Securities Company Limited**

On January 31, 2011, the Extraordinary Shareholders' Meeting No. 1/2011 of SSEC Asset Management Securities Company Limited had passed a special resolution to dissolve the subsidiary and the subsidiary has registered the dissolution with the Ministry of Commerce on February 11, 2011.

#### **The Subsidiary - SICCO Special Purpose Vehicle 2 Company Limited**

On February 7, 2011, the Company purchased back the entire amount of hire purchase receivables from Sicco Special Purpose Vehicle 2 Company Limited amount Baht 236.2 million at book value before deducting allowance in accordance with the Receivable Sale Agreement.

#### **The Subsidiary - SICCO Special Purpose Vehicle 1 Company Limited**

On February 7, 2011, SICCO Special Purpose Vehicle 1 Company Limited was already registered the liquidation with the Ministry of Commerce.

### **32. APPROVAL FOR ISSUING OF FINANCIAL STATEMENTS**

These financial statements have been approved for issuing by the authorized director of the Company on February 22, 2011.

## MANAGEMENT TEAM

No.	List	Title	Contact Tel No.
1.	Ms. Wanvimol Chotipuech	President & CEO	0-2263-2100 Ext. 4000
2.	Mr. Ugrit Xuto	First Executive Vice President, Legal & Business Process Improvement Group	0-2263-2100 Ext. 4110
3.	Mrs. Kornrat Kosakarn	First Executive Vice President, Treasury & Funding Group	0-2263-2100 Ext. 3101
4.	Mr. Therawut Somboon	Executive Vice President, Debt Management Group, (Acting) Hire Purchase Credit Checking Office	0-2263-2100 Ext. 5020
5..	Mr. Eakkapol Rerngron-asa	Senior Vice President, Office of Regional Hire Purchase Offices	0-2263-2100 Ext. 3400
6.	Ms. Luckana Bunphotprakarn	Senior Vice President, Funding Division	0-2263-2100 Ext. 3130
7.	Mr. Sathit Chatkeawsomboon	Senior Vice President, Operation Division	0-2263-2100 Ext. 5050
8.	Ms. Waraporn Kengsurakarn	Senior Vice President, Account & Finance Division	0-2263-2100 Ext. 4180
9.	Mr. Somsak Charoonsubvatana	Senior Vice President, Audit Division	0-2263-2100 Ext. 4130
10.	Mr. Patpong Kulsandinun	Vice President, Treasury Division	0-2263-2100 Ext. 3118
11.	Mr. Pisit Shestsiri	Vice President, Human Resources & General Administration Division	0-2263-2100 Ext. 4159
12.	Mr. Meechai Lamlertsuk	Vice President, Information Technology Division	0-2263-2100 Ext. 5013
13.	Mr. Kowit Lesirison	Vice President, Lending Division	0-2263-2100 Ext. 5200
14.	Ms. Tanyarat Chalermrattanaoj	Vice President, Debt Management Division	0-2263-2100 Ext. 5112

# KEY FINANCIAL DATA

## CONSOLIDATED STATEMENTS

Unit : Million Baht

	2010	2009	2008
<b>Total Assets</b>	17,192.95	21,766.70	28,352.92
Total Loans & Receivables	14,600.36	18,194.55	22,076.34
- Hire Purchase Loans	12,245.04	15,598.18	19,253.62
Total Borrowings	11,589.33	16,655.30	22,642.77
Total Liabilities	12,776.67	17,720.36	24,339.43
Shareholders' Equity	4,416.28	4,046.34	4,013.49
Registered Capital	3,345.00	3,345.00	3,345.00
Paid-up Capital	2,987.12	2,987.12	2,987.12
<b>Total Income</b>	2,020.51	2,289.13	2,850.88
Interest & Dividend Income	1,297.68	1,696.19	2,081.24
- From Hire Purchase	1,143.66	1,480.29	1,738.74
Non-Interest Income	722.82	592.94	769.64
<b>Total Expenses</b>	1,634.00	2,306.04	2,835.62
Bad Debts and Doubtful Accounts	681.74	641.73	571.73
Expenses on Borrowings	255.45	524.64	921.32
Operating Expenses	696.81	1,139.67	1,342.57
Net Profit (Loss)	306.54	(15.10)	20.27
Earning per Share (Baht)	0.51	(0.03)	0.03
Book Value per Share (Baht)	7.39	6.77	6.72
Dividend per Share (Baht)	~*	-	0.20
<b>Financial Ratio</b>			
Net Profit (Loss) Margin (%)	15.17	(0.66)	0.71
Return on Assets (%)	1.57	(0.06)	0.07
Return on Equity (%)	7.24	(0.37)	0.49
Risk Asset Ratio (%)	28.57	18.52	11.78
NCR Ratio of Subsidiary (%)	166.78	222.01	390.06
<b>Assets Quality</b>			
Net Non-Performing Loans	630.74	1,068.46	1,371.97
Net NPL per Total Loans, Receivables (%)	5.16	5.60	5.95

\* Subject to Annual General Shareholders Meeting's resolution



# OFFICE DIRECTORY

## KHON KAEN

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- 272/6 Moo 12 Mitapab Road,  
Tambon Mueangkao, Amphoe Mueang  
Khon Kaen, Changwat Khon Kaen 40000.
- Tel : 043-270955-7
- Fax : 043-270958, 043-324591

## NAKHON SAWAN

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- 605/380-1 Moo 10,  
Tambon West Nakhon Sawan,  
Amphoe Mueang Nakhon Sawan,  
Changwat Nakhon Sawan 60000.
- Tel : 056-313284-6
- Fax : 056-313287 056-311152

## CHON BURI

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- 122/8-9 Moo 1, Tambon Samed,  
Amphoe Mueang Chon Buri,  
Changwat Chon Buri 20000.
- Tel : 038-784894-6
- Fax : 038-784897, 038-785140

## CHIANG MAI

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- 56/20-21, Chiang Mai-Lampang Road,  
Tambon Chang Perk, Amphoe Mueang  
Chiang Mai, Changwat Chiang Mai 50300.
- Tel : 053-227390-1, 053-227393
- Fax : 053-227392, 053-216376

## SONGKHLA

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- 26 Chotiwithayakul 5 Road, Tambon Hat Yai,  
Amphoe Hat Yai, Changwat Songkhla 90110.
- Tel : 074-429684-5, 074-429687
- Fax : 074-429686, 074-465054-55

## SURAT THANI

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- 141/91 Moo 5, Kanjanavithi Road,  
Tambon Bangkoun, Amphoe Mueang  
Surat Thani, Changwat Surat Thani 84000.
- Tel : 077-213449-51
- Fax : 077-213452, 077-213392

## NAKHON RATCHASIMA

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- 869 Mitrapab Road, Tambon Nai Mueang,  
Amphoe Mueang, Changwat Nakhon  
Ratchasima 30000.
- Tel : 044-263383-4
- Fax : 044-263381, 044-262693

## RATCHABURI

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- 73,75 Srisuriyawongse Road,  
Tambon Na Mueng, Amphoe Mueang  
Ratchaburi, Changwat Ratchaburi 70000.
- Tel : 032-311152-4
- Fax : 032-311155, 032-311233

## RAYONG

---

- 272/6 Sukhumvit Road, Tambon Chuengnarn,  
Amphoe Mueang Rayong, Changwat Rayong  
21000.
- Tel : 038-864506-7, 038-864509
- Fax : 038-864508, 038-864504

## AYUTTHAYA

---

- 49/10 Maharaj Road, Tambon Pratuchai,  
Amphoe Phra Nakhon Si Ayutthaya,  
Changwat Phra Nakhon Si Ayutthaya 13000.
- Tel : 035-211940-2
- Fax : 035-211943, 035-244337

## **NAKHON PATHOM**

---

- 316/1 Pethckasem Road,  
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## **CHIANG RAI**

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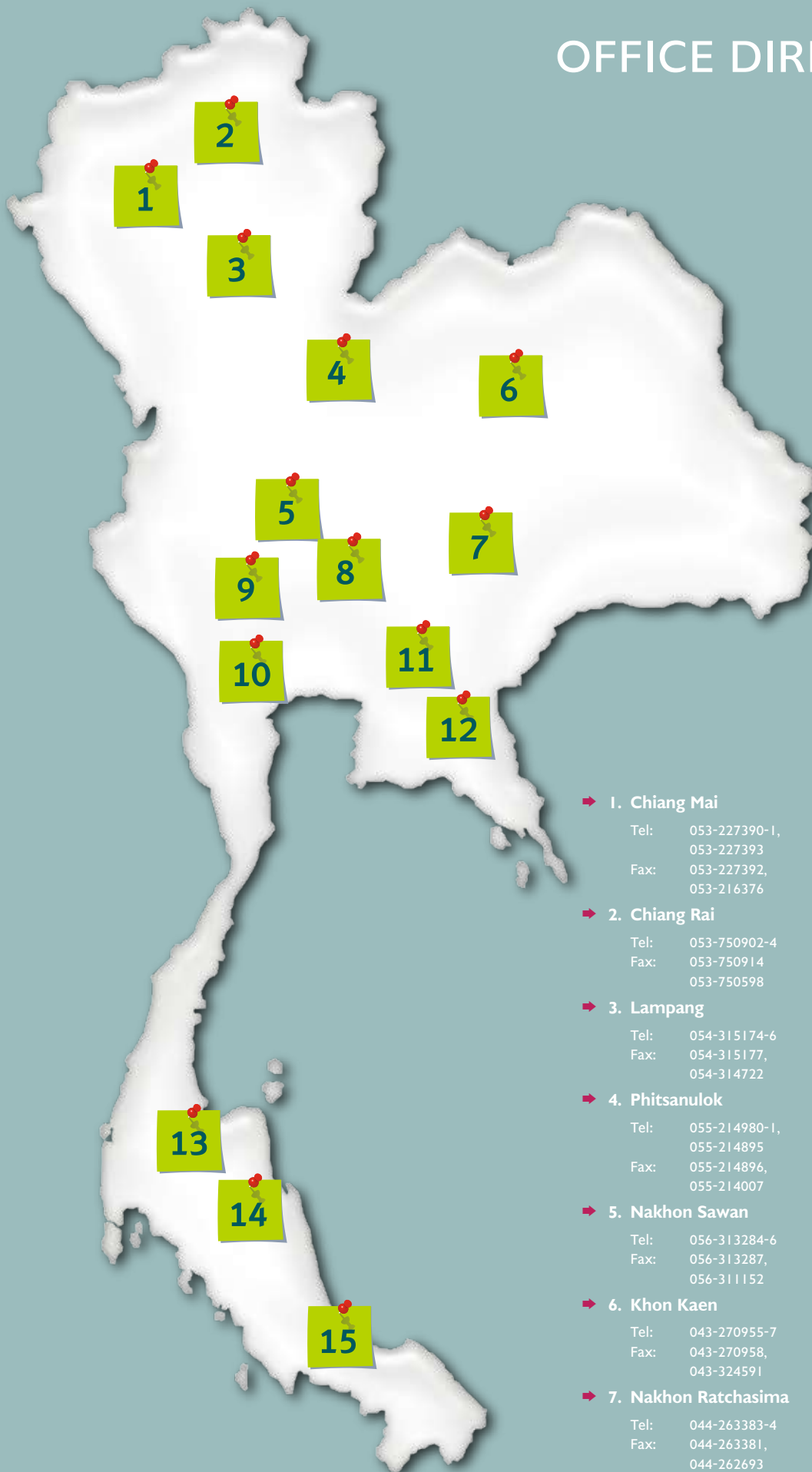
- 149/4 Moo 5 Tambon Rimkok,  
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