



ราชนาถนาลีซซิ่ง
Ratchthani Leasing
A Thanachart Group Company



**Strengthening
for Growth**

ANNUAL REPORT
2012 | **RATCHTHANI LEASING**
PUBLIC COMPANY LIMITED

Vision

Being an expertise organization and professional in the Hire Purchase and leasing for specific vehicles especially used cars, trucks, commercial car and agriculture car to response the financial needs covered all provinces across all regions of the country.

Mission

To Shareholders

Operate Business with transparency efficiently performance for sustainable growth with Resulting of best practice operations and returns continually to the shareholders.

To Employees

Aims to develop human resource potential, specialized, expertise to provide a professional by maintaining the integrity of professional ethics. The Company compensates, maintain employees who good quality to stay with the company.

To Business Partners

Develop good relationship build reliability fast service to partners. Fairly share of benefit gain to create effectiveness in the long-term term business relationship.

To Customers

Develop to provide excellent service with fast and precision. Offer efficiently financial products to respond the needs of target groups under various types of cars with the highest satisfaction.

To Socials

Commitment to operate with integrity according to the principles of discipline, rules and regulations involved to return to society and develop the national economy.

Page

Vision and Mission	1
Message from Chairman	2
Report of Selection and Remuneration Committee	3
General Information	4
Financial Summary	5
Financial Information Highlight	8
Policy Concerning Employee's Safety, Welfare, and Benefits	9
Organization Chart	16
Nature of Business Operation	17
Risk Factors	23
Shareholding Structure and Management	28
Related Party Transactions	51
Explanation and Analysis of Company's Financial Status and its Performance	54
Responsibilities of the Board of Directors for Report	67
Audit Committee's Report	68
Financial Statements and Report of the Independent Certified Public Accountants	70



Message from Chairman

In 2012, the world economy grew slowly due to concerns on European debt crisis and observation on the US's fiscal cliff policy. As a result, the economic growth and expansion of each country remained slow.

After the massive flood crisis in 2011, Thailand's economy slightly expanded at 0.1% before returned to normal in 2012. Manufacturing and service sectors started their business operations again. In addition, the Government had measures to stimulate domestic consumption such as first-car policy, rice price guarantee policy; and the Bank of Thailand also reduced policy interest rates. The aforementioned factors drove Thailand's economy to grow consistently.

For our business operation, we gained direct benefits from the country's economic growth and expansion. Large, middle and small entrepreneurs of transport sectors have expanded their investment and significantly improved their efficiency. We determined our business plans, together with the management of Thanachart Bank Public Company Limited, and successfully achieved our goals. Our credit portfolios grew by more than 55% from the 2011 figure, resulting in the net profit of approximately Baht 489 million.

In 2013, we will closely monitor international economic situations and resolutions for European and the US economic crisis affecting the global economic recovery. It is expected that Thailand economy will continue to expand due to domestic consumption and consistent investment, including government policies. The membership of ASEAN Economic Community will play an important role to drive the country's economic growth as well. Accordingly, the Company is committed to become the leading company in truck leasing business within the next 3 years.

On behalf of the Board of Directors, I would like to thank the management teams and all employees for best contribution to the Company; and thank customers and all stakeholders for consistent support and trust. The Board of Directors is committed to supervise the business operation to carefully grow in accordance with business plans; and to have good corporate governance. We aim to ensure the Company's sustainable growths and increasing values, including the shareholders' maximum benefits.

Mr. Virat Chinprapinporn

Chairman



Report of Selection and Remuneration Committee

The Board of Directors of Ratchthani Leasing Public Company Limited has appointed the Selection and Remuneration Committee. The Committee is responsible for recommending policies, methods and criteria on selection and remuneration of the directors, members of sub-committee, and the Managing Director to ensure proper selection and remuneration in accordance with good corporate governance and the company's visions and missions.

Accordingly, the Selection and Remuneration Committee comprises three members as the following.

1. Mr. Suvit Arunanonchai (Independent Director) as The Chairman of the Committee
2. Mr. Varavudh Varaporn (Independent Director) as The Member of the Committee
3. Mr. Anuwat Lueangthaweeikul (Non-executive Director) as The Member of the Committee

In 2012, the Selection and Remuneration Committee held one meeting to consider and acknowledge related issues as follows.

- Recommend policies, methods and criteria on selection and remuneration of the directors, members of sub-committees, and the Managing Director; and propose to the Board of Directors.
- Determine criteria to evaluate the Managing Director's performance for considering annual remuneration.
- Select and consider qualified candidates to be the directors, members of sub-committees, and the Managing Director. Qualified candidates will be proposed to the Board of Directors for consideration and appointment.
- Propose remuneration of the directors, members of sub-committees, and the Managing Director, according to specified methods and regulations, to the Board of Directors.
- Review policies, methods and criteria on selection and remuneration of the directors, members of sub-committees, and the Managing Director proper for roles, responsibilities and market conditions; and propose to the Board of Directors and the 2013 Annual General Meeting of Shareholders for approval.

Mr. Suvit Arunanonchai

Chairman of Selection and Remuneration Committee



General Information

Company's Name	:	Ratchthani Leasing Plc.
Type of Business	:	Pre-owned car hire-purchase service
Head Office	:	77/35-36 Sinsathorn Tower, 11 UP Floor Krung Thon Buri Road, Khlong Ton Sai Sub-district, Khlong San District, Bangkok 10600
ISIN No.	:	Bor Mor Jor No. 0107545000209
Homepage	:	http://www.ratchthani.com
Tel. No.	:	0-2440-0844
Fax. No.	:	0-2440-0848
Registered Capital	:	Bt. 1,342,349,708
Paid-up Capital	:	Bt. 1,342,349,708
Type of Share	:	Ordinary share

References

Share Registrar

Thailand Securities Depository Co., Ltd.

62 The Stock Exchange of Thailand Building

Ratchadaphisek Road, Khlong Toei Sub-district Khlong Toei District, Bangkok 10110

Tel. No. : 0-2229-2866

Fax No. : 0-2359-1262-3

Auditor

Miss Somjai Khunapasut

CPA Registration No. 4499

Ernst & Young Office Limited

33rd Floor, Lake Rajada Office Complex

193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110

Tel. No. : 0-2264-0777

Fax No. : 0-2264-0789

Company Secretary

Miss Rungtip Chaipattanapruk

Ratchthani Leasing Plc.

77/35-36 Sinsathorn Tower, 11UP Floor Krung Thon Buri Road, Khlong Ton Sai Sub-district, Khlong San District, Bangkok 10600

Tel. No. : 0-2440-0844 Ext 161

Fax. No. : 0-2862-2010



Financial Summary

Balance Sheets	2012		2011		2010	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Assets						
<u>Current assets</u>						
Cash and bank deposit	177,821.08	0.93	20,211.58	0.16	18,559.39	0.19
Hire-purchase account receivable due within 1 year, Net	6,357,841.06	33.10	4,320,245.15	34.97	3,225,001.39	33.77
Financial lease- account receivable due within 1 year, Net	57,768.84	0.30	46,371.62	0.38	40,840.64	0.43
Other debtors	20,426.82	0.11	13,286.84	0.11	9,855.16	0.10
Foreclosed assets	24,975.23	0.13	14,351.06	0.12	36,558.16	0.39
Other current assets	41,215.60	0.21	11,726.02	0.09	3,222.20	0.03
<u>Non-current assets</u>						
Deposit with obligation	300.00	0.00	30,744.29	0.25	38,769.60	0.41
Hire-purchase account receivable due more than 1 year, Net	12,300,687.86	64.04	7,731,590.30	62.58	6,021,314.53	63.06
Financial lease- account receivable on due	149,661.15	0.78	80,681.59	0.65	79,104.54	0.83
Long-term investment, Net	240.38	0.00	188.70	0.00	217.46	0.00
Properties for investment	19,326.50	0.10	19,326.50	0.16	19,326.50	0.20
Property, plant and equipment, Net	47,074.27	0.24	45,163.28	0.37	47,193.67	0.49
Intangible assets	6,046.50	0.03	7,876.90	0.06	9,088.94	0.10
Other non-current assets	5,911.01	0.03	12,024.89	0.10	408.27	0.00
Total assets	19,209,296.30	100.00	12,353,788.72	100.00	9,549,460.45	100.00
Liabilities						
<u>Current liabilities</u>						
Overdraft	0.00	0.00	15,116.18	0.12	6,252.70	0.07
Short-term loan	6,006,605.50	31.27	2,552,300.00	20.66	1,350,500.00	14.14
Long-term loan due within 1 year	156,800.00	0.82	3,005,601.47	24.33	2,576,329.91	26.98
Other creditors	328,087.87	1.71	49,560.45	0.40	25,916.95	0.27
Hire-purchase creditor due within 1 year	3,853.09	0.02	2,124.90	0.02	2,636.38	0.03
Accrued corporate income tax	75,120.40	0.39	51,755.49	0.42	40,351.31	0.42
Other current liabilities	38,942.84	0.20	52,400.43	0.43	34,083.98	0.36
<u>Non-current liabilities</u>						
Hire-purchase creditor	8,550.02	0.04	3,907.11	0.03	5,287.22	0.05
Long-term loan	1,097,200.00	5.71	4,492,186.72	36.36	4,228,428.95	44.28
Debenture	8,980,822.76	46.75	0.00	0.00	0.00	0.00
Forecasted liabilities- reserve for long- term staff benefit	9,201.85	0.05	6,685.27	0.05	0.00	0.00
Total liabilities	16,705,184.33	86.96	10,231,638.02	82.82	8,269,787.40	86.60



Shareholders' equity						
Issued and paid-up capital	1,342,349.71	6.99	1,342,349.71	10.87	822,593.91	8.61
Capital surplus	319,888.16	1.67	319,888.16	2.59	92,390.00	0.97
Appropriated retained earnings						
Legal reserve	70,117.81	0.37	45,607.81	0.37	35,357.81	0.37
Retained earnings for treasury stocks	0.00	0.00	0.00	0.00	0.00	0.00
Unappropriated retained earnings (deficit)	771,756.29	4.01	414,305.02	3.35	329,331.33	3.45
Less Treasury stocks	0.00	0.00	0.00	0.00	0.00	0.00
Total shareholders' equity	2,504,111.97	13.04	2,122,150.70	17.18	1,279,673.05	13.40
Total liabilities & shareholders' equity	19,209,296.30	100.00	12,353,788.72	100.00	9,549,460.45	100.00

Income Statement	2012		2011		2010	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Income and expenses						
Interest income from hire purchase	1,364,514.96	86.17	966,669.28	86.23	701,950.59	84.22
Interest income from financial lease	12,273.84	0.78	10,507.71	0.94	9,227.88	1.12
Income from fee and services	95,387.42	6.02	63,558.72	5.67	59,377.39	7.12
Other incomes	111,304.93	7.03	80,352.62	7.16	62,871.78	7.54
Total incomes	1,583,481.15	100.00	1,121,088.33	100.00	833,427.64	100.00
Financial cost	672,666.57	42.48	538,939.86	48.07	349,237.27	41.90
Selling and administrative expense	211,274.33	13.34	148,010.46	13.20	164,656.87	19.76
Bad debt	32,852.30	2.08	32,680.00	2.92	9,012.71	1.08
Doubtful account	48,384.61	3.06	93,405.34	8.33	31,333.49	3.76
Corporate income tax	128,954.10	8.14	103,182.81	9.21	74,985.44	9.00
Total expenses	1,094,131.91	69.10	916,218.46	81.73	686,269.69	75.50
Net profit	489,349.24	30.90	204,869.86	18.27	204,201.86	24.50

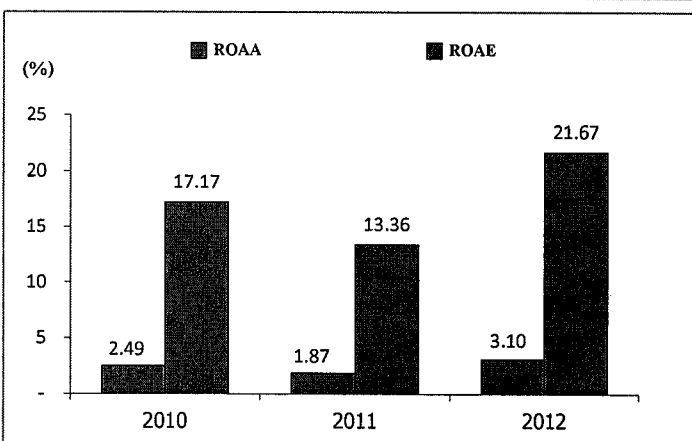
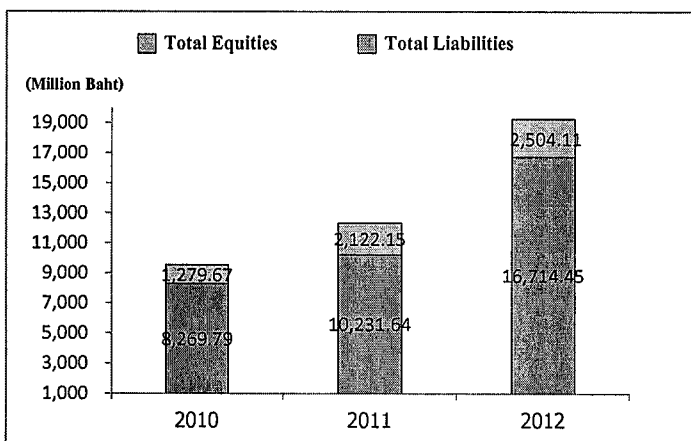
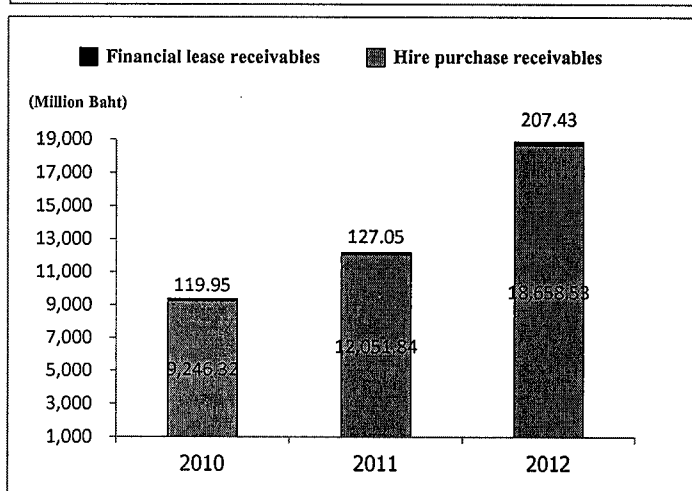
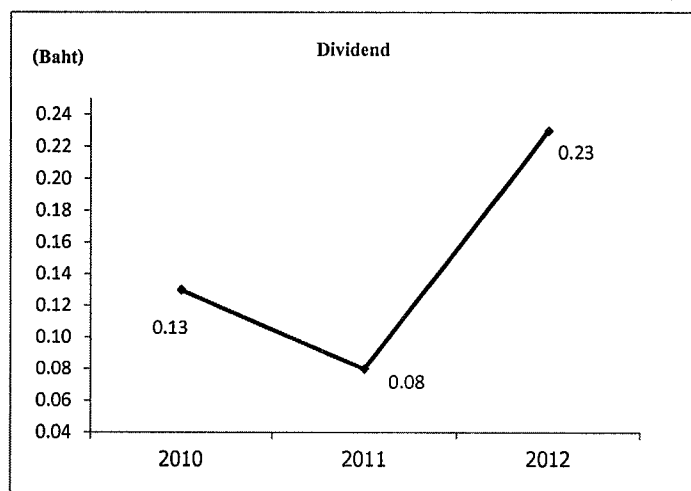
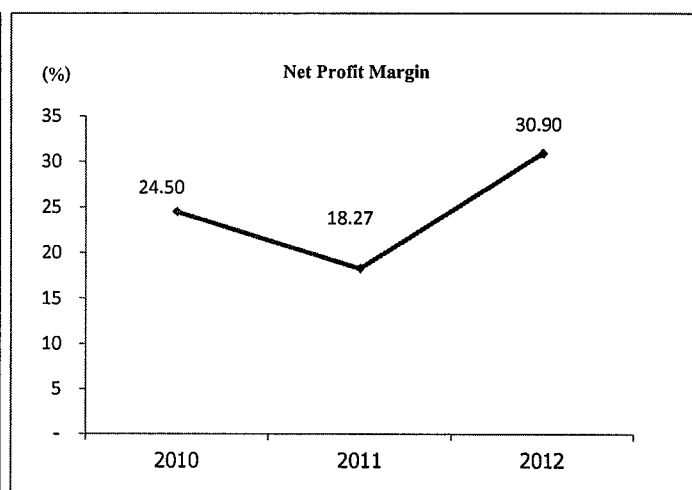
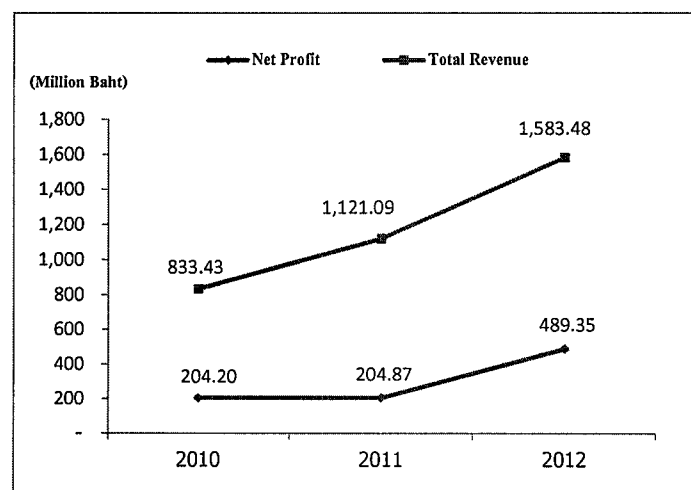


Major Financial Ratio Reflecting Financial Status and Operating Performance of the Company

Ratio	2012	2011	2010
<u>Profitability Ratio</u>			
Net profit margin (%)	30.90	18.27	24.50
Net profit to net interest (%)	69.50	46.75	56.42
Interest rate received (%)	8.92	8.78	8.60
Interest rate paid (%)	5.20	5.74	4.99
Interest rate gap (%)	3.72	3.04	3.61
Return on equity (%)	21.67	13.36	17.17
<u>Efficiency Ratio</u>			
Return on assets (%)	3.10	1.87	2.49
Total assets turnover (time)	0.10	0.10	0.10
<u>Financial Ratio</u>			
Debt to equity ratio (time)			
Lending to loan ratio (time)	6.67	4.82	6.46
Dividend payout ratio (%)	1.72	1.21	1.16
	63.09	52.42	52.37
<u>Share Information</u>			
Book value per share (Baht)	1.87	1.58	1.56
Basic earnings per share (Baht)	0.36	0.21	0.23



Financial Information Highlight





Policy Concerning Employee's Safety, Welfare, and Benefits

Safety and Healthcare Management

- ▶ The Company encourages all employees to be considerate on employee's safety within or outside the organization. The Company's head office locates at Sinsathon Tower and the Company collaborates with the building juristic body to participate in fire evacuation rehearsal, in which the experts demonstrate functions of equipments and tools and the employees are given the opportunity to use real equipments during the rehearsal. Besides, all equipments are inspected and alarms are tested during the rehearsal. The Company has continued to conduct fire evacuation rehearsal every year so that the employees will gain experience in the evacuation plan. The Company will select new employees and volunteers from current employees to participate in fire evaluation rehearsal. On Friday 28 December 2012 at 8.30-16.30, the Company's employees attended lectures on fire evacuation, both theory and practice parts, held by the building juristic body.
- ▶ The Company anticipates in the importance of occupational safety for both health and environment at work that the Company provides training to both new and current employees to have better understanding in working processes and correct practices, in order to prevent danger from occupational injury or sickness, for example, avoiding working in the insufficient lighting area, avoiding working in the unsafe environment, using face mask to prevent contacting with dust in order to reduce long term health problems, etc.

Welfare Management

The Company is aware of the employee's welfare and gives priority to all employees by providing following welfare and benefits;

▶ Motorcycle Insurance

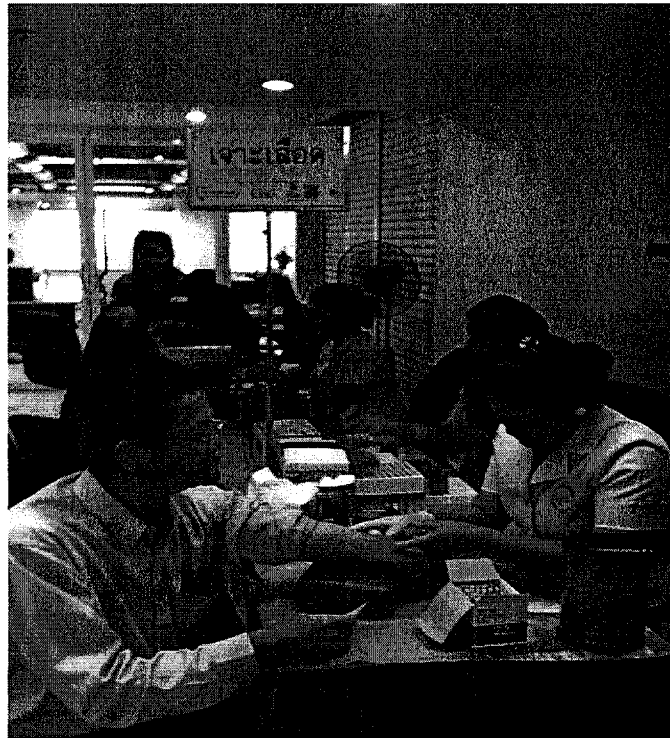
The Company anticipates in the importance and safety of the employees that the Company set up welfare to insure the motorcycles for the employees who have to work outside the Company and use the motorcycle as transportation to inspect the customer's status. This welfare will be a protection for the employee's life at maximum efficiency.

▶ Annual Health Checkup

The Company is aware of and gives priority to the employee's healthcare that the Company provides free health checkup annually. The checkup covers all necessary items that the employees will know about their own health and risk. The employees will meet with doctors to get recommendations after receiving health checkup results so that the employees will be aware of their health in order to lower their health problems in the future that may eventually cause them burden. Furthermore, the Company gives the employee's families the opportunity to have health checkup at



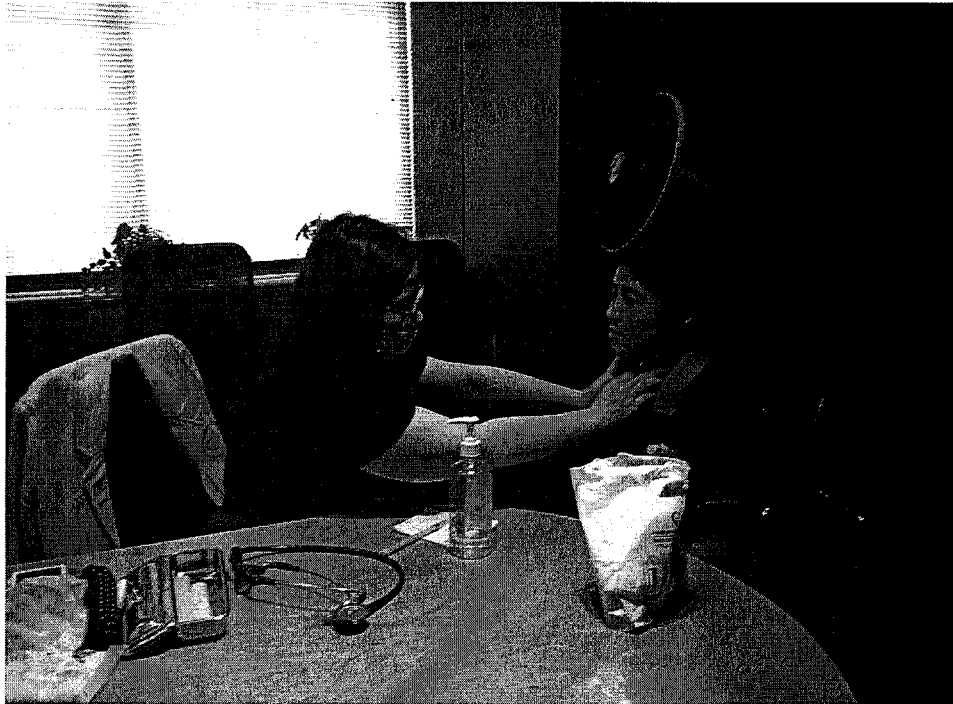
very low cost since the Company believes that the employees will have good mental health if their members of the family and themselves have good health.



Annual Health Checkup 2012



Annual Health Checkup 2012



Health Checkup with Physician

► **Provident Fund welfare named “Ratchthani Pee-Nong Kasian Ruai”**

The establishment of provident fund will promote employee's savings and be as security for the employee after retirement since the Company wants to see the employee who works with the Company until retirement will have money to use happily after retirement. Thus, the Company established a provident fund “Ratchatani Pee-Nong Kasian Ruai” for the employees and the employee will pay 5% of the monthly salary into the fund since the day of employment to the fund while the Company will also contribute the additional 5% into the fund.

Policy on Personnel Development and Social, Environmental, and Economic Management

Ratchthani Leasing Public Company Limited is aware of personnel development for efficiency and building awareness on social and environmental responsibility to create absolute participation, be good personnel for the country, and maintain good environment and society substantially. Accordingly, the Company conducts CSR activities for the employees to participate in various projects as follows.

► **Personnel development project** The Company provided both in-house and external trainings to all employees. The project aimed to enhance the employees' efficiency and awareness of the organization, society and environment. During 17 – 18 November 2012, the Company held the training session on “Personnel Development for Business Goal of Company” at the Palio – Khaoyai. Participants included employees of the Head Office, and 6 branches i.e. Khonkaen, Nakhonratchasima, Pisanulok, Rayong, Chiangrai and Suratthani. This training aimed to strengthen relationships and harmonies, including developing employees in terms of work and sport. The training will enhance



mutual understanding between related functions and create work efficiency. The Company has planned to provide training consistently.



Power of Harmony

Ratchthani Leasing Public Company Limited and "Personnel Development Project"

17 – 18 November 2012

At Palio – Khaoyai

Ratchthani Leasing Public Company Limited has emphasized on relationship, harmony and sportsmanship.



Power of Harmony - Personnel Development
Project

Football Players, Orange Team



Power of Harmony - Personnel Development
Project

Football Players, Black Team

**Projects of Ratchthani Leasing Public Company Limited****❖ Educational Project (Donation for Education of Bandonklang School, Nongwaeng Sub-district, Banpaeng District, Nakhonpanom Province)**

The Company has recognized the importance of youth and children who are important drivers of the country in the future. To ensure the country's development, youth's skills and capabilities and proper environment, the Company by Mr. Virat Chinprapinporn, the President of the Board of Directors of Ratchthani Leasing Public Company Limited, with the collaboration of HOG THANILAND CHAPTER Association, established the project on "Papa Karnsuksa for School Development". Ratchthani Leasing Public Company Limited donated the money of 60,000 Baht (Sixty Thousand Baht Only) and HOG THANILAND CHAPTER Association donated the money of 90,000 Baht (Ninety Thousand Baht Only), a total of 150,000 Baht (One Hundred and Fifty Thousand Baht Only). This amount was a financial support for electronic appliances for students of Bandonklang School, Nongwaeng Sub-district, Banpaeng District, Nakhonpanom Province on 2 – 3 August 2012.

❖ Project on Celebrations for Her Majesty Queen Sirikit's 80th Birthday

On the occasion of the 80th Birthday Anniversary of Her Majesty Queen Sirikit on 12 August 2012, Ratchthani Leasing Public Company Limited by Mr. Virat Chinprapinporn, the President of the Board of Directors, donated the money of 17,500 Baht (Seventeen Thousand Five Hundred Baht Only) in the Wheelchair Project. Wheelchairs, a total of 180, were donated to disabled persons in Narathiwat Province, Narathiwat Special Taskforce, Narathiwat Government Center, Kokkhian Sub-district, Mueang District, Narathiwat Province. Wheelchairs were given to disabled persons on Wednesday 8 August 2012.

Religious Project**❖ Papa Karn Kusol Donation Project (Drug warehouse), Nan Province**

Ratchthani Leasing Public Company Limited and all employees were the hosts of Papa Samakki for Bokuea Hospital, Bokuea District, Nan Province. The Company donated the money of 5,710 Baht (Five Thousand Seven Hundred and Ten Baht Only) on 22 November 2012. The Company and our employees have recognized the importance and necessity of treatment and medicine for well-being.

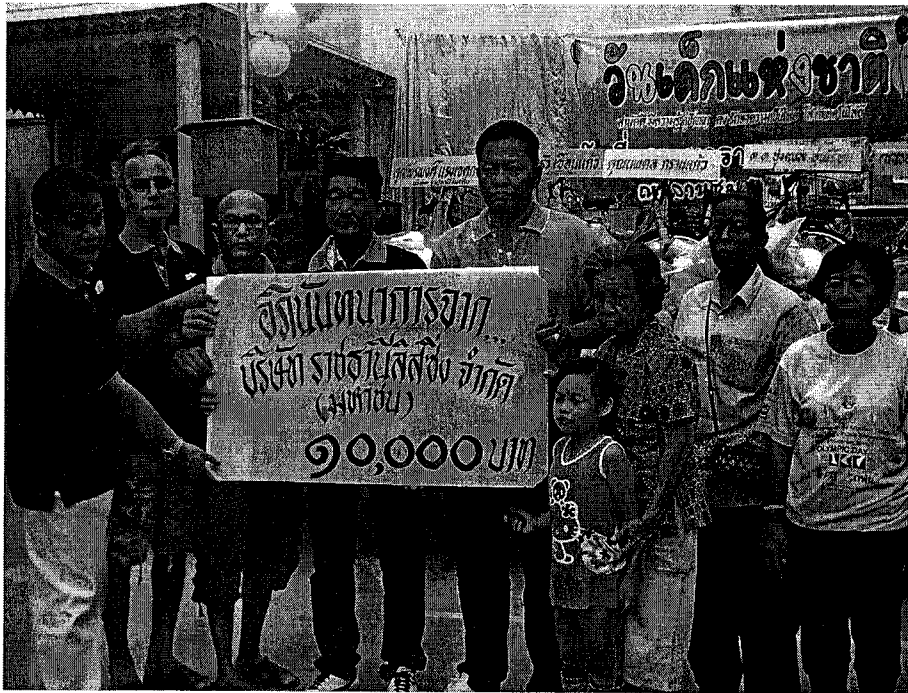
❖ Donation Project (Wat Prabatnampu)

Ratchthani Leasing Public Company Limited donated the money to help poor people needing medicine and medical supplies. Arokaya Sangkametta Fahkwang Project was funded at Wat Prabatnampu. Mr. Kovit Rongwattanasophon, the Managing Director, donated the money of 20,000 Baht (Twenty Thousand Baht Only) to the project and also donated the money of 14,500 Baht (Fourteen Thousand Five Hundred Baht Only) to Artorn Prachanart Fund of Lopburi Province.



❖ Thai Youth in the Future Project

Ratchthani Leasing Public Company Limited has recognized the importance and future of our children who will become key drivers of our country. The Company hence donated the money of 10,000 Baht (Ten Thousand Baht Only) to Wat Mali 2 Community, Bangkhunsri Sub-district, Bangkok Noi District.



Thai Youth in the Future Project

National Child Day 2012



Ratchthani Leasing Public Company Limited
Supported "Thai Youth in the Future Project".



❖ **“Ratchatani Blood Donation for Friends”**

The Company continues to support this project. The Company believes that life saving is important. The blood donation project has been established to help people every year at Sinsathorn Building. In this year, the donation was held on 24 January 2013. The Company will hold this donation project every year as staff's public charity.

❖ **Resource Conservation and Energy Saving Project** All employee are encouraged to save all resources starting at workplace by recycling used resources such as paper or envelopes including all office supplies and turning off water and electricity after use in order to save the Company's and the country's energy.

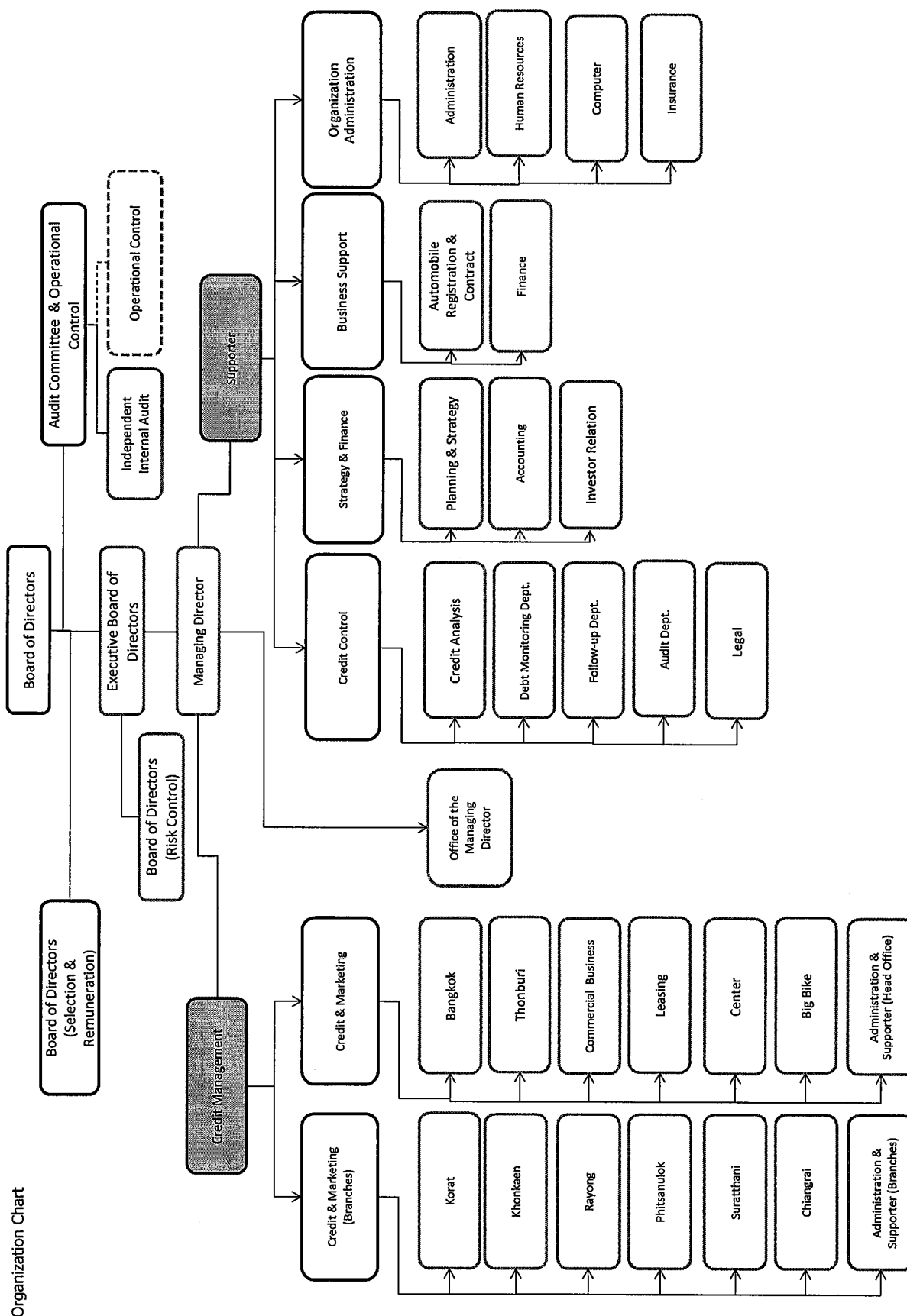
❖ **Promotion on Various Foundations** The Company anticipates in the importance of the projects from the foundations. In 2012, the Company bought greeting cards from Care Foundation for Children with Disabilities as well as donation for disable persons. The Company has continued conducting this project every year.

❖ **Sport Project** The Company and employees jointly held the football league competition to strengthen relationships among employees and promote good their health. This project also enhanced good relationship between the Company and business partners.



Ratchthani Leasing Public Company Limited

Winner Award of Soccer Pro Cup 2012





Nature of Business Operation

Background and Key Development

Background

Ratchthani Leasing Plc. ("the Company") was incorporated on 2 June 1988 under the original name "Ratchthani Leasing Co., Ltd.", with an initial capital of Baht 6 million to provide pre-owned car hire-purchase services. Since its inception, the Company had increased its capital as its business expands. Its capital was raised to Baht 36 million in the year of business started up and then to Baht 56 million and Baht 168 million in 1992 and 1995, respectively.

In the initial business operation, the Company rendered pre-owned car hire-purchase financing both to retail customers through used car dealers and a floor plan credit for their purchase of used car for sales. The two credit types in the past were in about the same proportion. The Company has stopped the floor plan credit since 1995 and accentuated merely on financing to the retail customers since then. However, in 2004 and in 2005, the Company conducted the feasibility study with an aim to reactivate "floor plan" credit offered to 2 used-car dealers and 4 used-car dealers, respectively for their purchase of used car for sales, a limit of not more than Baht 7 million per transaction with 3-6 months tenures. Car registration cards are collaterals against such credit lines. The purposes of reactivate "floor plan" credit were to maintain market shares and expand to new markets. However, the Company has stopped the floor plan credit since 1996 because "floor plan" credit was not aim to be major business.

In 2000, the Company joint as the member of the Hire-Purchase Association of Thailand to obtain information of pre-owned cars to benefit its operation. At present, the Department of Credit Analysis & Inspection and the Department of Marketing comprise 139 experienced employees to search new customers. They can build good relationships with dealers and station at the dealer's offices who are the Company's business partners. The Company selects and authorizes the dealers according to the Company's careful partner selection and examination procedures.

Important Development

Business Operation

- | | |
|------|--|
| 2002 | The Company was transformed from a limited company to public company limited and renames Ratchthani Leasing Plc. in August 2003. In 19 December 2002, the Company was being a listed company in the Stock Exchange of Thailand. |
| 2003 | The Company had a plan to develop the data information system. Customers assess to the Company's website and get important basic information and news e.g. a used car's fair value price. Barcode was applied for payment of installment fees and service fees. New payment channel was added such as ATM to be a convenience choice of payment. |
| 2004 | In January, the Company became the member of Thai Credit Bureau to be able to |



- January access customers' credit information for credit analysis and to protect out performance customers.
- 2006 On 22 March, the Company started a new branch, which located on outer ring
- March Kanjanapisek Bangkok. The Company had planed to expand others 2 branches in the year to cover 3 corners of Bangkok to support services to individual customers requiring loans and re-hire purchase car loans.
- August Siam City Bank Plc. became the major shareholder holding 39.76% of the total paid capital. It appointed 4 representatives to be the Company's directors according to the share proportion.
- 2007 The Company had policy to develop Management Information System to support the market expansion to regional offices across the coutry.
- 2008 Company had opened 5 branches, i.e. Khon Kaen, Nakhon Ratchasima, Phitsanulok, Rayong and, Ratchaburi (Ratchaburi branch was later closed.)
- October The Company began to operate financial lease and operating lease for used cars which has value more than 1 million Baht to juristic person customers.
- 2010 The Company opened another branch at Surat Thani Province in the southern of Thailand to cover all areas across the country.
- 2011 The Company had opened another branch at Chang Rai Province in the southern of Thailand to cover all areas across the country

Funding

- 2002 The Company mobilized additional fund for business expansion by increasing the capital from Baht 168 million to Baht 208 million. The Company issued and offered new ordinary shares valuing Baht 40 million to the existing shareholders. By a resolution passed by the Extraordinary General Meeting No. 3/2002 of the Company's shareholders on 28 July 2002, the Company was transformed to "the Public Company Limited". The name was changed to "Ratchthani Leasing Public Company Limited". The registered capital was increased from Baht 208 million to Baht 300 million through the issuance of 18,400,000 new shares with par value of Baht 5 each. The new shares of 16,800,000 shares were allocated to offering to the general public at Baht 8.00 each the remaining 1,600,000 shares were allocated to the Company's employees at 6.40 each.
- 2003 The Company issued fixed-interest-rate debentures to institutions on 20 August 2003 named " Guarantee Debenture type period pay out principle of Ratchthani Leasing Plc. No.2/2003 Redemption in 2007". The Debenture Bond had the amount of Baht 1,000 billion, par value of Baht 1,000 each, fixed interest rate of 3.2% per annum and 4-years periods of payment.
- The Company issued five-year warrants of 200 million units to shareholders whose



names appeared in the shareholder's registration book on 10 July 2003, at ratio of three new shares for two units of warrants (all three series). The two units of warrants comprise one unit of warrant 1, 0.6 unit of warrant 2, and 0.4 unit of warrant 3. All the warrants are callable. The warrants were issued free of charge. The warrants have an exercise price of Baht 1.00 at the rate of one warrant per one ordinary share. The Company therefore increased its registered capital from Baht 300 million to Baht 500 million.

- 2005 On 12 April, the major shareholder structure was changed to Pongjatura
- April holding 20.61% of the issued and fully-paid up capital of 401,098,495 Baht. However, the management team and business operation remained unchanged.
- April-May At the end of 31 December 2005, The Company had treasury shares of 1.3 million shares, costing Baht 1.84 million. Such treasury shares were purchased during the period of 26 April 2005 to 3 May 2005. The share repurchase's objective was for financial management purpose. The holding repurchase periods shall be not less than 6 months but not longer than 3 years. The Company appropriated its retained earnings as a reserve equal to the amount paid for the repurchase shares in line with Section 66/1 (2) of the 1992 Public Company Act B.E. 2535 (1992).
- October The Extraordinary General Meeting No 1/2005 on 15 October 2005 passed the solution to increase the registered capital from Baht 500 million to Baht 986 million. New shares of 486 million shares with par value of Baht 1 each were issued to the following: 1) the existing shareholders whose names appeared in the shareholders' registration book in the amount of 125 million shares at par value (at the ratio 1:1); 2) the private placement or institutions in the amount of 150 million shares (warrants of 75 million units). Otherwise the Company appropriated 11 million newly issued shares for warrant exercises (No.1 Series 1 and Series 3).
- 2006 On 25 January, the Board of Directors passed resolution to offer new ordinary
- January shares in the amount of 150 million share, and warrants in the amount of 75 million units to Siam City Bank Plc.
- February On 27 February, the Board of Directors signed in MOU with Siam City Bank Plc. to sell and offer new ordinary shares in the amount of 150 million shares at Baht 1.15 per share, the total amount in Baht 172.5 million; and offer the warrants in the amount of 75 million units, to Siam City Bank Plc. The deal was subject to the permission from Bank of Thailand or concern departments and the Company's asset examination results.
- April On 3 April, the Company sold treasuries stocks of 1.3 million shares through the Stock Exchange of Thailand. The Company followed the fair price method which was not less than 85% of an average 5-day closing price.



- August In the Extraordinary Shareholders' Meeting No. 1/2006 on 11 August 2006, the Meeting agreed to follow the capital increase resolution of the Extraordinary Shareholders' Meeting No. 1/2005 on 15 October 2005. The registered capital was increased from Baht 500 million to Baht 986 million. The new shares of 486 million shares with par value of Baht 1 each were issued. The Meeting also approved to correct the details of allocation and offering the ordinary shares as follows:
- 1) Offering the ordinary shares in the amount of 265 million shares to Siam City Bank Plc.
 - 2) Allocating the ordinary shares in the amount of 132.5 million shares to support the exercises of warrants offered to Siam City Bank Plc.
 - 3) Offering the ordinary shares in the amount of 80.5 million shares to support the exercises of warrants of existing shareholders upon the right issue.
 - 4) Offering the ordinary shares in the amount of 8 million shares to support the exercises of warrants of the Company No.1 Series 1 and Series 3.
- September On 5 September, Siam City Bank Plc. paid cash in the amount of Baht 304.75 million for ordinary shares in the amount of 265 million shares in the price of 1.15 per shares. Then, Siam City Bank Plc. became a major shareholder holding shares of 48.32%. The Company registered the additional share capital to the Ministry of Commerce, a total amount of Baht 666,524,480 from Baht 401,524,480 (par value 1 Baht each).
- 2008 Warrants Series 2 and 3 were exercised to 166 shares of common stocks with the exercise price at Baht 1 per share and The Company has been registered at the Ministry of Commerce, the paid-in capital of Baht 666,524,646.
- 2009 Warrants Series 4 were exercised in an amount of 266,666 shares
- September with the exercise price at Baht 1 per share. The Company registered the exercise at the Ministry of Commerce, the paid-in capital of Baht 666,791,312.
- November Warrants Series 4 were exercised in an amount of 155,802,594 shares with the exercise price at Baht 1 per share. The Company registered the exercise at the Ministry of Commerce, the paid-in capital of Baht 822,593,906.
- 2010 Thanachart Bank Plc., acquired ordinary shares in Siam Commercial Bank Plc., from
- March the Financial Institutions Development Fund. Thanachart Bank Plc. then became the major shareholder of the Company. In this year, Thanachart Bank Plc. had a tender offer to buy 215,000 shares so, at the end of 2010, Thanachart Bank Plc. held 48.35% of the total paid-up registered capital of the Company.
- 2011 The Company registered the capital increase at the Ministry of Commerce to
- April support share dividend to the existing shareholders. The registered capital was increased from Baht 822,593,906 to Baht 904,853,296.
- November The Company increased capital and registered the capital increase at the



Ministry of Commerce. The registered capital increase from Baht 904,853,296 to the new ones of 1,342,349,708. The capital increase was offered to the existing shareholders. As a result, Thanachart Bank Plc. became the major shareholder holding 874,973,000 shares, representing 65.18% of its paid-in capital.

2012	The Company issued and offered 3 series of named and unsubordinated bonds without collateral to the public, a total value of Baht 6,000 MB. The offers comprised 2-year bonds, 3-year bonds and 4-year bonds, with interest rates of 4.90%, 5.20% and 5.50%, respectively. The bonds will be due in April 2014, 2015 and 2016, respectively.
April	
November	The Company issued and offered 4-year named and unsubordinated bonds without collateral to the public, a total value of Baht 3,000 MB. The interest rate was at 5.00% and the bond will be due in November 2016.

Overview of Business Operation

For the year 2010 Ratchthani Leasing Plc., continued to expand credits, especially credits for second-hand trucks and new trucks. The proportion of second-hand trucks and new trucks was at 20:80. The proportion of new vehicles increased to 35%. However, the core credits were second-hand vehicles comprising trucks, personal cars, pickup vehicles, Taxi cars and big bike, with a proportion of about 65%.

In 2011 Ratchthani Leasing Company Limited Plc., emphasized on interest rate of return because costs of funding was expected to fluctuate. So the Company continued to focus on truck markets which we had expertise and skills.

3.3 Income Structure

The income structure of the Company according to the financial statements for the fiscal year ended December 31, 2010, 2011 and 2012 is shown as follows.

Income	2010		2011		2012	
	Baht million	%	Baht million	%	Baht million	%
1. Income from hire-purchase agreements						
- personal cars	271.96	32.63	309.22	27.58	286.37	18.08
- commercial vehicles	429.99	51.00	657.45	58.64	1,078.14	68.09
Total income from hire-purchase agreements	701.05	84.22	966.67	86.22	1,364.51	86.17
2. Income from financial lease accounts	9.23	1.11	10.51	0.94	12.27	0.78



3. Other income						
- Fee and service charge	24.40	2.93	18.77	1.67	26.89	1.70
- Loan default penalty	33.29	3.99	39.96	3.56	54.72	3.46
- Bad debts recovered	3.49	0.42	2.08	0.19	4.01	0.25
- Commission on insurance premium	34.98	4.20	44.79	4.00	68.50	4.33
- Other income*	26.09	3.13	38.31	3.42	52.58	3.32
Total other income	122.25	14.67	143.91	12.84	206.70	13.05
Total income	833.43	100.00	1,121.09	100.00	1,583.48	100.00

Note (*) Most of other income came from legal compensation, miscellaneous income, interest receivable from banks and dividend.

Company's Goals and Business Plans in Next Five Years

For the last-year operation, the Company closely monitored impact of several domestic and international factors. The Company has collaborated with the management of Thanachart Bank Plc., our major shareholder. We have created competitive advantages and set credit strategies. The target groups of the Bank and the Company have been clearly determined. In addition, by our skills and expertise, the Company continues to expand leasing ports in the future. The business plans for the next 5 years are summarized as follows.

1. To expand new branches to support hire purchase and to cover broader areas. This is to ensure fast and correct loan origination process to maximize customer satisfaction.
2. To expand credits to commercial vehicles such as cranes, forklifts and big bike across the country, via the Company's branches.
3. To expand credits to specific-purposed vehicles such as cranes, forklifts, motorcycles, excavators, dozers and others which requires high expertise on price appraisal.
4. To revamp financial structures more properly to reduce business costs and enhance the Company's competitive advantage.
5. To retain existing customers and add fast and convenient services to maximize customer satisfaction.
6. To maintain valuable personnel; develop and create credit officers with skills and expertise to support business expansion in the future.



Risk Factors

1. Risk from Interest Rate Fluctuation

The Company has main source of income from interests earned on financing at fixed rates while some parts of funding costs are from financial institutions at floating rates which vary with the prevailing market rate. As of 31 December 2011, the proportion of loans with floating rates was at 71.86% of the total funding costs. Therefore, the fluctuation of the market interest rate can cause a mismatched fund that affects the Company's Interest margin. If the fluctuation continues and loan rates increase, the interest spread may reduce. However, the Company manages risks through expanding commercial vehicle financing which have higher returns refinancing loans from financial institutions with lower interest loans. This aims to maintain the interest spread constantly.

2. Risk from Mismatch Lending and Borrowing Periods, and Financial Liquidity

Most of leasing companies, including the Company, have mismatch risks due to the difference of lending periods and borrowing periods, including financial liquidity. Previously, the credit periods granted to customers are normally 1- 7 years while the Company's main long-term loans from financial institutions are about 1-4 years. It is a duration gap and may cause mismatch funds which results in lack of operational liquidity. The Company acknowledges this problem and manages the risks. To manage funds more efficiently, the Company has reclassified leasing customers into long-term and short-term ports. The Company also adjusts lending periods in consistent to borrowing periods. The proportion of new sources of funds with proper borrowing period increases. It can reduce the mismatch and the Company is able to manage costs more efficiently and has lower liquidity risks.

3. Market and Competitive Risk

The automobile industry and car sales have been growing consistently and have attracted several new players to start their auto leasing and hire-purchase business. Many of them are businesses owned by financial institutions or commercial banks after the Bank of Thailand announced the Financial Sector Master Plan, allowing the commercial banks to freely conduct automobile financing business in Thailand. Automobile manufacturers and dealers, with a large amount of foreign fund and low financial costs are able to conduct hire-purchase and leasing business, resulting in severe completion in leasing and hire-purchase business.

In 2012, the overall competition of hire-purchase and leasing business remained high. However, financial institutions and commercial banks, including leasing companies owned by manufacturers and dealers, emphasized on new private cars. To maintain their interest margins, some entrepreneurs adjusted strategies and expanded to second-hand car markets generating higher yields. Such entrepreneurs are not the Company's direct competitors because they focus on second-hand



cars, pricing between 600,000 – 700,000 Baht and higher; while the Company has focused on retail customers applying for loans between 350,000 – 400,000 Baht. Therefore, we have different target groups.

However, the Company has planned to extend the proportion of credits for commercial vehicles i.e. trucks, both new and used ones. Within the next 3-5 years, this port is expected to reach 70-75% of the total leasing port. The Company expected that this segment will continue to grow; and have higher profit margin with lower risk than the private car segment. (Normally, if the Company repossesses this kind of vehicles, selling prices are closed to debt amounts.) Therefore, the Company can avoid direct competition with large financial institutions, which have lower operation costs, and increase our competitive opportunity. At the end of 2012, the proportion of private car credits to commercial vehicle credits was at 30 : 70.

The Company has continued to apply its competitive advantages i.e. long experience and expertise in the business. The Company builds its competitiveness, maintains relationships and provides good return to second-hand car dealers, provides fast services to customers to maintain market shares, and expand relationships to new second-hand car dealers to increase business channels and opportunities.

4. Operation Risk from Non-performing Loans (NPLs)

The operational risk from NPLs of the leasing business is unavoidable since customers may not be able to repay loans due to their own problems, e.g., payment for healthcare and cost of maintenance of cars that are in paying, and external factors such as economic problems, higher oil prices, discharge and natural disasters. These factors cause customers unable to repay on time and generate NPLs. Hence, the Company has focused on credit quality, debt monitoring, good internal control system and stringent credit lending policy in order to minimize NPLs. The operational risk is controlled at a certain level not affecting the overall operation.

The Company has in place the risk management process to control NPLs as the follows.

The Company uses the risk management system to control the credit quality by checking the payment customer behaviors with National Credit Bureau Co., Ltd. in order to screen out customers who are incapable of repayment. The scoring system is applied to assess the customer's quality as well.

The Company controls the efficiency of the debt collection based on the number of deferred customers; and the strict debt collection policies to ensure the fastest recovery of overdue debts, which can be described as follows. Upon missing the first payment schedule, the borrower will receive the first warning notice from the Company, and will also be contacted by a credit control officer. The Company then immediately starts the calculation of penalty, based on the guidelines from the Office of the Consumer Protection Board (OCPB). OCPB sets the penalty rate equal to MRR interest rate of the Krungthai Bank PCL plus 10% annually. Following the second and the third delayed payments, the



credit control officer will send out further notices and contact the debtor and guarantor, and will then issue a report detailing the results of the primary follow-up, as well as his recommendations. If the borrower fails to make 3 payments, the credit control officer will submit a report to the Collection Department in order to revoke the hire-purchase contract within 30 days. If the customer does not contact the Company within this period, the Company will proceed with repossession of the contracted vehicle. If the Company is unable to repossess the car, or if the repossessed car can only be auctioned at the lower price than the outstanding debt amount, the Company will subsequently take legal action on the customer and his guarantor in order to minimize the loss as much as possible. Furthermore, the Company will put this debtor on the Black List for future reference.

Furthermore, the Company has a reporting system for the current status of the credit quality as well as a credit monitoring process to prevent deferred payment. In the event of a customer delaying his payment, the Company will closely monitor the customer's behavior since the first delayed installment and collect all related information to use as guidelines for risk management on that customer.

For the massive flood crisis in 2011, the Company set ad-hoc management plans. If a customer made partial payment, the Company would agree to extend the payment term. (The Company would stop receivable realization if a customer failed to pay more than 3 successive installments). Furthermore, if a customer wished to negotiate for refinancing, the Company may agree, with careful consideration, in order to avoid repossession. The customer may be able to repay and reduce a law suit against the loss from selling the enforce car problem. (The customers affected by the flood recovered and returned to normal situations in 2012.)

5. Risk from Financing Second-hand Vehicles

The Company's primary business is the second-hand vehicle leasing and it may have a certain level of operational risks from vehicle inspection and pricing. The risk extends to the cases where the Company has to repossess the contracted vehicles and sell at a price below the outstanding as the Company has to auction that vehicle in its present condition, which greatly depends on mileage, condition and popularity of the repossessed vehicles. As of 31 December 2012, the proportion of second-hand car credits was at approximately 45% of the total hire-purchase and financial leasing port.

The Company implements a measure to minimize such risks by using qualitative car inspection and experienced staffs and expertise to evaluate the vehicle together with the credit consideration. Also, the Company selects second-hand car dealers who meet the standard, offer good quality cars at a reasonable price and provide quality assurance for the car after sold. The Company also analyzes payment behaviors of the customers who the dealer submits in for the financing application.



6. Risk from Sales of Repossessed Vehicles

After repossessing vehicles, the Company will sell them through auctions. In case the auction price is lower than an outstanding value, the Company can demand the remaining value from the customer or the guarantor. However, if the Company cannot claim the outstanding, then the Company will have to bear the loss. The auctioned price depends primarily on the condition, mileage and the popularity of the repossessed vehicle model, as well as the general market demand for cars at the time. Nevertheless, the risk of loss incurred from the sales of repossessed second-hand cars is expected to be less than the risk from the sales new cars because the car depreciates in greater values in the first few years, then the annual depreciation value diminishes as the vehicles are used year after year. The Company manages the risk from the sales of the reprocesses vehicles by monitoring the credit continuously and closely in order to prevent the outstanding installment leading to the repossession. Besides, the Company may bright the customers and guarantors to the lawsuits for the repayment of the loss after the repossession in order to minimize the Company's loss. The Company repossessed 216, 231 and 337 vehicles and has the loss from sales of the repossessed vehicles in the amounts of Baht 17.23 million, Baht 17.52 million, and Baht 20.00 million in 2010, 2011, and 2012, respectively.

7. Risk from Reliance on Specialists

The Company's business relies on skilled and experienced employees specializing in second-hand vehicle inspection and pricing. This provides the Company with advantages over competitors. Together with staffs who are experts having experience in marketing and customer services, they can build good relationships with dealers and station at the dealer's offices who are the Company's business partners. The Company selects and authorizes the dealers according to the Company's careful partner selection and examination procedures. The Company also maintains good relationship its dealers by assuring that the payments for the contracted vehicles are timely paid.

In addition, the Company's sales team focuses on facilitating customers and dealers as well as providing and continuously improving after sales services, thus the Company can manage to secure the existing customers and expand its customer base, with recommendations from both its existing customers and dealers. Most existing customers, both who have completed their installment payments and who are currently in contract but wish to switch to another car, usually come back to the Company for another service.

Losing such dependable employees will most likely affect the short-term operation. Therefore, the Company sets a policy to keep employees with various long-term incentives for them to continue working with the Company and appropriate training and development programs.



8. Risk of Potential Debts

In the past 3 years, the Company continued to expand its credit business. As of 31 December 2010, 2011 and 2012, the Company had net leasing and hire-purchase debtors of Baht 9,366.26 million, Baht 12,178.89 million and Baht 18,865.96 million, respectively. It is necessary to increase lending in the future for the business expansion, which may generate risks in potential future debts.

However, to manage such risks, the Company has adequate loans from various sources e.g. capital markets, bond markets, including debt instrument markets, financial institutions and related companies. Hence, the Company has adequate funds for business expansion as planned. To support business operation, the Company has sources of funding with low costs under its financial structures and liquidity, provided that the benefit of the shareholders is significant.



Shareholding Structure and Management

Shareholders

The company's top ten major shareholders as of February 28, 2013 are listed below:

No.	List of names	Number of shares held	%
1	Thanachart Bank Plc.	874,973,000	65.18
2	Mr. Sompong Cholkadeedamrongkul	109,110,000	8.13
3	Mr. Charoensook Kititti	49,949,622	3.72
4	Mr. Somchart Sothimai	22,309,800	1.66
5	Mrs. Naowanart Chamornmarn	18,000,000	1.34
6	Mrs. Wilawan Rongwattanasophon	8,500,000	0.63
7	Mrs. Warunee Cholkadeedamrongkul	7,020,000	0.52
8	Mrs. Siriwong Rongwattanasophon	6,928,020	0.52
9	Mr. Pophol Intharawichai	6,398,500	0.48
10	Mr. Pichit Raksadhamcharoen	6,160,000	0.46
11	Others	233,000,766	17.36
	Total	1,342,349,708	100.00
Par Value of Baht 1/share			



Management Structure

The Company's Board of Directors and executives are composed of experts with complete qualifications as prescribed in Section 68 of the Public Company Act B.E. 2535 and the Notification of the Securities and Exchange of Commission No. KorJor. 12/2543 Re: Application for Permission and Permission to Sell Newly Issued Shares dated March 22, 2000.

Board of Directors

As of December 31, 2012, THANI's Board of Directors was composed of twelve members:

<u>Name</u>	<u>Position</u>
1. Mr. Virat Chinprapinorn	Chairman of the Board of Directors
2. Mr. Charoensook Kititti	Director
3. Mr. Kovit Rongwattanasophon	Director
4. Mr. Wuttichai Suraratchchai	Director
5. Mr. Anuwat Luengtaweekul	Director
6. Mr. Anuchart Deeprasert	Director
7. Mr. Praphan Anupongongarch	Director
8. Ph.D. Thakol Nunthirapakorn	Director and Chairman of the Audit Committee
9. Mr. Surapol Satimanon	Director and Audit Committee Member
10. Mr. Varavugh Varaporn	Director and Audit Committee Member
11. Mr. Suvit Arunanonchai	Director and Audit Committee Member
12. Asst. Prof. Naengnoi Chai-Onnom	Director and Audit Committee Member

Mr. Ponlaphe Sakkayapapwicharnon serves as the Board Secretary.

Authorized signatories

Authorized signatories : Any two of the seven directors, namely, Mr. Charoensook Kititti, Mr. Kovit Rongwattanasophon, Mr. Virat Chinprapinorn, Mr. Wuttichai Suraratchchai, Mr. Anuwat Luengtaweekul, Mr. Anuchart Deeprasert and Mr. Praphan Anupongongarch are authorized to jointly sign with the Company's seal affixed.

Scope of power and duties of the Board of Directors

1. Perform duties in line with the laws, the Company's objectives and articles of association, as well as the legitimate resolutions of the shareholders' meeting.

2. Determine the Company's goal, direction, policy, action plan and budget, and control and ensure that the administration and management of the Executive Committee conform with the assigned policy, except for the following matters which, according to the laws, are subject to prior approval by the shareholders, i.e. the capital increase and decrease, the issuance of debentures, the selling or transfer of



the Company to other persons or acceptance of transfer of or merger with other companies, the amendment to the memorandum or articles of association, the payment of gratuity to the directors, etc.

3. Appoint a number of the directors as deemed appropriate to be the Executive Committee which will have duties and responsibilities to administer and manage the Company as assigned by the Board of Directors, with one of the Executive Directors to be appointed Chairman of the Executive Committee.

The Executive Directors are entitled to remuneration and gratuity as determined by the Board of Directors. This, however, shall not exclude the right of such Directors to other remuneration or benefits obtainable in their capacity as the Board members.

4. Ensure the Company has effective internal control and internal audit systems by assigning the department which is responsible for the internal audit and control to perform the duty in coordination with the Audit Committee.

Audit Committee

The Board of Directors passed a resolution appointing the Audit Committee consists of:

<u>Name</u>	<u>Position</u>
1. Ph.D. Thakol Nunthirapakorn	Audit Committee Chairman
2. Mr. Surapol Satimanon	Audit Committee Member
3. Mr. Varavugh Varaporn	Audit Committee Member
4. Mr. Suvit Arunanonchai	Audit Committee Member
5. Asst. Prof. Naengnoi Chai-Onnom	Audit Committee Member

Mr. Boonchu Wongpakdee serves as the Audit Committee Secretary.

Scope of power and duties of the Audit Committee

1. Review the Company's financial reports to ensure accurate and adequate disclosure by coordinating with the external auditor and the executives who are responsible for preparing the quarterly and yearly financial reports. The Audit Committee may suggest that the external auditor review or examine any transaction which is considered necessary and significant during the audit of the Company's accounts.

2. Ensure that the Company has suitable and effective internal control and internal audit systems by making a review jointly with the external auditor and the internal auditor at least twice a year.

3. Review and ensure that the Company's operations comply with the securities and exchange law, regulations of the SET or laws relating to the Company's business.

4. Select and nominate the Company's external auditor and consider and propose the auditor's fee based on the credibility, adequacy of resources, and volume of audit assignments of that auditing firm, as well as the experience of the personnel assigned to audit the Company's accounts.



5. Review connected transactions and/or transactions that may lead to conflicts of interest and ensure accurate and full disclosure of such transactions.

6. Perform any other act as delegated by the Board of Directors and approved by the Audit Committee, such as review the financial management and risk management policy, review the compliance with the code of corporate conducts, to jointly review with the Company's management significant reports which must be disclosed to the public as required by laws, e.g. management's discussion and analysis.

7. Prepare a report on activities of the Audit Committee and disclose it in the annual report of the Company. The report must be signed by the Audit Committee Chairman and should contain the following information:

- Opinions on the accuracy, completeness and reliability of the preparation process and disclosure of information in the Company's financial reports.
- Opinions on the adequacy of the Company's internal control system.
- Justification that the Company's auditor is suitable for re-appointment for another term of service.
- Opinions on the compliance with the securities and exchange law, regulations of the SET or laws relating to the Company's business.
- Any other reports which should be disclosed to the shareholders and general investors within the scope of duties and responsibilities assigned by the Board of Directors.

Executive Board of Directors

As of December 31, 2012, THANI's Executive Board of Directors was composed of four members:

<u>Name</u>	<u>Position</u>
1. Mr. Kovit Rongwattanasophon	Chairman of the Executive Board of Directors
2. Mr. Virat Chinprapinporn	Executive Director
3. Mr. Wuttichai Suraratchai	Executive Director
4. Mr. Praphan Anupongongarch	Executive Director

Scope of power and duties of the Executive Board of Directors

1. To generally act on behalf and in the interest of the Company
2. To administrate the Company's business under the resolutions/ regulations of the Board of Directors.
3. To consider and have Authority on (Credit Approval), (Non-Policy Expenses Approval) (Non-Buying and Selling of non Policy Approval), and request for approval to the Board of Director for which is beyond the granted authority and/or authorized amount. To consider and have authority on personnel Policy which includes recruiting, transferring, promoting, terminating, compensating, annual salary increase and other related human resource management as granted from the Board of Directors.



4. To appoint one or more directors in the Executive Board of Directors or other persons to perform which is under the any act and they supervision of the Executive Board of Directors as the Executive Board of Directors may deem appropriate and within the period defined by them. However, such appointment may be revoked, altered, changed as the Executive Board of Directors deemed appropriate.

5. To perform any other act delegated by the Board of Directors. In authorizing the Power, Role and Responsibility of the above Executive Board of Directors, such authority shall be under the rules and regulations' of relevant laws, regulations and article of association of the Company. In addition, the members of the Executive Board of Directors or then related persons will not be able to approve the transactions which are not normal course of business of the Company or under generally accepted conditions while they have conflict or participation or interest against the Company or the Company's subsidiary and shall report the transactions to the BOD to comply with the role and regulation of the SET

The Board of Directors appointed the Selection and Remuneration Committee

As of December 31, 2012, THANI's The Board of Directors appointed the Selection and Remuneration Committee was composed of Three members:

<u>Name</u>	<u>Position</u>
1. Mr. Suvit Arunanonchai	The Chairman of the Committee
2. Mr. Varavudh Varaporn	The Member of the Committee
3. Mr. Anuwat Lueangthaweeul	The Member of the Committee

Scope of power and Board of Directors appointed the Selection and Remuneration Committee

Responsibilities

- Recommend policies on selection and remuneration of the directors, members of sub-committees, and the Managing Director.

- Propose methods and criteria on selection and remuneration of the directors, members of sub-committees, and the Managing Director.

- Determine criteria to evaluate the Managing Director's performance for setting annual remuneration.

- Select and consider qualified candidates to be the directors, members of sub-committees, and the Managing Director. Qualified candidates will be proposed to the Board of Directors or shareholders (as the case may be).

- Propose annual remuneration of the directors, members of sub-committees, and the Managing Director, as specified methods and regulations.



- Review policies, methods and criteria on selection and remuneration of the directors, members of sub-committees, and the Managing Director to ensure the appropriateness with roles, responsibilities and market conditions.

Management Team

As of December 31, 2012, the Company's management team comprised seven members, as below:

	<u>Name</u>	<u>Position</u>
1.	Mr.Virat Chinprapinporn	Chairman of the Board of Directors
2.	Mr.Kovit Rongwattanasophon	Managing Director and Executive Chairman
3.	Mr. Komsan Boonyoiyad	Deputy Managing Director, Credit Operation
4.	Mr. Boonchu Wongpakdee	Senior Assistant Managing Director, Accounting and Finance
5.	Ms. Rasri Pleumpanupart	Assistant Managing Director, Accounting
6.	Mr. Sootchai Viriyalappa	Assistant Managing Director, Finance
7.	Mr.Ponlaphe Sakkayapapwicharnon	Assistant Managing Director, Internal Control&Monitoring
	Ms. Rasri Pleumpanupart Assistant Managing Director, Accounting resign 30 April 2012	

Scope of power and duties of the Executive Chairman

1. Empowered to command, plan and ensure that the Company's operation is in line with the policy determined by the Board of Directors.

2. Empowered to appoint and administer all supporting committees for the benefits and efficiency of a good and transparent management.

3. Empowered to consider and determine the salary, remuneration and bonus for the executives and employees.

4. Formulate an organization and administration structure to cover all such matters as recruitment, training, employment and termination of employment of the employees.

5. Empowered to determine the staff welfare to suit the circumstances and practices and in compliance with the prevailing laws.

6. Closely follow up and assess the operation and performance under the policy set forth by the Board of Directors, as well as consider and recommend to the Board of Directors for the improvement and adjustment to the policy as deemed appropriate.

7. Perform other duties as assigned by the Board of Directors.

However, the above delegation of power to the Executive Chairman shall not include the power that will enable the Executive Chairman to approve any transactions in which he himself or other persons who may have possible conflicts, may have vested interests or other conflicts of interest with the Company,



and any connected transactions and acquisition or disposal of the Company's material assets which are subject to prior approval from the shareholders in line with the SET's regulations.

Scope of power and duties of the Managing Director

The Managing Director is empowered to perform the duties that are assigned by the Board of Directors or the Executive Chairman and are under the Company's rules and regulations. The power and duties of the Managing Director can be summarized as follows:

1. To determine the mission, objectives, direction and policy of the Company and to supervise the overall operations.
2. Empowered to employ, appoint, remove, dismiss and determine the salary for all employees.
3. Empowered to issue orders, regulations, announcements and memorandums so that the operation will be in accordance with the policy and benefits of the Company and to maintain the working disciplines within the organization.
4. To perform activities related to the general administration.

The Managing Director, or any person authorized by the Managing Director, is not authorized to conduct any of the following affairs, or related matters, without first proposing to the Audit Committee for its opinion, and proposing to the Board of Directors and / or the Shareholder Meeting for approval: (a) connected transactions; (b) trading transactions of Company's significant assets; and / or (c) transactions that involve parties who have potential conflicts of interest with the Company and its subsidiaries, (if any).

Furthermore, in conducting the connected transactions or trading transactions of Company's and subsidiaries' significant assets, as defined in the regulations of the Stock Exchange of Thailand governing the connected transactions of listed companies and trading transactions of listed company's assets, the Company must abide by such regulations.

2. Selection of directors and executives

The Company does have a nominating committee. Selection of the directors and executives is based on the following procedure:

- Board of Directors

The Board of Directors consists of at least five members appointed by the shareholders' meeting under the criteria and method that each shareholder shall have a number of votes equaling the number of shares he holds. Each shareholder may exercise all the votes he has to elect one or several persons as director or directors, provided that any of the votes shall not be divisible. After the vote, the candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the director positions are filled. Where the votes cast for candidates in descending order are tied, which would otherwise cause the number of directors to be



exceeded, the chairman shall have a casting vote. Activities other than the above-mentioned have to be performed under the Company's articles of association.

The Nominating Committee has functions, responsibilities and accountability to the Board as follows;

At Present, the Board of Director acts function as The Nominating Committee.

- Nominates qualified candidates for directors, the President and Managing Director.
- Directs procedures and criterions in directors, the President and Managing Director.

The Remuneration Committee has functions, responsibilities and accountability to the Board as follows;

At Present, the Board of Director acts function as The Remuneration Committee.

- Considers remuneration approaches for directors, the President and Managing Director
- Directs fair and reasonable remuneration procedures and criterions for directors, the President and Managing Director. The Committee shall propose the procedures and criterions to the board and the shareholders meeting for consideration.

- Audit Committee

The Board of Directors' meeting shall approve the appointment of the Audit Committee and the appointment of the independent directors as the Audit Committee Members.

- The Board of Directors appointed the Selection and Remuneration Committee

The Board of Directors' meeting shall approve the resolution to appoint the Selection and Remuneration Committee. This Committee is responsible for recommending policies, methods and criteria on selection and remuneration of the directors, members of sub-committee, and the Managing Director, Deputy Managing Director, and Assistant Managing Director. This is to ensure that the selection and remuneration are in accordance with the good corporate governance and the company's visions and missions.

-Company Secretary/Secretary to the Board of Director : The Board of Directors' Meeting No.3/2008 dated August 11, 2008 appointed Ms. Rungtip Chaipattanapruk to be the Company's secretary, Mr. Ponlaphe Sakkayapapwicharnon serves as the Secretary to the Board and Mr. Boonchu Wongpakdee serves as the Audit Committee Secretary and Board of Directors appointed the Selection and Remuneration Committee Secretary whose qualification and experience deemed appropriate for the responsibility in monitoring the Company to comply with the rules and the Company's regulations, and also in line with principles of Good Corporate Governance to allow effective management.

Scope of Duties of Company's Secretary



1. To give initial recommendations to the Directors concerning the issues of legality, regulations, and a number of Company information, and follow through to ensure that all regulations are properly adhere to, including the report concerning changes which is deemed significant.

2. To organize shareholders' meeting and the shareholders' and the Board of Director's meeting in accordance with the law and Company's rule.

3. To record and report the issues in the shareholders' and Board of Directors' meeting, and also keep track to activities that has been decided in the shareholders' and the Board of Directors' meeting.

4. To ensure the openness of information which is in accordance with the Stock Exchange of Thailand, Securities and Exchange Commission, and other supervisory authority.

5. To communicate with the shareholders, investor, supervisory authority, which also includes the dissemination of information the those interested public, and some interest groups.

6. Performed any other assignments that delegated by the Board or Directors.

Moreover, the Company also realized the importance of good supervision, the Board's secretary also completed training course called. "Corporate Secretary Development Program" Class 20/2006 and "Effect Minute Taking" Class 6/2006 organized by Thai Institute of Directors.



List of Company's Authorized Persons, Directors and Executives

The followings are the Company's Authorized Persons, Directors and Executives, as shown :

Name - Surname Position	Age	Education	Shareholding %	Relationship	Period	Experience	
						Position	Company
1. Mr. Virat Chinprapinorn Chairman, Executive Director Authorized Director	53	MBA City University, U.S.A. BA (Finance) Seattle University, U.S.A. Certificate of Attendance DAP& DCP 40/2004 Thai Institute of Directors	2,800,000 0.21%	-	2002 - Present 2003 - Present	Executive Director, Chairman President	Ratchthani Leasing Public Co., Ltd. Baan Rock Garden Group Public Company Limited
2. Mr. Charoensook Klitti Director Authorized Director	75	Certificate of Attendance DAP 19/2004 & DCP 53/2005 Thai Institute of Directors Diploma of Modern Management Faculty of Commerce & Accountancy Chulalongkorn University Diploma of Executive Development Faculty of Commerce & Accountancy Thammasart University	49,949,622 3.72%	-	2005 - Present 2001 - Present 1993 - Present 1989 - Present 1973 - Present	President President President Director President	City Mansion Bangwah Co., Ltd. Kaengkrahan Kankaset Co., Ltd. Realty & Property Management Co., Ltd. Ratchthani Leasing Public Co., Ltd. Hoonchiew Charoensook Pharmacy Co., Ltd.
3. Mr. Kovit Rungwattanasophon Director & Managing Director Chairman of Executive Director Authorized Director	52	MBA Southeastern University, U.S.A. BA (Political Science) Ramkhamhaeng University	5,476,312 0.41%	-	1989 - Present	Managing Director	Ratchthani Leasing Public Co., Ltd.



Name - Surname Position	Age	Education	Shareholding %	Relationship	Period	Experience	
						Position	Company
4. Mr. Wuttichai Suraratchai Director / Executive Director Authorized Director	50	Certificate of Attendance DAP 19/2004 Thai Institute of Directors	-	-	2006 - Present 2011 - Present 2009 - 2010 2007 - 2008 2004 - 2007	Director, Executive Vice President Credit Risk Management 2. First Executive Vice President Credit Management Executive Vice President Credit Management Executive Vice President Medium Corporate	Ratchthani Leasing Public Co., Ltd. Thanachart Bank Public Company Ltd. Siam City Bank Public Company Limited Siam City Bank Public Company Limited Siam City Bank Public Company Limited
		Bachelor of Accounting (First Class Honour), Thammasat University					
		Bachelor of Economics, Ramkhamhaeng University					
		Master of Business Administration (MBA) , Thammasat University					
		Certificate of Attendance DAP 60/2006 Thai Institute of Directors					
		Bachelor of Science (Accounting), Kasetsart University				Member of the Nomination and Remuneration Committee	Ratchthani Leasing Public Co., Ltd.
5. Mr. Anuwat Luengtaewekul Director Authorized Director	50	Master of Business Administration, Rangsit University	-	-	2010 - Present 2010 - Present 2010 2009 - Present 2007 - 2009	Director Director Executive Vice President and Chief Financial Officer Director , Member of the Executive Committee and Executive Vice President	Ratchthani Leasing Public Co., Ltd. Ratchthani Leasing Public Co., Ltd. Siam City Bank Public Company Limited Thanachart Bank Public Company Ltd. Thanachart Capital Public Company Ltd.
		Certificate of Attendance DCP 24/2002					
		Thai Institute of Directors					
		Master of Business Administration, Metropolitan Technology University				Director, Senior Executive Director, Strategy & Retail Customer	Ratchthani Leasing Public Co., Ltd. Thanachart Bank Public Company Ltd.
		Bachelor of Economics, Major in Finance, Ramkhamhaeng University				Director, Director, Director, Director, Director,	National Leasing Co., Ltd. T-Leasing Co., Ltd. Thanachart Group Leasing Co., Ltd. Sinkehakam Co., Ltd.
6. Mr. Anuchart Deeprasert Director Authorized Director	53		-	-	2010 - Present Present 2000 - 2010 2000 - 2010 2000 - 2010 2000 - 2010		



Name - Surname	Age	Education	Shareholding %	Relationship	Period	Experience	
						Position	Company
7. Mr. Praphan Anupongongarch Director / Executive Director Authorized Director	50	Master of Science (development economic) (NIDA) Bachelor of Business Administration, (Marketing) Sukhothaimathiraj University Bachelor of Mathematical Science, King mongkut institute of Technology Thonburi	-	-	2010 - Present 2010 - Present 2001 - 2010 1998 - 2001	Director & Executive Director, Assistant Managing Director Senior Executive Director, Product Development Dept. (Banking & Electronics) Assistant Managing Director,	Ratchthani Leasing Public Co., Ltd. Thanachart Bank Public Company Ltd. Thanachart Bank Public Company Ltd. BNP Paribas Peregrine Securities Public Company Limited
8. Ph.D. Thakol Nunthirapakorn Audit Committee (Chairman)	67	Ph.D. Degree, MIS University of Arkansas, U.S.A. MBA (Quantitative Analysis) Northeast Louisiana University, USA B.S.(Finance) West Liberty State, U.S.A. High Dip. (Finance & Banking) University of the Thai Chamber of Commerce Certificate of Attendance DAP 8/2004 & ACP 8/2005 Thai Institute of Directors	635,184 0.05%	-	2002 - Present Present Present Present	Audit Committee(Chairman) University administration committees. Dean Adjunct Professor	Ratchthani Leasing Public Co., Ltd. The University of Thai Chamber of Commerce School of Accountancy University of the Thai Chamber of Commerce Graduate School of Business Administration, NIDA
9. Mr. Surapon Salimanont Audit Committee (Director)	52	Master of Laws (L.L.M.) Southern Methodist University, USA Master of Comparative- Jurisprudence	2,033,296 0.15%	-	1990 - Present 2002 - Present 2007 - Present 2011 - Present 2011 - Present	Audit Committee(Chairman) Audit Committee Audit Committee Director Director	Baan Rock Garden Public Co., Ltd. Ratchthani Leasing Public Co., Ltd. 2 S Metal Public Co., Ltd. N.U.I International Co., Ltd. Transun (Thailand) Co., Ltd.



Name - Surname Position	Age	Education	Shareholding %	Relationship	Period	Experience	
						Position	Company
		Howard University, U.S.A. M.A. Business Webster University, U.S.A. Certificate of Attendance DCP & DCP 40/2004 Thai Institute of Directors			2011 - Present 2011 - Present 2011 - Present	Director Director Director	Fah Sai Haad Ngam Co., Ltd. Transun Holding (Thailand) Co., Ltd. S & Manont Co., Ltd.
10. Mr. Varavudh Varaporn Audit Committee (Director)	64	Master of Public Administration Chulalongkorn University LLB. Thammasat University Certificate of Attendance DAP 82/2010 Thai Institute of Directors	-	-	2009 - Present 2005 - 2008 2003 - 2004	Audit Committee Advisor on Performance Efficiency Deputy Director General	Ratchthani Leasing Public Co., Ltd. Department of Lands Department of Lands
11. Mr. Suwit Arunanonchai Audit Committee (Director)	63	Bachelor of Art, Louisiana Tech University, U.S.A. Program for Management Development, Harvard University Graduate School of Business Administration, U.S.A. Certificate of Attendance DCP 14/2002 & ACP 4/2005 Thai Institute of Directors	-	-	1985 - Present	Director	Ratchburi Sugar Co., Ltd.
12. Asst.Prof. Naengnoi Chai-Onnom Director	70	MBA (Accounting) University of Detroit, U.S.A. Bachelor of Accounting	-	-	2012 - Present 2010 - Present	Vice president for Administration Independent Directors &	University of the Thai Chamber of Commerce Ratchthani Leasing Public Co., Ltd.



Name - Surname Position	Age	Education	Shareholding %	Relationship	Period	Experience	
						Position	Company
		Bachelor of Commerce Thammasart University Certificate of Attendance DAP 73/2008 , DCP 121/2009 and - ACP 34/2011 Thai Institute of Directors			2007 - Present	Audit Committee Independent Directors & Audit Committee	Premier Marketing Public Co., Ltd.
					2004 - Present	Member, CPA Qualification Screening Sub-Committee	Federation of Accounting Professions.
					2004 - 2010	Member, Accounting Education & Technology Committee	Federation of Accounting Professions.
					2002 - 2011	Dean, School of Accountancy	University of the Thai Chamber of Commerce
13. Mr. Khomsan Boonyiyad Deputy Managing Director	48	BBA Industrial Management Siam University Diploma of Executive Development Faculty-Commerce & Accountancy Thammasart University	-		2009 - Present	Deputy Managing Director	Ratchthani Leasing Public Co., Ltd.
					2002 - 2009	Assistant Managing Director	Ratchthani Leasing Public Co., Ltd.
					1997 - 2002	Chief of Credit Operation Dept.	Ratchthani Leasing Public Co., Ltd.
					2011 - Present	Senior Assistant Managing Director	Ratchthani Leasing Public Co., Ltd.
14. Mr. Boonchu Wongpakdee Senior Assistant Managing Director	38	MBA Accounting for planning & control Kasetsart University BBA (Accounting) Kasetsart University	-		2004 - 2011	Department of Director of Accounting	Baan Rock Garden Group Public Company Limited
					2003 - 2004	Accounting & Finance Manager	Baan Rock Garden Group Public Company Limited
					2000 - 2003	Assistant Accounting & Finance Manager	Linklaters (Thailand) Co., Ltd.
					2002 - Present	Assistant Managing Director	Ratchthani Leasing Public Co., Ltd.
15. Mr. Ponlaphe Sakayapapwichamon Assistant Managing Director	43	MGM College of Management, Mahidol University BBA (Marketing) Assumption University	4,785,072 0.36%	-			



Name - Surname	Age	Education	Shareholding %	Relationship	Period	Experience	
						Position	Company
		Certificate of Attendance CSP 20/2006 & EMT 5/2006 Thai Institute of Directors					
16. Mr. Sootchai Viriyalappa Assistant Managing Director	53	BA (Political Science) Ramkhamhaeng University	-	-	1991 - Present	Assistant Managing Director	Ratchthani Leasing Public Co., Ltd.
17. Miss Rasri Pleumpunupart Assistant Managing Director	53	BBA (Accounting) Ramkhamhaeng University	-	-	2003 - Present 2001 - 2003	Assistant Managing Director Accounting Manager	Ratchthani Leasing Public Co., Ltd. Ratchthani Leasing Public Co., Ltd.
18. Mrs. Jitree Sribanyaranond Financial Manager	44	BBA (Accounting) Ramkhamhaeng University	-	-	2001 - Present	Financial Manager	Ratchthani Leasing Public Co., Ltd.



3. Remuneration for executives

3.1 Monetary remuneration

a) Remuneration for directors for the year 2012 as follows :

Name	The Board of Directors	The Audit Committee	The Board of Directors (Selection & Remuneration)	Executive Board of Directors	Total (Baht)
1. Mr. Virat Chinprapinporn	122,000	-	-	-	122,000
2. Mr. Charoensook Kititti	94,000	-	-	-	94,000
3. Mr. Kovit Rongwattanasophon	116,000	-	-	-	116,000
4. Mr. Wuttichai Suraratchai	116,000	-	-	96,000	212,000
5. Mr. Anuwat Luengtaweekul	80,000	-	22,000	-	102,000
6. Mr. Anuchart Deeprasert	80,000	-	-	-	80,000
7. Mr. Praphan Anupongongarch	116,000	-	-	96,000	212,000
8. Ph.D. Thakol Nunthirapakorn	116,000	129,000	-	-	245,000
9. Mr. Surapol Satimanon	116,000	76,000	-	-	192,000
10. Mr. Varavugh Varaporn	116,000	120,000	22,000	-	258,000
11. Mr. Suvit Arunanonchai	116,000	120,000	25,000	-	261,000
12. Asst.Prof. Naengnoi Chai-Onnom	80,000	120,000	-	-	200,000
Total	1,268,000	565,000	69,000	192,000	2,094,000

Note : Mr. Ponlaphe Sakkayapapwicharnon serves as the Secretary to the Board.

Mr. Boonchu Wongpakdee serves as the Audit Committee Secretary and The Board of Directors appointed the Selection and Remuneration Committee Secretary

b) Remuneration for executives as follows :

(Baht)

Type of remuneration	2012	2011	2010
Salary and bonus	15,048,400	12,037,812	11,001,879
Car petrol and telephone	246,000	285,221	186,000
Total	15,654,400	12,323,033	11,187,879
Number of executives	7	7	6



3.2 Other remuneration

- Set-up of a provident fund

To conform to the SET's regulations, the Company has established a provident fund for the employees to participate in. Contribution to the fund is set as follows:

- Employees' contribution at 5% of salary
- Company's contribution at 5% of individual employees' salary, the Company's contribution of executives as follows:

	2012	2011	2010
Provident fund (Baht)	451,200	447,118	394,668

4. Business control

The Board of Directors has set out a policy on good corporate governance, deeming it to be significant and crucial to a sustainable growth of the Company. With a strong determination to comply with this policy, the Board of Directors has given priority to internal control and audit to ensure that the management efficiently implements the policy for long-term interests of the shareholders under the law and the codes of business ethics. The Board of Directors reviewed the main contents on good corporate governance principles, business ethics, and environmental and social policies in accordance with the Principle of Good Corporate Governance for Listed Companies in 5 main categories as follows:

1. Rights of the shareholders

The Board of Directors recognizes the ownership rights to control the company through the appointment of directors as shareholder's representatives and the rights for decision making on major changes in the company. Therefore, the Board of Directors encourages the shareholders to use their basic shareholder rights to buy, sell, or transfer shares, share in the profit of the company, obtain relevant and adequate information on the company, obtain information on shareholder meetings participation and criteria, and obtain sufficient information for consideration in each agenda on the shareholder meetings before participation, including opportunity to question the directors at the meetings or submit the questions in advance. Furthermore, the Board of Directors recognizes and emphasizes on the shareholder rights that those rights shall not be violated or diminished.

In preparation of the shareholders meeting, the Board of Directors recognizes the shareholders rights that the meeting shall not be held on long holidays and public holiday and the meeting location shall be in the area with convenient transportation. In 2012, the company held the shareholders meeting at 11th Floor, Sinsathorn Building, Krung Thonburi Road, Klong Ton Sai Sub-district, Klong San District, Bangkok, closed to BTS station and the expressway exit.



The company sent meeting invitation letters including meeting documents to the shareholders 14 days before the meeting day, in accordance with the company's regulations, and disclosed information on the company's website. In 2012, the company announced invitations to the 2012 Annual Shareholders Meeting on 23 March 2012. The recommendations by the Board of Directors on each agenda were included and the meeting minutes was recorded correctly and fully that the shareholders could examine the minutes. Since 2004, the company has added alternatives for the shareholders that the shareholders could give the power of attorney to the Auditing Committee in case that the shareholders could not attend the meeting.

In 2012, THANI has a policy to add more details to the supporting information for the shareholders' meeting since it recognizes the shareholders' right of access to the company's information. The additional details will be provided for the issues proposed for consideration, including rationale and necessity for the issues, positive and negative effects on the issues, and directors' opinions on the issues.

2. Shareholders Rights and Equitable Treatment

Preparation of the Shareholders Meeting. The company held the 2012 Annual Shareholders Meeting on 10 April 2012 at 11th Floor, Sinsathorn Building, Krung Thonburi Road, Kwang Klong Ton Sai, Khet Klong San, Bangkok and EGM on 26 January 2012.

Delivery of Invitation to the shareholders meeting. The company recognizes the importance of equitable treatment to all shareholders that the company shall disclose important and correct information in a timely and transparent manner to the shareholders regularly. The company sent the invitation letter to the shareholders meeting including related documents on each agenda to the shareholders 14 days in advance before the meeting day, in accordance with the company regulations, as well as announced the invitation letter in the newspaper and the company's website. The recommendations by the Board of Directors on each agenda were included and the meeting minutes was recorded correctly and fully that the shareholders could examine the minutes. In addition, the company has added alternatives for the shareholders that the shareholders could give the power of attorney to the Auditing Committee in case that the shareholders could not attend the meeting.

The shareholders meeting day. The company specified the meeting location and time by considering the area with convenient transportation, specified the registration area properly and sufficiently that the shareholders could register at least 2 hours before the meeting, and prepared revenue stamps the shareholders who gave or obtained the power of attorney, as well as prepared light meals for the shareholders. In the meeting, the company appointed the Chairman to inform details of quorum, explain the voting method, the vote counting, and vote casting procedure, and disclose the vote



counts on each agenda. The meeting gave the shareholders opportunity to ask questions or give opinion adequately and properly. At the 2012 Annual Shareholders Meeting, there were 9 Directors including the Auditing Committee from all 12 Directors attended the meeting, consisting of The Chairman of the Board of Directors, The Chairman of the Auditing Committee, Independent Director, and the Auditing Committee as well as the Company's secretary and the secretary to the Board of Directors and the company's auditors.

After the shareholders meeting. The company informed the meeting resolutions through the media system of the Stock Exchange of Thailand after the meeting on 10 April 2012 and submitted the report of the Shareholders Meeting and disclosed the report on the company's website.

Conflict of interests The Board of Directors will take a prudent action when there is any transaction that may create conflicts of interest. The Board has set out a policy and procedure for approval of connected transactions and a policy and measure to ensure that the executives and concerned persons do not use insider information for their own benefits, as detailed below:

- Transactions that may have conflict of interest: After learning of any transactions that have conflict of interest or any connected transactions, the board of directors will consider their appropriateness with prudence and will comply with the SET's regulations. The price and conditions will be considered on an arm's length basis. The details of transaction value, agreement parties, and rationale/necessity will be disclosed in the annual report and Form 56-1.
- Use of insider information:
 - The executives are obliged to report the change in their securities holding to the SEC under Section 59 of the Securities and Exchange Act B.E. 2535.
 - The executives and work units that have access to insider information are not allowed to disclose the information to the outsiders or irrelevant persons, nor to trade the Company's shares during the one-month period before the financial statements are distributed to the public.

3. Rights of the stakeholders

The Company has placed importance on the rights of all stakeholder groups, either the internal stakeholders such as the Company's employees and executives or the external stakeholders such as competitors, creditors, government sector, and other concerned agencies. The Company has realized that the supports from these stakeholders help to enhance its competitiveness and profitability which are instrumental in its long-term success. Important actions taken by the Company are as follows:



- Trade partners : THANI has treated and provided services to used car dealers under the trade conditions and has complied with all trade agreements.*
- Creditors : THANI has complied with the loan agreement conditions.*
- Clients : THANI has treated its clients with care and accountability as well as provided them with quality, standard, fast and on-time services.*
- Communities : THANI has been responsible for and taken good care of the environment to ensure there are no harmful impacts on the community environment and the society.*

Particularly for the company's employees, the company sets priority to their safety and welfare, for example, the establishment of the provident fund as an incentive for the employees to work with the company, rehearsal of fire evacuation plan, and annual health checkup as well as human resource development to develop their knowledge and ability through internal and external trainings.

In addition, as a channel for participation by the stakeholders, the company developed the company's website to receive suggestion and complaints, or as a point of contact to the Auditing Committee.

4. Disclosure and Transparency

The company recognizes the importance of disclosing correct, full, and reliable information in a timely and constant manner, either information related to the operation or the performance. The information shall be disclosed in the annual report, annual report form, Form 56-1 annual report, and the company's website (www.ratchathani.com).

For the 2012 financial report, the company appointment of the auditors and the auditing fee depended on the approval of the shareholders at the annual shareholders meeting on 10 April 2012. The auditors were independent and the auditors from the Security Exchange Commission. The auditing company certified the 2012 financial report with no condition.

Moreover, the company added a channel for investor relations on the company's website to disclose the company's information to the shareholders, analysts, and other investors by contacting Mr. Boonchu Wongpakdee, the company's investor relation at 02-4400844 ext. 115.

5. Balance of executive and non-executive directors



The board of directors is composed of twelve members as follows:

Director status	Executive director	Non-executive director	Audit ccommittee member
Director representing shareholders	2	5	-
Independent director	-	-	5

There are 5 members of the Audit Committee, who are the Company's Independent Directors, which make up 41.66% of the total number of directors, and 10 Non-executive Directors, which make up 83.66% of the total number of directors. The Company set up the Board of Director as a control to ensure that the no individual or group of individuals has the absolute authorization or decision making, resulting in both management's efficiency and a proper check and balance mechanism. In addition, the company decentralizes its authorization power to appropriate levels of each functional area according to the management structure on chart.

The Company employs an Internal Audit Unit, which investigates the Company's operation as to whether it is transparent, appropriate and thorough. The Unit directly reports to the Audit Committee, which comprises 3 Independent Directors. Furthermore, the Shareholder General Meeting, number 1/2007, resolved to allow the Siam City Bank PLC. to purchase the newly issued Company's common shares without having to make tender offer, (or whitewash). The Company appointed 4 representatives from the bank, consisting of 2 representatives, who joined as replacements for resigning Directors, making the total of 12 Directors. As a result the proportion of the Independent Directors: representatives from tender offer waiver: other Directors was equal to 33.33% which allowed the balance of authority and proper investigation of the Company's business conduct. The policy on directors' remuneration has been clearly set out with transparency. The remuneration is set at the same rate as that of similar businesses and commensurate with the duties and responsibilities assigned. Moreover, the amount is high enough to attract and retain the directors with required qualifications and has been approved by the shareholders' meeting. The remuneration for the executives is in accordance with the principle and policy set forth by the Board of Directors and in line with the Company's working performance as well as the performance of each executive. At present, the Company still has no remuneration committee and has adopted a process for considering appropriate remuneration by basing on the remuneration offered by its business peers as well as its own operational performance.

After becoming a public company, THANI will hold the board of directors' meeting at least every three months. Extra meetings can be called as deemed necessary. The meeting agenda will be definitely set in advance and will include a regular item on the operational follow-up. An invitation letter together with the agenda and documents will be prepared and sent seven days in advance of the meeting so that the board members are given sufficient time to study the information before the meeting. Directors attendance record as at December 31, 2012 is detailed as follows:-



	<u>Name</u>	<u>The Board of Directors*</u>	<u>The Audit Committee**</u>	<u>The Board of Directors (Selection & Remuneration)*</u>	<u>The Executives Committee**</u>
1.	Mr. Virat Chinprapinporn	6/6			12/12
2.	Mr. Charoensook Kititti	5/6			
3.	Mr. Kovit Rongwattanasophon	6/6			12/12
4.	Mr. Wuttichai Suraratchai	6/6			12/12
5.	Mr. Anuwat Luengtaweekul*	4/6		1/1	
6.	Mr. Anuchart Deeprasert*	4/6			
7.	Mr. Praphan Anupongongarch**	6/6			12/12
8.	Ph.D. Thakol Nunthirapakorn	6/6	6/6		
9.	Mr. Surapol Satimanon	6/6	4/6		
10.	Mr. Varavudh Varaporn	6/6	6/6	1/1	
11.	Mr. Suvit Arunanonchai	6/6	6/6	1/1	
12.	Asst.Prof. Naengnoi Chai-Onnom	4/6	6/6		
	Board of Directors' Secretary				
	- Mr. Ponlaphe Sakkayapapwicharnon	6/6			
	Audit Committee's Secretary and Selection&Remuneration				
	- Mr. Boonchu Wongpakdee		6/6	1/1	

Note : The Board of Directors held 6 official meetings in December 31, 2012
The Audit Committee held 6 official meetings in December 31, 2012
The Board of Directors (Selection & Remuneration) held 1 official meeting in December 31, 2012
The Executive Committee held 12 official meetings in December 31, 2012

The audit committee was appointed by the Board of Directors on September 5, 2002 to help supervise the Company's business. Details of the audit committee's power and duties are given in clause 1: management structure. The Company still has no remuneration committee, but has a policy to set up this committee in the future. At present, the Company determines the remuneration by basing on the remuneration information from its peer companies and also on its operational performance.

With importance given to an efficient internal control system at both administrative and operational levels, the Company has clearly determined in writing the power and duties of the executives and the operating staff. The use of assets has been closely monitored to ensure the optimal benefits are created. The duties of operating staff and supervisors are clearly set to ensure an appropriate check and balance. Additionally, there is internal control on the financial system, with financial reports to be submitted to the executives in charge.

The internal audit department, outsourced to a third-party professional firm and reporting directly to the audit committee, handles the auditing duties to ensure that the Company's core operations and key financial activities are efficiently carried out in line with the principles set forth. Its other duty includes the compliance control. And to ensure the independence of the internal audit and an



effective check and balance, the board of directors has set out that the internal audit department directly reports the audit results to the audit committee and is merit-rated by the audit committee.

The Board of Directors assumes responsibility for the consolidated financial statements of the Company and its subsidiaries (if any) and for the financial information disclosed in the annual report. The financial statements are prepared based on the accounting standards generally accepted in Thailand by using the appropriate accounting policy which is in regular practice. They are also based on prudent discretion and most reliable projection, with sufficient disclosure of key information in notes to the financial statements.

The board of directors has arranged for the maintenance of the effective internal control system to reasonably ensure that the accounting entry is accurate, complete and adequate to retain the assets, and to track any weaknesses so that dishonest conduct or unusual practice in material aspects can be prevented.

In this respect, the board of directors has appointed the audit committee, comprising non-executive directors, to be responsible for the quality of the financial reports and the internal control system.

The board of directors is of the opinion that the Company's internal control system is adequate and can reasonably create confidence in the reliability of the Company's financial statements.

Decision on acquisition or disposition of connected transaction of the company's asset

Transaction of the listed company and any of its subsidiaries (in which the listed company hold shares in an amount exceeding 50 percent of the subsidiary's paid in capital) make a decision to enter into an acquisition or disposition of connected transaction of fundamentally important company assets have to follow Rules and Procedures of the Stock Exchange of Thailand. The company has decision to enter into any transaction as specified by the Exchange. In the case of connected transaction, Company should be use the approval of shareholders in decision to enter into acquisition or disposition of connected transaction of fundamentally important company's asset. The approval of the shareholders for the decision to enter into the transaction requires a vote of not less than three- fourths of the total votes of the shareholders or their proxies (if any) who are present at the meeting and who have right to vote, excluding the votes of interested shareholders.

Dividend Payment Policy

The Company has Dividend Payment policy by paying not less than 50% of net profit.



Related Party Transactions

In 2012, 2011 and 2010, the Company had related party transactions with persons with a conflict of interest. After consideration, the Audit Committee believed that such transactions were reasonable as normal transactions or they supported the Company's normal business with general trade conditions, except special transactions. The appropriateness of transactions and the committee's opinions are detailed as follows.

1.

Name of Related Parties	Relationship with the Company	Business Type
Thanachart Bank Public Company Limited	Parent company	Commercial bank
SCIB Public Company Limited (Formerly known as "Siam City Bank Public Company Limited")	Major shareholder	None
Baan Rock Garden Public Company Limited	Have common directors and shareholders	Property development
Citywood Company Limited	Have common directors and shareholders	Furniture manufacturer

2. Loan and Outstanding from Related Persons or Businesses

	Outstanding as at 31 December (Unit : Baht)		
	2012	2011	2010
<u>Bank deposit</u>			
Thanachart Bank Public Company Limited / SCIB Public Company Limited ⁽¹⁾	151,370,704	34,316,495	44,304,071
<u>Short-term loan</u>			
Thanachart Bank Public Company Limited / SCIB Public Company Limited ⁽¹⁾	-	1,410,000,000	970,000,000
Baan Rock Garden Public Company Limited	100,000,000	50,000,000	25,000,000
Citywood Company Limited	-	7,500,000	7,500,000
Management, directors and related persons	254,000,000	238,000,000	99,000,000
<u>Long-term loan</u>			
Thanachart Bank Public Company Limited / SCIB Public Company Limited ⁽¹⁾	-	6,444,164,788	5,529,241,053
<u>Overdraft</u>			
Thanachart Bank Public Company Limited / SCIB Public Company Limited ⁽¹⁾	-	15,116,977	6,252,704
<u>Accrued Interest</u>			
Thanachart Bank Public Company Limited / SCIB Public Company Limited ⁽¹⁾	-	2,515,736	3,438,067
<u>Accrued Expense</u>			
Thanachart Bank Public Company Limited	57,084	3,813,600	
<u>Prepaid Expense</u>			
SCIB Public Company Limited	-	-	59,891
<u>Prepaid Expense</u>			
SCIB Public Company Limited	-	-	59,891



(1) Previously, the Company borrowed money from SCIB Public Company Limited. In 2011, all businesses of SCIB Public Company Limited were transferred to Thanachart Bank Public Company Limited. Hence, all company's obligations were transferred to Thanachart Bank Public Company Limited.

3. Related Party Transactions

<u>Related Party Transactions</u>	For Year (Unit : Baht)			Price Setting Policy	Reason/ Appropriateness
	2012	2011	2010		
Thanachart Bank Public Company Limited					
Interest paid	204,684,332	100,498,972	-	As agreed in contract	
Bank fee	18,082,979	1,301,486	-	As agreed in contract	
Rental fee	211,200	35,200	-	As agreed in contract	
SCIB Public Company Limited					
Interest received	-	-	188,324	As agreed in contract	
Interest paid	-	334,831,246	247,665,498	As agreed in contract	
Bank fee	-	2,367,528	11,883,760	As agreed in contract	
Rental fee	-	176,000	211,200	As agreed in contract	
Agent fee	-	-	68,956	As agreed	
Baan Rock Garden Public Company Limited					
Interest paid	2,577,088	1,712,774	1,185,925	As agreed	
Citywood Company Limited					
Interest paid	281,095	340,736	318,750	As agreed	
Management, directors and related persons					
Interest paid	11,532,669	9,026,161	3,284,435	As agreed	

4. Necessity and appropriateness

Presently, related party transactions are in accordance with a normal business and support the operation of the Company group, to maximize the Company's benefit. The related party transactions are necessary and reasonable. For price setting, market prices or costs plus proper profits are taken into consideration such as rental fee. Such expense is forecasted from marketing rental fee plus proper profit. The Company will revise costs and profits annually. The Company will propose the Audit Committee to consider reasons and appropriateness of prices. Prior approvals of the Board of Directors or shareholders are required,



5. Measures or procedure on approving related party transactions

For transactions due to a normal business such as bank fee, the Company will determine conditions in line with a normal business i.e. marketing prices applied to other customers, or actual costs plus proper profit. For other related party transactions, the Company will determine conditions in line with a normal business i.e. marketing prices applied to other customers with proper conditions. This aims to maximize the benefit of the Company and shareholders. Prior approvals of the Board of Directors or shareholders are required, as a case may be. The Audit Committee or auditors or experts will consider reasons of transactions and appropriateness of prices. The opinions will be proposed to the Board of Directors or shareholders for consideration, as a case may be.

Accordingly, in term of compliance with information disclosure and acquisition or sales of major assets, the Company will observe laws on securities and exchange, and regulations, notifications, orders or requirements of the Stock Exchange of Thailand, including accounting standards stipulated by the Federation of Accounting Professions.

6. Policy on further related party transactions

In the future, related party transactions will comprise transactions due to a normal business i.e. bank fee, etc. Such transactions shall benefit the Company and shall be in line with the approval measures or procedures mentioned above.



Financial Status and Performance Analysis

Financial Statements

(1) The Company's auditor

Year	Independent Auditor Name	Certified Public Accountant's Number	Independent Auditor's Company
2012	Ms. Somjai Khunasut	4499	Ernst & Young Office Ltd.
2011	Ms. Rattana Jala	3734	Ernst & Young Office Ltd.
2010	Ms. Pranee Phongam	4987	United Auditing PKF Ltd.

(2) Summary of auditor report

- The auditor report for the financial statements in 2010-2012 expressed an unqualified opinion that the financial statements had been prepared accurately in accordance with the generally accepted accounting standards.

Explanation and Analysis of Company's Financial Status and Performance

- Company's performances

- Overview of the past performance

The year 2010 is one of the challenging years for business and is an important year for the Company's growth. The major shareholder was changed from Siam City Bank Public Company Limited to Thanachart Bank Public Company Limited. Even considered the big change, the Company was fully supported, in terms of finance and management, from Thanachart Bank Public Company Limited. Therefore, the Company had strong competitive capability and was able to create its business opportunities. With consistent expansion of the automotive industry in Bangkok, its surroundings and regional areas, the Company' total credit portfolios were at Baht 9,366.26 million while the total income and net profit were at Baht 833.43 million and Baht 204.20 million, respectively. This was the first time that the Company's net profit exceeded Baht 200 million. The main factors for an increase in the profit, of 86.52%, included continuous credit expansion and excellent expense control.

For the year 2011, the Company increased its capital by right offering so the shareholding proportion of Thanachart Bank Public Company Limited changed from 48.35% to 65.18% at the end of the year. Thanachart Bank Public Company Limited had fully provided financial support to the Company so the credit portfolios continued to grow constantly. At the end of 2011, the flood crisis in the central region and Bangkok Metropolis had slightly affected customers in terms of payment and loan origination. With an insignificant impact, the Company's operating performance achieved the plans. As of the end of 2011, the total credit portfolios totaled Baht 12,178.88 million, the total incomes were at Baht 1,121.09 million and the net profit valued at Baht 204.87 million.



In 2012, Thai economy recovered after the massive flood crisis in the central region and some areas of Bangkok Metropolis while the world economy continued to slowdown. The Company worked closely with the management team of Thanachart Bank Plc., the major shareholder. The Company was building competitive advantages and developing internal work systems to ensure high efficiency. The Company adhered to the business plans and achieved the business goals. With good support of Thanachart Bank Plc., the Company has the total credit ports of Baht 18,865.96 million, the total income of Baht 1,583.48 million and the net profit of Baht 489.35 million, respectively, as the end of 2012.

- Incomes

In 2010, the Company earned the total incomes of Baht 833.43 million, an increase of Baht 209.05 million, or 33.48%. The increase contributed to branch expansion to regional areas and new customer groups. Its hire purchase portfolios expanded from Baht 6,705.17 million in 2009 to Baht 9,366.26 million, increasing by Baht 2,661.09 million or 32.69%, resulting in higher interest income.

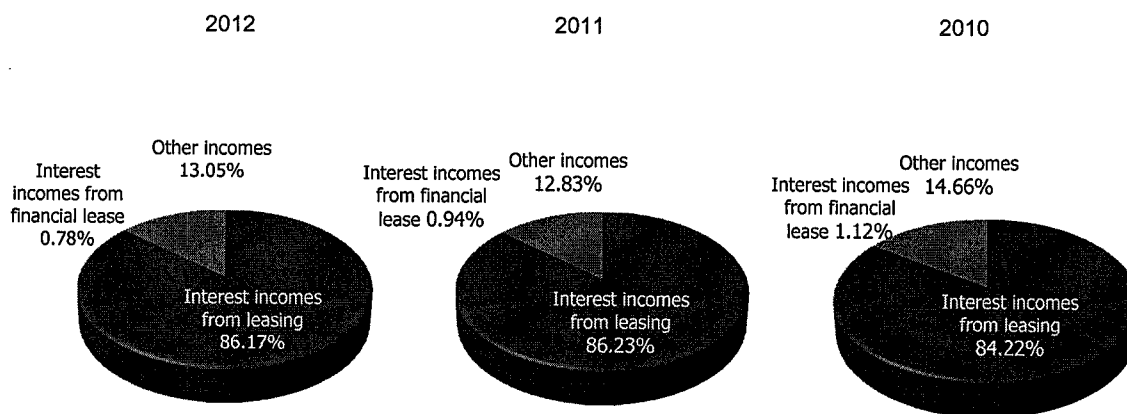
The interest incomes were recorded at Baht 711.18 million or 85.34% of total incomes in 2010 while the interest income rate was at 8.60%, slightly dropped from the last year figure (8.88%). Due to lower interest rates in the money market, the Company focused on commercial-car loans which yielded higher interest. As a result, its interest margin was at 3.61%, closed to the 2009 figure at 3.62%.

In 2011, the Company had the total incomes at Baht 1,121.09 million, increased by Baht 287.66 million (34.52%) from the 2010 figure. The increase was due to the increase of portfolio expansion. *(Hire purchase portfolios increased Baht 2,812.63 million, or 36.27%, from 2010.)*

Main incomes of the Company covered incomes from leasing and financial lease at Baht 977.18 million, or 87.17% of the total income. Others included income from fee and service at Baht 63.56 million and other incomes at Baht 80.35 million, or 5.67% and 7.16%, respectively.

In 2012, the Company continued to expand credit bases due to the recovery of the automobile sector and the growth of the domestic economy. The Company's total income was recorded at Baht 1,583.48 million, an increase of Baht 462.39 million (or 41.24%) from the 2011 figure. *(Hire purchase portfolios increased Baht 6,687.08 million, or 54.91%, from 2011.)*

The main components of income covered income from leasing and financial lease of Baht 1,376.79 million or 86.95% of the total income; service fees and fees of Baht 95.39 million or 6.02%; and other incomes of Baht 111.30 million, or 6.02% and 7.03% respectively.



- Expenses

In 2010, the Company's financial costs were at Baht 349.24 million. The selling and administrative expense was at Baht 164.66 million. Bad debts and doubtful accounts were recorded at Baht 40.34 million and corporate income was Baht 74.99 million.

The financial costs, comprising interest expense and front-end fee, totaled Baht 349.24 million, an increase of Baht 129.02 million or 58.59% of the 2009 figures, due to fluctuating interest rates in the money market. In 2010, the Company had new sources of short-term funds without collateral to facilitate its liquidity at lower interest rate (promissory notes at call) from third parties. Its costs were lower than costs of loans from financial institutions. The Company was able to maintain interest gaps positively and consistently. Its interest expenses reduced from 5.26% in 2009 to 4.99% in 2010.

In 2010, the selling and administrative expense was at Baht 164.66 million, an decrease of Baht 10.37 million (or 5.92%) from the 2009 figure, due to business expansion.

Bad debts and doubtful accounts were recorded at Baht 40.34 million, decreased by Baht 21.78 million (43.81%) from 2009, due to strict credit monitoring policy. The allowance for bad debts then reduced.

In 2011, the financial expense totaled Baht 538.94 million and the selling and administrative expense was at Baht 148.01 million. Bad debts and doubtful debts were recorded at Baht 126.09 million and corporate income was Baht 103.18 million.

The financial costs totaled Baht 538.94 million, an increase of Baht 189.70 million or 54.32%, compared with the 2010 figures. The increases were due to increasing funding to support credit expansion and higher interest rates in the money market. However, the Company had new sources of funds at lower interest rate. The Company was able to maintain interest gaps positively and consistently, at 3.04%.

The selling and administrative expense was at Baht 148.01 million, decreased by Baht 16.65 million, or 10.11%, due to lower loss of foreclosed assets of approximately Baht 15 million.

Bad debts and doubtful accounts in 2011 were recorded at Baht 126.09 million, an increase of Baht 85.75 million (212.57%), due to additional allowance policy and flooding affecting on some customers.



The Company provided them assistance i.e. payment relaxation (3 installments) without interest or penalty. However, the aging was counted consecutively. This will return to normal situation in 2012.

In 2012, the Company had the financial expense at Baht 672.66 million and the selling and administrative expense at Baht 211.27 million. Bad debts and doubtful debts were recorded at Baht 81.24 million and corporate income was Baht 128.95 million.

The financial costs in 2012 totaled Baht 672.67 million, an increase of Baht 133.73 million or 24.81%, compared with the 2011 figures. The costs rose at a lower rate than the income expansion due to low financial costs. Hence, the interest gap was maintained to ensure the profitability. The interest gaps then rose to 3.72% in 2012.

The selling and administrative expense was at Baht 211.27 million, increasing by Baht 63.26 million, or 42.74%, due to increase in main expenses. Staff expenses increased by Baht 23.01 million in order to support the Company's growth. Legal expenses rose by approximately Baht 10.60 ล้านบาท and loss from foreclosed assets rose by approximately Baht 13.36 million.

Bad debts and doubtful accounts in 2012 were recorded at Baht 81.24 million, dropped by Baht 44.84 million (55.66%), due to the client recovery from the flood crisis and close monitoring process.

- Net profit

	2012	2011	Increase (Decrease)	
	Baht million	Baht million	Baht million	%
Net Profit	489.35	204.87	284.48	138.86
Net Profit Ratio (%)	30.90	18.27	12.63	69.13
Interest Rate Received (%)	8.92	8.78	0.14	1.59
Interest Rate Paid (%)	5.20	5.74	(0.54)	(9.41)
Interest Spread (%)	3.72	3.04	0.68	22.37

In 2012, the Company had the net profit of Baht 489.35 million, increasing by Baht 284.48 million or 138.86% of the last year. The net profit rate jumped to 30.90 %, an increase of 69.13%, due to higher interest received at 8.92%. The interest paid reduced to 5.20% because of low costs of funding. The interest gaps increased 22.37% from the last year figure. The aforementioned factors caused the higher net profit in 2012.



- Financial Status

Total Assets	2012	2011	Increase (Decrease)	
	Baht million	Baht million	Baht million	%
Total Assets	19,218.57	12,353.79	6,864.78	55.57
Hire-Purchase Account Receivable, Net	18,658.53	12,085.84	6,572.69	54.38
Financial Lease- Account Receivable, Net	207.43	127.05	80.38	63.27
Hire-Purchase Account Receivable to	97.09	97.55	(0.46)	(0.47)
Total Assets (%)				
Foreclosed Assets	24.98	14.35	10.63	74.08

Hire-purchase account receivable was the main part of the Company's assets. In 2011, the Company had the total assets of Baht 12,353.79 million (net of allowance for doubtful accounts), or 97.55% of the total assets.

In 2012, the total assets were at Baht 19,218.56 million, an increase of 55.57% from the 2011 figure. The proportion of hire-purchase accounts receivable (net of allowances for doubtful accounts) was at 97.09% of the total assets, indifferent from the last year. The Company continued to emphasize on its main business.

- Credit Quality and Allowance for Doubtful Accounts

- Hire-Purchase Account Receivable

The hire-purchase accounts receivable, at the end of 2012, 2011 and 2010, were recorded at Baht 18,658.53 million, Baht 12,051.83 million, and Baht 9,246.32 million, respectively. The details are summarized as follows:

Unit : Baht	2012	2011	2010
Hire-purchase account receivable	22,070,594,489	14,243,112,226	10,904,216,699
<u>Less</u> Deferred Interest	<u>(3,060,049,648)</u>	<u>(1,887,556,372)</u>	<u>(1,447,577,413)</u>
Total	19,010,544,841	12,355,555,855	9,456,639,286
<u>Less</u> Allowances for doubtful accounts	<u>(352,015,916)</u>	<u>(303,720,402)</u>	<u>(210,323,364)</u>
Net account receivables	<u>18,658,528,841</u>	12,051,835,453	<u>9,246,315,922</u>

The classifications of hire-purchase accounts receivable less deferred interest incomes were shown in the following table.



As of 31 December 2012					
Aging	Number of Customers	Allowances for Doubtful Accounts Rate	Account Receivables Less Deferred Hire-purchase Interest	Net Account Receivables Less Deferred Hire-purchase Interest and Collateral	Allowances for Doubtful Accounts
			(Unit : Baht thousand)	(Unit : Baht thousand)	(Unit : Baht thousand)
Normal receivables	25,104	1.00%	14,497,278	1,379,162	13,792
1-month overdue	4,756	1.00%	2,465,905	228,661	2,287
2-3 month overdue	3,575	2.00%	1,609,863	114,705	2,294
4-6 month overdue	365	20.00%	183,945	183,945	36,789
7-12 month overdue	126	50.00%	49,952	49,952	24,976
Over 12-month overdue	341	100.00%	185,847	185,847	185,847
Account receivables under negotiation agreement	49	1-100.00%	17,755	17,755	17,755
Uncollected surplus allowance for doubtful accounts					68,276
Total	34,316		19,010,545	2,160,027	352,016

As of 31 December 2011					
Aging	Number of Customers	Allowances for Doubtful Accounts Rate	Account Receivables Less Deferred Hire-purchase Interest	Net Account Receivables Less Deferred Hire-purchase Interest and Collateral	Allowances for Doubtful Accounts
			(Unit : Baht thousand)	(Unit : Baht thousand)	(Unit : Baht thousand)
Normal receivables	17,028	1.00%	8,747,857	692,060	6,921
1-month overdue	3,540	1.00%	1,559,813	116,858	1,169
2-3 month overdue	3,781	2.00%	1,581,599	114,038	2,281
4-6 month overdue	531	20.00%	224,791	224,791	44,958
7-12 month overdue	148	50.00%	82,759	82,759	41,379
Over 12-month overdue	225	100.00%	123,003	123,003	123,003
Account receivables under negotiation agreement	79	1-100.00%	35,733	35,733	35,733
Uncollected surplus allowance for doubtful accounts					48,276
Total	25,332		12,355,555	1,389,242	303,720



As of 31 December 2010					
Aging	Number of Customers	Allowances for Doubtful Accounts Rate	Account Receivables Less Deferred Hire-purchase Interest	Net Account Receivables Less Deferred Hire-purchase Interest and Collateral	Allowances for Doubtful Accounts
			Thousand Baht	Thousand Baht	Thousand Baht
Normal receivables	15,039	1.00%	7,120,980	527,956	5,280
1-month overdue	2,775	1.00%	1,150,956	78,200	782
2-3 month overdue	2,323	2.00%	875,447	46,747	935
4-6 month overdue	204	20.00%	109,118	109,118	21,823
7-12 month overdue	64	50.00%	37,270	37,270	18,635
Over 12-month overdue	258	100.00%	117,880	117,880	117,880
Account receivables under negotiation agreement	123	1-100.00%	44,988	44,988	44,988
Total	20,786		9,456,639	962,159	210,323

Note

In 2010, the allowance for doubtful accounts was set up at Baht 210.32 million, an increase of Baht 31.32 million or 17.50% from the 2009 figure (Baht 179.00 million).

In 2011, the Company set aside the allowance for doubtful accounts of Baht 303.72 million, an increase of Baht 93.40 million or 44.41% from the 2010 figure. The surplus allowance for uncollectible debts and flooding affect was taken into consideration.

In 2012, the Company set aside the allowance for doubtful accounts of Baht 352.19 million, an increase of Baht 48.38 million or 93.05 % from the 2011 figure. The surplus allowance for uncollectible debts was taken into consideration.

The Company has maintained the policy to write off hire-purchase accounts receivable judged by the court that debtors and guarantors shall pay debts but the Company cannot confiscate assets. The writing off reduced the allowance for doubtful accounts and was recorded as other incomes. The Company wrote off bad debts of Baht 32.85 million, Baht 32.68 million, and Baht 9.01 million, in 2012, 2011 and 2010, respectively.

From the table above, accounts receivable net of interest were not recognized as income. In 2012, 2011 and 2010, most were accounts receivable with up to 3-month overdue, in an amount Baht 18,573.04 million, Baht 11,889.27 million and Baht 9,147.38 million, or 97.69%, 96.23% and 96.76%, respectively, of the total leasing ports. Most of the accounts receivable were at the ordinary level.

- Financial lease accounts receivable

(Unit : Baht)

2012					
Financial lease accounts receivable	Account Receivables Less Deferred Financial lease Interest	Account Receivable Ratio	Account Receivables Less Deferred Financial lease Interest and Collateral	Allowances for Doubtful Accounts (%)	Allowances for Doubtful Accounts
Unscheduled Due	192,186,480	92.57%	14,788,161	1%	147,882
1-month overdue	5,041,198	2.43%	801,805	1%	8,018
2-3-month overdue	10,376,706	5.00%	924,725	2%	18,494.51
Total	207,604,384	100.00%	16,514,691		174,394

(Unit : Baht)

2011					
Financial lease accounts receivable	Account Receivables Less Deferred Financial lease Interest	Account Receivable Ratio	Account Receivables Less Deferred Financial lease Interest and Collateral	Allowances for Doubtful Accounts (%)	Allowances for Doubtful Accounts
Unscheduled Due	123,063,857	98.59%	8,155,084	1%	81,551
1-month overdue	3,269,117	1.41%	375,243	1%	3,752
2-3-month overdue	805,535	-	-	1%	-
Total	127,138,509	100.00%	8,530,327		85,303

(Unit : Baht)

2010					
Financial lease accounts receivable	Account Receivables Less Deferred Financial lease Interest	Account Receivable Ratio	Account Receivables Less Deferred Financial lease Interest and Collateral	Allowances for Doubtful Accounts (%)	Allowances for Doubtful Accounts
Unscheduled Due	118,314,180	98.59%	7,700,374	1%	77,004
1-month overdue	1,708,004	1.41%	-	1%	-
Total	120,022,184	100.00%	7,700,374		77,004



- Adequacy of Allowance for Doubtful Accounts

The Company has set the allowance for doubtful accounts for hire-purchase accounts receivable and financial lease accounts receivable, based on history of repayment ability of customers and their current status. For account receivables of less than 3-month overdue, such allowances were calculated from the principal after collateral. For account receivables of more than 3-month overdue and account receivables under negotiation agreement, such allowances were calculated from the principal.

The Company carefully set aside surplus allowance for doubtful accounts and enhanced efficiency of debt collection in accordance with portfolio expansion. At the end of 2012, 2011 and 2010, its NPLs were recorded at Baht 437.50 million, Baht 466.29 million, and Baht 309.26 million, respectively. Moreover, the Company had the allowance for doubtful accounts of Baht 352.02 million, Baht 303.72 million, and Baht 210.32 million, respectively.

In 2012, 2011 and 2010, the Company set the allowance for doubtful accounts at the rate of 80.46%, 65.14% and 68.01% of NPLs, respectively. After considering its strict loan approval and effective debt collection, the Company believes that its allowance for doubtful accounts is appropriate and effective.

- Total Liabilities

	2012	2011	2010
	<u>Baht million</u>	<u>Baht million</u>	<u>Baht million</u>
Total Liabilities	16,714.45	10,231.64	8,269.79
Short-term Loan and Overdraft	6,006.61	2,567.42	1,356.75
Long-term Loan	1,097.20	7,497.79	6,804.76
Long-term Bond	8,980.82	-	-
Other Liabilities	463.76	166.43	108.28

The Company had the total liabilities, in 2012, 2011 and 2010, of Baht 16,714.45 million, Baht 10,231.64 million and Baht 8,269.79 million, respectively. In 2012, the total liabilities increased by 63.36% from the 2011 figure whereby the 2011 figure increased by 23.72% from the 2010 figure. The Company had increasing total liabilities due to funding for both short-term and long-term loans.

As at the end of 2012, the total liabilities mainly comprised short-term loans and overdraft of Baht 6,015.88 million, long-term loans of Baht 1,097.20 million and long-term bonds of Baht 8,980.82 million.

Other current liabilities comprised accrued corporate income tax, other creditors, accrued insurance premium and deferred charge, of Baht 463.76 million, an increase of Baht 297.33 million or 64.11% from the 2011 figure.

- Shareholders' Equity

In 2010, the shareholders' equity was at Baht 1,279.67 million, increasing from the 2009 figure by Baht 130.17 million or accounting of 11.32%, due to the net profit of Baht 204.20 million. According to the



resolution passed at the Shareholder Meeting No.1/2553, dated 8 April 2010, the Company paid dividends to the shareholders, totaling of Baht 74.03 million, to 822,593,906 shares at Baht 0.09 per share.

On 4 April 2011, the Annual General Meeting of the Shareholders passed the resolution to increase the capital of Baht 82.3 million (ordinary shares of 82.3 million shares, a par value of Baht 1), increasing from Baht 822.6 million (ordinary shares of 822.6 million shares, a par value of Baht 1) to Baht 904.9 million (ordinary shares of 904.9 million shares, a par value of Baht 1). Registered at the Ministry of Commerce on 27 April 2011, the capital increase aimed to support the share dividend to the shareholders. In addition, the Annual General Meeting of the Shareholders passed the resolution to allocate the 2010 net profit as the legal reserve of Baht 10.2 million and allocate cash dividend at Baht 0.03 per share. Share dividend of 82.3 million shares was allocated to the existing shareholders at 10 shares to 1 dividend share. The total dividend was at Baht 0.13 per share.

On 13 September 2011, the Extraordinary Meeting of the Shareholders passed the resolution to decrease the registered capital by writing off the registered capital not sold of 56 shares (Baht 56). The Meeting also passed the resolution to increase the registered capital from Baht 904.9 million (ordinary shares of 904.9 million, a par value of Baht 1) to the new registered capital of Baht 1,809.7 million (ordinary shares of 1,809.7 million, a par value of Baht 1). The shares of 904.9 million, a par value of Baht 1, were issued and sold to existing shareholders (1 existing share per 1 new share) at Baht 1.52 per share. The total shares sold were 437.4 million. The capital increase was at Baht 437.4 million and the new registered and paid-up capital rose to Baht 1,342.3 million and the capital surplus increased by Baht 227.49 million. The new capital was registered with the Ministry of Commerce on 1 November 2011.

In 2011, the Company's shareholders' equity was at Baht 2,122.15 million, increasing by Baht 842.48 million or 65.84% from the 2010 figure. The increase was funded by the capital increase of Baht 664.99 million (including capital surplus), the annual net profit of Baht 204.87 million and cash dividend of Baht 24.68 million.

On 10 April 2012, the Annual General Meeting of the Shareholders passed the resolution to allocate the 2011 net profit as the legal reserve of Baht 10.26 million. The Meeting also passed the resolution to cancel the new shares unsold, of 467,356,772. The registered capital was reduced from Baht 1,809 million (ordinary shares of 1,809,706,480 shares, a par value of Baht 1) to Baht 1,342 million (ordinary shares of 1,342,349,708 shares, a par value of Baht 1). The Company already registered the capital reduction at the Ministry of Commerce on 20 April 2012. In addition, the Meeting passed the resolution to pay dividend, at Baht 0.08 per share, to the shareholders holding 1,342,349,708 shares. The total dividend was at Baht 107.39 million.

In overall, the shareholders' equity of the Company was at Baht 2,504.11 million, increasing by approximately Baht 381.96 million or 18.00%. The increase was resulted from the net profit of Baht 489.35 million and the dividend payment of Baht 107.39 million.



- Liquidity

Cash flow	2012	2011	2010
	Baht million	Baht million	Baht million
Cash flow from (for) operations	(5,356.51)	(1,989.52)	(2,093.11)
Cash flow from (for) investment activities	28.89	3.00	(21.84)
Cash flow from (for) funding activities	5,485.23	1,988.17	2,121.00
Net cash flow increase (decrease)	157.61	1.65	6.04

In 2011, the Company had the net cash flow at Baht 1.62 million, a slight decrease from the 2010 figure (Baht 6.04 million). From the table above, the net cash flow for operations was recorded at Baht 1,989.52 million in 2011, which was hire purchase loans, closed to that in 2010 (Baht 2,093.11 million), which was portfolio expansion.

In terms of funding activities, the Company had cash flows from funding activities of Baht 1,988.17 million in 2011, which were borrowing and capital increase, similar to that of 2010 (Baht 2,121.00 million).

In 2012, the Company's net cash flow was at Baht 157.61 million, increasing from Baht 1.65 million in 2011. From the table above, the cash flow for operations was recorded at Baht 5,356.51 million in 2012 due to hire purchase loans. The Company had the cash flow from funding activities of Baht 5,485.23 million to support credit expansion.

- Sources and Uses of Funds

The Company's sources of funds comprised its own capital and loans from financial institutions. The sources of funds, as of 31 December 2010 – 2012, are summarized as follows:

Items	As of 31 December					
	2012		2011		2010	
	Amount	%	Amount	%	Amount	%
Shareholders' equity	2,504.11	13.36	2,122.15	17.41	1,279.67	13.55
Loans						
Short-term loans*	6,163.40	32.88	5,573.02	45.73	3,933.08	41.66
Long-term bonds***	9,000.00	47.91	-	-	-	-
Long-term loans	1,097.20	5.85	4,492.19	36.86	4,228.43	44.79
Total Loans **	16,260.60	86.58	10,065.21	82.59	8,161.51	86.45
Total	18,764.71	100.00	12,187.36	100.00	9,441.18	100.00

Note : (*) Comprised short-term loans, overdraft, long-term loans due within 1 year.

(**) Other current liabilities shall not be considered as loans as they occurred from normal operations

e.g. deferred money transfer, creditor – Revenue Department, petty cash, account payable – insurance and others.



(***) Long-term bonds was the value before deferred issue expenses.

As at 31 December 2012, the repayment schedules of loans, a total of Baht 16,260.60 million were summarized as follows:

Repayment due Date	Baht million
Within 1 year	6,163.40
Between 1 to 2 years	2,985.20
Between 2 to 3 years	1,612.00
More than 3 years	<u>5,500.00</u>
Total	<u>16,260.60</u>

After deducting hire purchase accounts with more than 4-month overdue and legal accounts receivable, the Company shall receive the installment payment as follows:

Installment payment received	Lease	Financial Lease	Total
Within 1 year	7,812.69	71.57	7,884.26
Between 1 to 2 years	6,385.40	64.45	6,449.85
Between 2 to 3 years	4,508.22	54.12	4,562.34
More than 3 years	<u>2,950.34</u>	<u>48.37</u>	<u>2,998.71</u>
Total	<u>21,656.65</u>	<u>238.51</u>	<u>21,895.16</u>

As of 31 December 2012, the Company had obligations due within 1 year (including overdraft and short-term loans) of Baht 6,163.40 million. Moreover, it had long-term debts due between 1 to 2 years, totaling of Baht 2,985.20 million. However, comparing those obligations to installments to be received within 1 year of Baht 7,884.26 million and installments to be received between 1 to 2 years of Baht 6,449.85 million, the Company had sufficient funds to repay debts due within 1 year. Such short-term debts due within 1 year covered overdraft, promissory notes from financial institutions and third parties, including long-term debts due within 1 year.

The Company has given priority to liquidity issues and has new sources of funds, namely, long-term loans with fixed interest rate. This is in accordance with customer repayment, reduce interest rate risk and maintain interest margin at a proper level. The Company continues to closely monitor and manage such risks.

- **Other relevant information**

- Dividend payments to existing shareholders

By the resolution of the Shareholder's General Meeting No. 1/2553 on 8 April 2010, the Company was authorized to pay dividends to its shareholders holding 822,593,906 shares, at Baht 0.09 per share, totaling



Baht 74.03 million. The dividend payment accounted for 67.62 % of its earnings per share. The dividends were paid to the shareholders on 28 April 2010.

By the resolution of the Shareholder's General Meeting No. 1/2554 on 4 April 2011, the Company was authorized to pay cash dividends to its shareholders at Baht 0.03 per share and to pay share dividends of 82.3 million (10 existing share to 1 share dividend). The total dividend valued Baht 0.13 per share.

By the resolution of the Shareholder's General Meeting No. 1/2555 on 10 April 2012, the Company was authorized to pay dividends to its shareholders at Baht 0.08 per share to the shareholders holding 1,342,349,708 shares, a total of Baht 107.39 million.

Auditor's fee

In 2012, the Company paid the following fees to its auditor, Ernst & Young Office Ltd.:

1. Annual audit fee of Baht 400,000.
2. Fees associated with the reviews of 3 quarterly financial statements of Baht 200,000 each.

In 2011, the Company paid the following fees to its auditor, Ernst & Young Office Ltd.:

1. Annual audit fee of Baht 400,000.
2. Fees associated with the reviews of 3 quarterly financial statements of Baht 200,000 each.

In 2010, the Company paid the following fees to its auditor, PKF Saha Accounting Ltd.:

1. Annual audit fee of Baht 320,000.
2. Fees associated with the reviews of 3 quarterly financial statements of Baht 85,000 each.



Responsibilities of the Board of Directors for Report

The Board of Directors of Ratchthani Leasing Public Company Limited is responsible for the financial statements and for financial information presented in this annual report. The aforementioned financial statements were prepared with careful judgments in accordance with the generally accepted accounting principles, applying appropriate and consistent accounting policies and best estimates. Important information is adequately and transparently disclosed to shareholders of the Company and other investors in the notes to financial statements.

The Board of Directors has appointed an the Audit Committee comprising Independent Directors responsible for revision of accounting policies and the quality of financial statements, internal control, internal audit and risk management system, as well as the disclosure of related party transaction. The Committee's comments on these issues are included in the Audit Committee Report in this annual report.

The Company financial statements were audited by the Certified Public Auditor of Ernst & Young Office Limited which conducted in accordance with generally accepted auditing standards. The auditor's opinion was included in the Report of Independent Auditor in this annual report.

The Board of Directors has established and maintained appropriate and effective risk management and internal control system in order to rationally assure that the accounting information is correctly and completely recorded and adequate to sustain The Company's assets, as well as to prevent any material irregular operations or fraud.

The Board of Directors is of the opinion that the overall internal control of the Company is at a satisfying level and provides reliability on The Company financial statements for the year ended 31 December 2012 which is in compliance with the generally accepted accounting principles and relevant rules and regulations.

Mr. Virat Chinprapinorn
Chairman

Mr. Kovit Rongwattanasophon
Managing Director



Audit Committee's Report

The Audit Committee of Ratchthani Leasing Public Company Limited comprises 5 independent directors as follows:

- | | | | |
|----|-----------------------------------|----|-----------------------------|
| 1. | Dr. Thakol Nunthirapakorn | as | Chairman of Audit Committee |
| 2. | Mr. Surapon Satimanont | as | Member of Audit Committee |
| 3. | Mr. Varavudh Varaporn | as | Member of Audit Committee |
| 4. | Assist. Prof. Naengnoi Chai-onnom | as | Member of Audit Committee |
| 5. | Mr. Suvit Arunanonchai | as | Member of Audit Committee |

Mr. Boonchu Wongpakdee, Senior Vice President of Accounting and Finance Department, acts as the Secretary of Audit Committee.

The Audit Committee is responsible for overseeing, examining and reviewing any information of the company that was relevant to financial report and disclosure, internal control system and compliance of Securities and Exchange Commission Thailand (SEC) regulations, including promoting the good corporate governance.

In 2012, the Audit Committee had 6 meetings with the management, executives from relevant departments and auditors to acknowledge and consider several matters which could be summarized as follows:

- Financial report

The Audit Committee reviewed the quarterly and annual financial statements of the company whereby they had discussed and consulted with the auditors and management from accounting and finance department about the independence of auditors in performing their duties and expressing an opinion to ensure that financial statement had been conducted in accordance with Generally Accepted Accounting Principles (GAAP), performed in material correctness and with adequate disclosure. Moreover, the Audit Committee had a meeting with auditors, excluding the management, to discuss about the independency of auditors in performing their duties and expressing opinions.

- Internal control and internal audit

The Audit Committee had reviewed the company's internal control system to ensure that the company had efficient internal control system and internal audit by discussing with independent internal audit in planning and approving the annual audit plan, about adequacy and qualifications of their staffs, including the independency in performing internal audit. As such, the Audit Committee would monitor, review and evaluate their performance every quarter.



- Compliance

The Audit Committee had considered and monitored the operation of the company to be in accordance with regulations of the company and SEC, including laws or any relevant rules and regulations to ensure that the company had complied with the abovementioned rules and regulations.

- Auditor

The Audit Committee had considered the qualification, independency, performance and remunerations of auditors and proposed the appointment of auditors and set appropriate remunerations of auditors and the Board of Directors.

- Connected transactions and transactions with conflict of interest

The Audit Committee had considered the connected transactions or transactions that may have conflict of interest that had been informed by the company. They had considered those transactions with rational, transparency, disclosure, including regulations before proposing to the Board of Directors.

The Audit Committee stated that the company had conducted the financial statement with appropriateness and disclosed them with adequacy and in accordance with GAAP. Moreover, the company had efficient internal control system and the internal audit had been performed appropriately, including they had efficient risk management and monitored that the company's operation had operated in accordance with relevant rules and regulations. The Audit Committee also monitored the performance of auditors to ensure their independence and that the connected transactions or transactions with conflict of interests had rational, transparent and sufficient disclosure.

Thakol Nunthirapakorn, Ph.D.
Chairman of the Audit Committee



Ratchthani Leasing Public Company Limited
Report and financial statements
31 December 2012



Independent Auditor's Report

To the Shareholders of Ratchthani Leasing Public Company Limited

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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



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

Opinion

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

Other matter

The financial statements of Ratchthani Leasing Public Company Limited for the year ended 31 December 2011 were audited by another auditor of our office who, under her report dated 22 February 2012, expressed an unqualified opinion on those financial statements.

Somjai Khunapasut

Certified Public Accountant (Thailand) No. 4499

Ernst & Young Office Limited

Bangkok: 19 February 2013

**Ratchthani Leasing Public Company Limited****Statements of financial position****As at 31 December 2012**

		(Unit: Baht)	
	Note	2012	2011
Assets			
Current assets			
Cash and cash equivalents	6	177,821,083	20,211,582
Current portion of hire purchase receivables - net	7	6,357,841,062	4,320,245,148
Current portion of financial lease receivables - net	8	57,768,838	46,371,618
Other receivables		20,426,822	13,286,840
Property foreclosed - net	10	24,975,229	14,351,058
Undue input vat		32,925,005	3,208,350
Other current assets		8,290,596	8,517,676
Total current assets		6,680,048,635	4,426,192,272
Non-current assets			
Restricted bank deposits	11	300,000	30,744,294
Hire purchase receivables - net of current portion	7	12,300,687,862	7,731,590,305
Financial lease receivables - net of current portion	8	149,661,152	80,681,587
Other long-term investment		240,381	188,697
Investment properties	12	19,326,498	19,326,498
Land, building and equipment - net	13	47,074,273	45,163,284
Intangible assets - net	14	6,046,490	7,876,895
Other non-current assets		5,911,009	12,024,891
Total non-current assets		12,529,247,665	7,927,596,451
Total assets		19,209,296,300	12,353,788,723

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

**Ratchthani Leasing Public Company Limited****Statements of financial position (continued)****As at 31 December 2012**

		(Unit: Baht)	
	Note	2012	2011
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans from financial institutions			
Related parties	15	-	1,425,116,177
Unrelated parties	15	4,509,813,257	200,000,000
Short-term loans			
Related person and related parties	16	354,000,000	295,500,000
Unrelated persons and unrelated parties	16	1,142,792,241	646,800,000
Other payables	17	246,027,679	46,633,835
Accrued interest		82,060,190	2,926,612
Current portion of long-term loans			
Related parties	18	-	2,498,925,066
Unrelated parties	18	156,800,000	506,676,400
Current portion of hire purchase and financial lease payables	20	3,853,085	2,124,899
Income tax payable		75,120,404	51,755,487
Other current liabilities		38,942,842	52,400,432
Total current liabilities		6,609,409,698	5,728,858,908
Non-current liabilities			
Hire purchase and financial lease payables			
- net of current portion	20	8,550,021	3,907,113
Long-term loans - net of current portion			
Related parties	18	-	3,945,239,722
Unrelated parties	18	1,097,200,000	546,947,000
Debentures	19	8,980,822,763	-
Provision for long-term employee benefits	21	9,201,848	6,685,272
Total non-current liabilities		10,095,774,632	4,502,779,107
Total liabilities		16,705,184,330	10,231,638,015

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

**Ratchthani Leasing Public Company Limited****Statements of financial position (continued)****As at 31 December 2012**

		(Unit: Baht)	
	Note	2012	2011
Shareholders' equity			
Share capital			
Registered			
1,342,349,708 ordinary shares of Baht 1 each			
(2011: 1,809,706,480 ordinary shares			
of Baht 1 each)	22	1,342,349,708	1,809,706,480
Issued and fully paid-up			
1,342,349,708 ordinary shares of Baht 1 each	22	1,342,349,708	1,342,349,708
Share premium	22	319,888,163	319,888,163
Retained earnings			
Appropriated - statutory reserve	23	70,117,814	45,607,814
Unappropriated		771,756,285	414,305,023
Total shareholders' equity		2,504,111,970	2,122,150,708
Total liabilities and shareholders' equity		19,209,296,300	12,353,788,723

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

**Ratchthani Leasing Public Company Limited****Cash flows statements****For the year ended 31 December 2012**

	(Unit: Baht)	
	2012	2011
Cash flows from operating activities		
Profit before income tax	618,303,333	308,052,674
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	9,912,872	7,687,576
Bad debts and doubtful accounts	81,236,914	126,085,337
Gain on sales of land, building and equipment	11,507	-
Impairment loss on property foreclosed (reversal)	3,541,391	(7,402,367)
Impairment loss on other receivables	-	647,813
Impairment loss on investments (reversal)	(51,684)	28,764
Increase in provision for long-term employee benefits	2,545,276	3,976,309
Interest income	(1,376,788,799)	(977,176,992)
Interest expenses	672,666,570	538,939,861
Profit from operating activities before changes in operating assets and liabilities	11,377,380	838,975
Operating assets (increase) decrease		
Hire purchase receivables	(6,821,985,982)	(3,015,313,670)
Financial lease receivables	(80,688,082)	(7,286,959)
Other receivables	(7,139,982)	(3,431,678)
Property foreclosed	(14,165,561)	29,609,469
Other current assets	(41,547,215)	(5,642,880)
Other non-current assets	6,113,881	(988,619)
Operating liabilities increase (decrease)		
Other payables	199,365,144	25,091,796
Other current liabilities	(13,411,453)	18,316,449
Cash flows used in operating activities	-6,762,081,870	-2,958,807,117
Cash received from interest	1,511,155,693	1,061,064,732
Cash paid for corporate income tax	-105,589,179	-91,778,637
Net cash flows used in operating activities	-5,356,515,356	-1,989,521,022

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

**Ratchthani Leasing Public Company Limited****Cash flows statements (continued)****For the year ended 31 December 2012**

	(Unit: Baht)	
	2012	2011
Cash flows from investing activities		
Decrease in restricted bank deposits	30,444,294	8,025,308
Cash paid for acquisition of land, building and equipment	(1,685,533)	(4,360,145)
Cash paid for acquisition of intangible assets	(631,300)	(659,000)
Proceeds from sales of land, building and equipment	765,470	-
Net cash from investing activities	28,892,931	3,006,163
Cash flows from financing activities		
Increase in bank overdrafts and short-term loans		
from financial institutions	2,816,858,692	648,863,473
Increase in short-term loans	549,728,492	561,800,000
Cash received from long-term loans	2,910,000,000	3,830,000,000
Repayment for long-term loans	(9,153,788,189)	(3,136,970,665)
Cash received from issuance of debentures	8,975,868,022	-
Repayment for hire purchase and financial lease payables	(2,082,505)	(1,891,580)
Cash received from issued additional share capital	-	664,994,631
Dividend payment	(107,387,976)	(24,677,874)
Cash paid for interest	(503,964,610)	(553,950,934)
Net cash flows from financing activities	5,485,231,926	1,988,167,051
Net increase in cash and cash equivalents	157,609,501	1,652,192
Cash and cash equivalents at beginning of year	20,211,582	18,559,390
Cash and cash equivalents at end of year	177,821,083	20,211,582

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

**Ratchthani Leasing Public Company Limited****Statements of comprehensive income****For the year ended 31 December 2012**

		(Unit: Baht)	
	Note	2012	2011
Profit or loss:			
Revenues			
Hire purchase interest income		1,364,514,963	966,669,278
Financial leases interest income		12,273,836	10,507,714
Fees and service income		95,387,422	63,558,718
Other income		111,304,928	80,352,618
Total revenues		1,583,481,149	1,121,088,328
Expenses			
Selling expenses	24	42,218,635	31,466,735
Administrative expenses	24	169,055,697	116,543,721
Bad debts and doubtful accounts	9, 24	81,236,914	126,085,337
Total expenses		292,511,246	274,095,793
Profit before finance cost and corporate income tax		1,290,969,903	846,992,535
Finance cost		(672,666,570)	(538,939,861)
Profit before corporate income tax		618,303,333	308,052,674
Corporate income tax	25	(128,954,095)	(103,182,811)
Profit for the year		489,349,238	204,869,863
Other comprehensive income for the year:		-	-
Total comprehensive income for the year		489,349,238	204,869,863
Earnings per share	26		
Basic earnings per share		0.36	0.21

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



Ratchthani Leasing Public Company Limited
Statements of changes in shareholders' equity
For the year ended 31 December 2012

	(Unit: Baht)			
	Issued and fully paid-up share capital		Retained earnings	
		Share premium	Appropriated - statutory reserve	Unappropriated
				shareholders' equity
Balance as at 1 January 2011	822,593,906	92,390,000	35,357,814	326,622,368
Issued additional share capital (Note 22)	437,496,468	227,498,163	-	-
Appropriated statutory reserve	-	-	10,250,000	(10,250,000)
Dividend payment (Note 22 and 27)	82,259,334	-	-	(106,937,208)
Total comprehensive income for the year	-	-	-	204,869,863
Balance as at 31 December 2011	1,342,349,708	319,888,163	45,607,814	414,305,023
Balance as at 1 January 2012	1,342,349,708	319,888,163	45,607,814	414,305,023
Appropriated statutory reserve	-	-	24,510,000	(24,510,000)
Dividend payment (Note 27)	-	-	-	(107,387,976)
Total comprehensive income for the year	-	-	-	489,349,238
Balance as at 31 December 2012	1,342,349,708	319,888,163	70,117,814	771,756,285

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

**Ratchthani Leasing Public Company Limited****Notes to financial statements****For the year ended 31 December 2012****1. Corporate information**

Ratchthani Leasing Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its parent company is Thanachart Bank Public Company Limited, a public limited company existing under Thai laws. The parent company of the Group is Thanachart Capital Public Company Limited, a public limited company also existing under Thai laws. The Company is principally engaged in the providing financial services specifically hire-purchase and leasing. The Company's registered address is 77/35-36, 11 UP and 14 Floor, Sinsatorn Tower, Krungdhonburi, Klongtonsai, Klongsarn, Bangkok.

2. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. New accounting standards not yet effective

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

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates



Financial Reporting Standard:

TFRS 8 Operating Segments

Accounting Standard Interpretations:

SIC 10 Government Assistance - No Specific Relation to Operating Activities

SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

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

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for TAS 12 Income Taxes.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines. The management of the Company expects the adoption of this accounting standard to have the effect of increasing the Company's brought-forward retained earnings of the year 2013 by approximately Baht 17 million (Baht 0.01 per share) and decreasing profit or loss of the year 2012 by approximately Baht 10 million (Baht 0.01 per share).

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

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

The management of the Company has assessed and believes that these accounting treatment guidance, accounting standard interpretations and financial reporting standard interpretations are not relevant to the business of the Company.



4. Significant accounting policies

4.1 Revenue recognition

a) Interest income under hire purchase and financial lease

Interest income under hire purchase and financial lease are recognised on an accrual basis, as the following.

- For the contracts originated before 1 January 2008, the Company recognised income by using sum of the digits method.
- For the contracts originated on or after 1 January 2008, the Company recognised income by using effective interest method.

The Company cease accruing income for receivables which installment payment have been defaulted for more than three installments past the due date. Interest is then recognised as income on a cash basis until settlement of such overdue balance has been received.

Interest income received in advance, represents discounts on interest granted to the debtors by dealers, is recognised as income based on the effective interest method, in the same manner as interest income recognised on hire purchase receivable.

b) Fees and service income

Fees and service income are recognised when services have been rendered.

4.2 Expense recognition

a) Interest expenses

Interest expenses are charged to expenses on an accrual basis.

b) Commission and expenses charged on hire purchase/financial leases

For hire purchase/financial lease contracts originating on or after 1 January 2008, initial direct expenses at the inception of a hire purchase/financial lease contract (i.e. commission expenses and stamp duty expenses) are to be deferred and amortised using the effective interest method, with amortisation deducted from interest income throughout the contract period, in order to reflect the effective rate of return on the contracts. The Company recognised all deferred initial direct expenses as expenses when the receivables are more than three installments overdue.

Unearned income on hire purchase/financial leases is presented net of commission expenses and initial direct costs at the inception of the contracts.



4.3 Cash and cash equivalents

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

4.4 Hire purchase and financial lease receivables

Hire purchase and financial lease receivables are stated at the contract value net of unearned income, which is presented after netting initial direct costs at the inception of the contracts.

4.5 Allowance doubtful accounts

The Company provides allowance for doubtful accounts for hire purchase and financial lease receivables based on the amount of debts that may not be collectible, determined by analysis of the current status of the receivables. Allowance for doubtful accounts is provided based on the loan balances net of collateral value for receivables overdue by no more than 3 installments, and without deducting collateral value for receivables that overdue by more than 3 installments, receivables under debt compositions and legal receivables

	<u>Provisioning rate</u>
Normal loans and past due 1 installment	1
Past due more than 1 installments	2
Past due more than 3 installments	20
Past due more than 6 installments	50
Past due more than 12 installments	100

Bad debt and doubtful accounts will be recognised in part of profit or loss in the statement of comprehensive income. The Company has policy to write-off its receivables when the court judges the receivables and guarantors to repay a debt to the Company but the Company cannot seize the property or enforce. Amounts written off as bad debts is deducted from allowance for doubtful accounts, and bad debt recovery is recognised as other income.



4.6 Property foreclosed

Property foreclosed is stated at the lower of cost or net realisable value.

Gains (losses) on disposal of property foreclosed are recognised in part of profit or loss in the statement of comprehensive income on disposal date.

Impairment loss of property foreclosed are recognised as expenses in part of profit or loss in operating activities.

4.7 Investments

Investments in non-marketable equity securities, which are classified as other investments, are stated at cost net of allowance for loss on impairment (if any).

4.8 Investment properties

Investment properties are measured initially at cost. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any).

4.9 Land, building and equipment and depreciation

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

Depreciation of building and equipment is calculated with reference to their costs on the straight-line basis over the following estimated useful lives:

Condominium units	-	20 years
Building improvement	-	5 years
Furniture, fixtures and equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation/construction.

An item of land, building and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising on disposal of an asset is recognised in part of profit or loss when the assets is derecognised.



4.10 Intangible assets

Intangible assets are initially measured at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

The Company amortised intangible assets with finite lives on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expenses are recognised as expenses in part of profit or loss.

Intangible assets with finite useful lives have useful lives of approximately 5 years.

4.11 Related party transactions

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

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

4.12 Long-term leases

Leases that transfer substantially all the risks and rewards of ownership to the Company is classified as financial leases. Financial leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as liabilities, while the interest element is charged to profit or loss over the lease period. Assets acquired under finance leases are depreciated over their estimated useful lives.

Long-term lease not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Moreover, payments made under operating leases are recognised as expenses in part of profit or loss over the term of the leases on the straight-line basis.



4.13 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the land, building and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.14 Employee benefits

a) Short-term employee benefits

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

b) Post-employment benefits (Defined contribution plans)

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

c) Post-employment benefits (Defined benefit plans)

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

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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



4.15 Provisions

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

4.16 Income tax

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

5. Significant accounting judgements and estimates

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

Allowance for doubtful accounts for hire purchase/financial lease receivables

In determining an allowance for doubtful accounts for hire purchase and financial lease receivables, the management needs to make judgement and estimates the probable losses based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Land, building and equipment and depreciation

In determining depreciation of building and equipment, the management is required to make estimates of the useful lives and residual values of the building and equipment and to review estimate useful lives and residual values when there are any changes.



Post-employment benefits under defined benefit plans

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

Leases

In determining the type of lease which are operating or finance lease, the management is required to make estimates of conditions and the detail of lease agreement for considering that all the risks and rewards are transferred to the Company or not.

6. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2012	2011
Cash	126	1,001
Bank deposits	177,695	19,211
Total	177,821	20,212

As at 31 December 2012, bank deposits in saving and fixed accounts are carried interests between 0.62 and 2.00 percent per annum (2011: between 0.50 and 2.00 percent per annum).

7. Hire purchase receivables

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

	(Unit: Thousand Baht)		
	2012		
	Amounts due under the agreement		
	Due within 1 year ⁽¹⁾	Due over 1 year	Total
Hire purchase receivables			
Contracts before 2008	7,798	-	7,798
Contracts on or after 2008	8,218,836	13,843,960	22,062,796
Total	8,226,634	13,843,960	22,070,594
Less: unearned financial income ⁽²⁾	(1,530,654)	(1,529,395)	(3,060,049)
Less: Allowance for doubtful accounts	(338,139)	(13,877)	(352,016)
Hire purchase receivables - net	6,357,841	12,300,688	18,658,529

(1) The current portion of hire purchase receivables included receivables for which revenue recognition has ceased.

(2) Presented net of deferred initial direct costs of hire-purchase.



(Unit: Thousand Baht)

	2011		
	Amounts due under the agreement		
	Due within	Due over	Total
	1 year ⁽¹⁾	1 year	
Hire purchase receivables			
Contracts before 2008	62,026	71	62,097
Contracts on or after 2008	5,535,734	8,645,281	14,181,015
Total	5,597,760	8,645,352	14,243,112
Less: unearned financial income ⁽²⁾	(980,333)	(907,224)	(1,887,557)
Less: Allowance for doubtful accounts	(297,182)	(6,538)	(303,720)
Hire purchase receivables - net	4,320,245	7,731,590	12,051,835

(1) The current portion of hire purchase receivables included receivables for which revenue recognition has ceased.

(2) Presented net of deferred initial direct costs of hire-purchase.

7.2 As at 31 December 2012 and 2011, the average contract period of the Company's hire purchase receivables are 36 - 72 installments and equally installment payment with interest charged at the fixed rate as specified in the contracts. The hire purchase receivable classify by due date are as follows:

(Unit: Thousand Baht)

	2012			
	Amounts due under the agreements			
	Less than			
	1 year ⁽¹⁾	1-5 years	Over 5 years	Total
Gross investment in the agreements	8,226,634	13,829,842	14,118	22,070,594
Less: Unearned financial income	(1,530,654)	(1,529,085)	(310)	(3,060,049)
Present value of the minimum lease payments				
receivables	6,695,980	12,300,757	13,808	19,010,545

(1) Included receivables for which revenue recognition has ceased.

(Unit: Thousand Baht)

	2011			
	Amounts due under the agreements			
	Less than			
	1 year ⁽¹⁾	1-5 years	Over 5 years	Total
Gross investment in the agreements	5,597,760	8,611,158	34,194	14,243,112
Less: Unearned financial income	(980,333)	(906,238)	(986)	(1,887,557)
Present value of the minimum lease payments				
receivables	4,617,427	7,704,920	33,208	12,355,555

(1) Included receivables for which revenue recognition has ceased.



7.3 As at 31 December 2012 and 2011, the balances of hire purchase receivables are classified by aging of installments past due and allowance for doubtful accounts as follows:

(Unit: Thousand Baht)

Age of receivables	2012				
	Number of contracts	Hire purchase receivables - net of unearned financial income	Hire purchase receivables - net of unearned financial income and collateral value ⁽¹⁾	Rate of allowance for doubtful accounts	Allowance for doubtful accounts
<u>Hire purchase receivables</u>					
Not yet due	25,104	14,497,278	1,379,162	1%	13,792
Past due 1 installment	4,756	2,465,905	228,661	1%	2,287
Past due more than 1 installments	3,575	1,609,863	114,705	2%	2,294
Past due more than 3 installments	365	183,945	183,945	20%	36,789
Past due more than 6 installments	126	49,952	49,952	50%	24,976
Past due more than 12 installments	127	47,709	47,709	100%	47,709
Court judge receivables	214	138,138	138,138	100%	138,138
Total	34,267	18,992,790	2,142,272		265,985
<u>Legal receivables</u>					
Not yet due	9	2,115	2,115	100%	2,115
Past due 1 installment	5	1,656	1,656	100%	1,656
Past due more than 1 installments	7	2,153	2,153	100%	2,153
Past due more than 3 installments	4	729	729	100%	729
Past due more than 6 installments	6	2,029	2,029	100%	2,029
Past due more than 12 installments	18	9,073	9,073	100%	9,073
Total	49	17,755	17,755		17,755
Allowance for doubtful accounts					
- additional provision for uncollectible receivables					68,276
Total	34,316	19,010,545	2,160,027		352,016

(1) Hire purchase receivables that are more than 3 installments past due, court judge receivables and receivables under legal process are presented after deduction of unearned financial income, without deducting collateral value.



(Unit: Thousand Baht)

2011					
Age of receivables	Number of contracts	Hire purchase receivables - net of unearned financial income	Hire purchase receivables - net of unearned financial income and collateral value ⁽¹⁾	Rate of allowance for doubtful accounts	Allowance for doubtful accounts
<u>Hire purchase receivables</u>					
Not yet due	17,028	8,747,857	692,060	1%	6,921
Past due 1 installment	3,540	1,559,813	116,858	1%	1,169
Past due more than 1 installments	3,781	1,581,599	114,038	2%	2,281
Past due more than 3 installments	531	224,791	224,791	20%	44,958
Past due more than 6 installments	148	82,759	82,759	50%	41,379
Past due more than 12 installments	59	31,331	31,331	100%	31,331
Court judge receivables	166	91,672	91,672	100%	91,672
Total	25,253	12,319,822	1,353,509		219,711
<u>Legal receivables</u>					
Not yet due	15	3,657	3,657	100%	3,657
Past due 1 installment	5	1,435	1,435	100%	1,435
Past due more than 1 installments	3	366	366	100%	366
Past due more than 3 installments	9	4,215	4,215	100%	4,215
Past due more than 6 installments	12	5,744	5,744	100%	5,744
Past due more than 12 installments	35	20,316	20,316	100%	20,316
Total	79	35,733	35,733		35,733
Allowance for doubtful accounts					
- additional provision for uncollectible receivables					
					48,276
Total	25,332	12,355,555	1,389,242		303,720

(1) Hire purchase receivables that are more than 3 installments past due, court judge receivables and receivables under legal process are presented after deduction of unearned financial income, without deducting collateral value.

7.4 As at 31 December 2012, the Company had hire purchase receivables amounting to approximately Baht 437.50 million, for which revenue recognition has ceased (2011: Baht 466.29 million).

7.5 The notification of the Institute of Certified Accountants and Auditors of Thailand, approved by the Office of the Securities and Exchange Commission, lays down an accounting guideline for the consumer finance business. This requires that full allowance be recorded for doubtful accounts without taking collateral value into account and recognition of revenue cease for accounts receivable which are overdue by more than three installments, and general allowance be provided for accounts receivable which are not overdue or overdue by no more than three installments, or use an alternative method where the Company believes that this would be more appropriate. The Company estimates allowance for doubtful accounts based on consideration of the current status of receivables, their ability to make payment, past experience and historical



data on actual losses on collection, and believes that rates currently used to set allowance for doubtful accounts are appropriate.

- 7.6 As at 31 December 2011, the Company had assigned collection rights over hire purchase receivables with outstanding balances of Baht 11,344.35 million (balance before net of unearned financial income) in order to secure credit facilities granted by commercial banks as discussed in Note 15 and Note 18, and during 2012 the Company has already redeemed all collaterals.

8. Financial lease receivables

- 8.1 As at 31 December 2012 and 2011, the balances of financial lease receivables are as follows:

(Unit: Thousand Baht)

	2012		
	Amounts due under the agreement		
	Within 1 year	1 - 5 years	Total
Financial lease receivables	71,573	166,933	238,506
Less: Unearned financial income ⁽¹⁾	(13,755)	(17,147)	(30,902)
Less: Allowance for doubtful accounts	(49)	(125)	(174)
Financial lease receivables - net	57,769	149,661	207,430

(1) Presented net of deferred initial direct costs of financial leases

(Unit: Thousand Baht)

	2011		
	Amounts due under the agreement		
	Within 1 year	1 - 5 years	Total
Financial lease receivables	54,276	90,874	145,150
Less: Unearned financial income ⁽¹⁾	(7,873)	(10,139)	(18,012)
Less: Allowance for doubtful accounts	(31)	(54)	(85)
Financial lease receivables - net	46,372	80,681	127,053

(1) Presented net of deferred initial direct costs of financial leases

As at 31 December 2012 and 2011, the average contract period of the Company's financial lease receivables are 36 - 60 installments and equally installment payment with interest charged at the fixed rate as specified in the contracts.



- 8.2 As at 31 December 2012 and 2011, the balances of financial lease receivables are classified by aging of installments past due and allowance for doubtful accounts as follows:

(Unit: Thousand Baht)

2012					
Age of receivables	Number of contracts	Financial lease receivables - net			
		Financial lease receivables - net of unearned financial income	of unearned financial income and collateral value	Rate of allowance for doubtful accounts	Allowance for doubtful accounts
Not yet due	158	192,186	14,788	1%	148
Past due 1 installment	3	5,041	802	1%	8
Past due 2 - 3 installments	4	10,377	925	2%	18
Total	165	207,604	16,515		174

(Unit: Thousand Baht)

2011					
Age of receivables	Number of contracts	Financial lease receivables - net			
		Financial lease receivables - net of unearned financial income	of unearned financial income and collateral value	Rate of allowance for doubtful accounts	Allowance for doubtful accounts
Not yet due	148	123,064	8,155	1%	81
Past due 1 installment	4	3,269	375	1%	4
Past due 2 - 3 installments	1	805	-	2%	-
Total	153	127,138	8,530		85

- 8.3 As at 31 December 2012 and 2011, the Company had none financial lease receivables for which revenue recognition has ceased.

9. Allowance for doubtful accounts

Movements of allowance for doubtful accounts of hire purchase and financial lease receivables as at 31 December 2012 and 2011 are as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2012	2011
Balance beginning of the year	303,805	210,400
Add: Doubtful account increase during the year	81,237	126,085
Less: Bad debt written - off	(32,852)	(32,680)
Balance end of the year	352,190	303,805



10. Property foreclosed

(Unit: Thousand Baht)

For the year ended 31 December 2012			
	Balance - beginning of the year	Additions	Disposals
Cost	19,135	165,245	(151,080)
Less: Allowance for impairment	(4,784)	(3,541)	-
Net	14,351	161,704	(151,080)

(Unit: Thousand Baht)

For the year ended 31 December 2011			
	Balance - beginning of the year	Additions	Disposals
Cost	48,744	99,107	(128,716)
Less: Allowance for impairment	(12,186)	-	7,402
Net	36,558	99,107	(121,314)

11. Restricted bank deposits

As at 31 December 2012, a fixed deposit of the Company was pledged as collateral against the bank's overdraft facilities (2011: Savings and current accounts were pledged as collateral against credit facilities, as described in Note 18 to the financial statements, and fixed deposits were pledged as collateral against overdraft facilities as described in Note 15 to the financial statements).

12. Investment properties

The investment properties represent land which currently undetermined future use. As at 31 December 2012, the fair values of investment properties amounted to Baht 29.5 million determined based on market price performed by an independent valuer.



13. Land, buildings and equipment

(Unit: Thousand Baht)

For the year ended 31 December 2012							
			Furniture,				
	Land	Condominium units	Building improvement	fixtures and equipment	Motor vehicles	Work in process	Total
Cost							
1 January 2011	5,890	32,718	5,786	13,513	14,584	202	72,693
Additions	-	-	180	1,268	8,691	-	10,139
Disposals/written off	-	-	-	(836)	(880)	-	(1,716)
31 December 2012	5,890	32,718	5,966	13,945	22,395	202	81,116
Accumulated depreciation							
1 January 2011	-	7,084	4,149	9,216	7,081	-	27,530
Depreciation during the year	-	1,478	708	1,912	3,354	-	7,452
Disposals/written off	-	-	-	(765)	(175)	-	(940)
31 December 2012	-	8,562	4,857	10,363	10,260	-	34,042
Net book value							
31 December 2012	5,890	24,156	1,109	3,582	12,135	202	47,074
Depreciation charge for the year							7,452

(Unit: Thousand Baht)

	For the year ended 31 December 2011						
				Furniture,			
	Land	Condominium units	Building improvement	fixtures and equipment	Motor vehicles	Work in process	Total
Cost							
1 January 2011	5,890	32,718	5,080	11,570	12,935	140	68,333
Additions	-	-	706	1,943	1,649	62	4,360
31 December 2011	5,890	32,718	5,786	13,513	14,584	202	72,693
Accumulated depreciation							
1 January 2011	-	5,611	3,560	7,536	4,433	-	21,140
Depreciation during the year	-	1,473	589	1,680	2,648	-	6,390
31 December 2011	-	7,084	4,149	9,216	7,081	-	27,530
Net book value							
31 December 2011	5,890	25,634	1,637	4,297	7,503	202	45,163
Depreciation charge for the year							6,390



As at 31 December 2012, certain building and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 6.83 million (2011: Baht 6.47 million).

As at 31 December 2011, the Company has mortgaged assets with net book value amounting to Baht 17 million as collateral against long-term loans from financial institutions, as described in Note 18 to the financial statements. During 2012, the Company has already redeemed all collaterals.

14. Intangible assets

The intangible assets are computer software which presented below.

(Unit: Thousand Baht)

For the year ended 31 December 2012				
	Balance - beginning of the year	Additions	Amortised	Balance - end of the year
Cost	12,262	631	-	12,893
Less: Accumulated amortisation	(4,385)	-	(2,462)	(6,847)
Net book value	7,877	631	(2,462)	6,046
Amortisation during the year				2,462

(Unit: Thousand Baht)

For the year ended 31 December 2011				
	Balance - beginning of the year	Additions	Amortised	Balance - end of the year
Cost	12,177	85	-	12,262
Less: Accumulated amortisation	(3,088)	-	(1,297)	(4,385)
Net book value	9,089	85	(1,297)	7,877
Amortisation during the year				1,297



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

(Unit: Thousand Baht)			
	Interest rate	2012	2011
Related party			
Overdrafts	Float	-	15,116
Short-term loans from financial institution			
- promissory notes	Fixed	-	1,410,000
Total		-	1,425,116
Unrelated party			
Short-term loans - promissory notes	Fixed	500,000	200,000
Bill of exchange	Fixed	4,009,813	-
Total		4,509,813	200,000

As at 31 December 2012, the Company had short-term loans from an unrelated party in the form of promissory notes with maturities as stipulated in each of the notes. Interest is payable monthly. The relevant agreements contain certain terms and conditions, such as a requirement to maintain a debt to equity ratio of not more than 10:1. (2011: a debt to equity ratio not higher than 8:1). In addition, the Company had loans in the form of bills of exchange with maturities as stipulated on each of the bills.

As at 31 December 2011, the Company had loans from a related party in the form of promissory notes, under which both principal and interest are due within 90 days from the issue date. The loans are secured by the transfer of car registrations and the assignment of collection rights over hire purchase receivables of the Company, as well as the assignment of rights over deposit accounts and comply with terms and conditions of the agreement. The loan agreements contain certain terms and conditions, pertaining to matters such as maintenance of a debt to equity ratio not higher than 8:1, and maintenance of non-performing receivables (over 3 installments past due) at not more than 10 percent of total hire purchase receivables. During the year 2012, the Company repaid all of the short-term loans.

As at 31 December 2012, the short-term credit facilities of the Company which has not yet drawn down amounted to Baht 2,500 million.

16. Short-term loans

As at 31 December 2012, these short-term loans are in the form of promissory notes or bill of exchange with related parties and unrelated parties. They have fixed interest rates and principal are payable as stipulated in each of the note (2011: loans were in the form of promissory notes with fixed interest rate and principal were payable at call).



17. Other payables

	(Unit: Thousand Baht)	
	2012	2011
Payables for car purchase	204,657	21,379
Other payables - insurance premium payable	31,153	13,100
Other payables	3,142	2,804
Accrued expenses	7,076	9,351
Total other payables	246,028	46,634

18. Long - term loans

	(Unit: Thousand Baht)	
	2012	2011
a) A long-term credit facility from a parent company amounting to Baht 18.4 million, with principal and interest repayable in monthly installments of at least Baht 400,000 each. Interest charged at the rate of MLR less fixed percent per annum.	-	5,470
b) A long-term syndicated credit facilities amounting to Baht 2,000 million, with 80% provided by a parent company and 20% by another bank, repayable in 42 monthly installments from the date of loan drawdown, with interest at average MLR less a fixed percent per annum, payable monthly		
- Parent company	-	23,426
- Other bank	-	5,856
c) A long-term syndicated credit facilities amounting to Baht 3,500 million from a parent company and another two banks, repayable in 48 monthly installments from the date of loan drawdown, with interest at the average MLR less a fixed percentage per annum, payable monthly		
- Parent company	-	917,927
- Other banks	-	772,967
d) A long-term credit facility from a parent company amounting to Baht 6,900 million, repayable in 48 monthly installments from the date of loan drawdown, with interest at average MLR less a fixed percent per annum, payable monthly.	-	4,265,445
e) A long-term credit facility from a parent company amounting to Baht 1,800 million, repayable in 48 monthly installments from the date of loan drawdown, with interest at the rate of MLR less fixed percent per annum, payable monthly	-	1,231,897



		(Unit: Thousand Baht)	
		2012	2011
f)	A long-term credit facility from a bank amounting to Baht 300 million, repayable in 36 monthly installments from the date of loan drawdown, with interest at fixed percent per annum, payable monthly	174,000	274,800
g)	A long-term credit facility from a bank amounting to Baht 800 million, repayable wholly amount within 3 years from the date of loan drawdown, with interest at fixed percent per annum, payable monthly	800,000	-
h)	A long-term credit facility from a bank amounting to Baht 280 million, repayable in 10 quarterly installments, with interest at the rate of MLR less fixed percentage per annum, payable monthly	280,000	-
Total		1,254,000	7,497,788
Less: Current portion due within one year			
	- Related company - parent company	-	(2,498,925)
	- Unrelated company	(156,800)	(506,676)
Long-term loans - net of current portion		1,097,200	4,492,187

As at 31 December 2011, the long-term loans described in a) to e) were secured by the mortgage of the Company's condominium units, the assignment of collection rights over hire purchase receivables of the Company, or the assignment of collection rights over bank deposit accounts and related interest. In addition, the Company had to comply with certain terms and conditions stipulated in the loan agreements, such as maintenance of debt to equity and non-performing receivables ratios. However, during 2012, the Company made early repayment of the long-term loans described in a) to e), and therefore redeemed the collateral and released all the conditions.

The outstanding long-term loan agreements described in f) to h) as at 31 December 2012 require the Company to comply with certain terms and conditions of each agreement, including maintenance of a debt to equity ratio of not more than 10:1.

In addition, as at 31 December 2012, the long-term credit facilities of the Company which has not yet been drawdown from parent company amounting to Baht 1,600 million.



Movements in the long-term loans account during the year ended 31 December 2012 are summarised below.

	(Unit : Thousand Baht)
Balance as at 1 January 2012	7,497,788
Add: Loans drawdown during the year	2,910,000
Less: Loans repayment during the year	(9,153,788)
Balance as at 31 December 2012	1,254,000

19. Debentures

					(Unit: Thousand Baht)	
Debenture	Debenture period	Date of issue	Maturity date	Interest rate	2012	2011
					(% p.a.)	
1	2 years	27 April 2012	27 April 2014	4.90	2,000,000	-
2	3 years	27 April 2012	27 April 2015	5.20	1,500,000	-
3	4 years	27 April 2012	27 April 2016	5.50	2,500,000	-
4	4 years	1 November 2012	1 November 2016	5.00	3,000,000	-
Total					9,000,000	-
Less: Deferred debentures issuing costs					(19,177)	-
Debentures					8,980,823	-

All debentures of the Company are registered, unsubordinated, unsecured debentures with trustees. Interest is payable every 3 months throughout the life of the debentures, and the Company has to comply with certain terms and conditions, such as maintenance of a debt to equity ratio of not more than 10:1 throughout the life of the debentures. In addition, the Company can early redeem the debentures if met the certain specified conditions.

20. Liabilities under hire purchase and finance lease agreements

	(Unit: Thousand Baht)	
	2012	2011
Liabilities under hire purchase and finance lease agreements	13,537	6,480
Less : Deferred interest expenses	(1,134)	(448)
Total	12,403	6,032
Less : Portion due within one year	(3,853)	(2,125)
Liabilities under hire purchase and finance lease agreements - net of current portion	8,550	3,907



The Company has entered into the hire purchase and finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

As at 31 December 2012, the Company had commitment to pay minimum lease payments under the hire purchase and finance lease agreements were as follows:

(Unit: Thousand Baht)

	Less than 1 year	1-5 years	Total
Minimum lease payments	4,366	9,171	13,537
Deferred interest expenses	(513)	(621)	(1,134)
Present value of minimum lease payments	3,853	8,550	12,403

21. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	For the years ended 31 December	
	2012	2011
Beginning balance of employee benefits	6,685	2,709
Current service cost	855	350
Interest cost	307	127
Benefit paid during the year	(29)	-
Actuarial losses on defined benefit plans	1,384	3,499
Ending balance of employee benefit	9,202	6,685

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

(Unit: Thousand Baht)

	For the years ended 31 December	
	2012	2011
Current service cost	855	350
Interest cost	307	127
Actuarial loss recognised during the year		
- Assumption change adjustments	880	2,888
- Experience adjustments	504	611
Total expense recognised in profit or loss		
(Selling and administrative expenses)	2,546	3,976

Principal actuarial assumptions at the valuation date were as follows:



	2012	2011
	(% per annum)	(% per annum)
Discount rate	4.28	4.07
Future salary increase rate (depending on age of employee)	6.79	7.35
Staff turnover rate (depending on age of employee)	3 - 13	5 - 15

22. Share capital

On 4 April 2011, the Annual General Meeting of the Company's shareholders approved to increase the Company's registered share capital by Baht 82.3 million (82.3 million ordinary shares of Baht 1 each) from the registered share capital of Baht 822.6 million to Baht 904.9 million (904.9 million ordinary shares of Baht 1 each) to reserve for the stock dividend issues. The Company registered the share capital increase with the Ministry of Commerce on 27 April 2011. In addition, the Annual General Meeting of Shareholders also approved to pay a cash dividend of Baht 0.03 per share, and distribute a stock dividend of 82.3 million shares to the existing shareholders at a rate of 1 dividend share for every 10 shares held. This was equivalent to a dividend payment of Baht 0.13 per share.

On 13 September 2011, an Extraordinary General Meeting of the Company's Shareholders approved a decrease of Baht 56 in the registered share capital by canceling 56 ordinary registered but unissued shares, and approved an increase of Baht 904.9 million in the Company's registered capital to Baht 1,809.7 million (1,809.7 million ordinary shares of Baht 1 each), through the issuance of 904.9 million additional ordinary shares with a par value of Baht 1 each. The new shares were to be offered to the existing shareholders in a ratio of 1 new share for every 1 existing ordinary share (1:1) at a price of Baht 1.52 per share. The shareholders subscribed 437.4 million shares from the offering, resulting in an increasing in the registered share capital of the Company to Baht 1,342.3 million, and increasing the share premium to be Baht 319.89 million. The Company registered the increase in its issued and paid-up share capital with the Ministry of Commerce on 1 November 2011.

On 10 April 2012, the Annual General Meeting of Shareholders approved the allocation of net income for the year 2011 by allocated an amount of Baht 10.26 million to the statutory reserve and approved the canceling of the remaining share capital after issued 467,356,772 shares by decrease the registered share capital from Baht 1,809 million (1,809,706,480 ordinary shares of Baht 1 each) to Baht 1,342 million (1,342,349,708 ordinary shares of Baht 1 each). The Company registered the decrease in its share capital with the Ministry of Commerce on 20 April 2012.



23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

24. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)	
	2012	2011
Bad debt and doubtful account	81,237	126,085
Salary and wages and other employee benefits	125,104	92,542
Bank charges and service fee expenses	13,628	10,459
Loss from disposals of properties foreclosed	23,470	10,113
Depreciation	7,452	6,390
Legal fees	14,819	4,288

25. Corporate income tax

Corporate income tax was calculated on profit before corporate income tax, after adding back certain expenses and deducting certain income which are disallowed for tax computation purposes.

26. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year. The number of ordinary shares is adjusted for the proportionate change in the number of ordinary shares as a result of the issue of a stock dividend.

	For the years ended 31 December	
	2012	2011
Number of ordinary shares issued during the year (Thousand shares)	1,342,350	895,710
Number of stock dividends (Thousand shares)	-	82,259
Total (Thousand shares)	1,342,350	977,969
Profit for the year (Thousand Baht)	489,349	204,870
Earnings per share (Baht per share)	0.36	0.21



27. Dividend paid

	Approved by	Dividends (Million Baht)	Dividend per share (Baht)
Final dividend for 2010	Annual General Meeting of the shareholders on 4 April 2011	106.94	0.13
Final dividend for 2011	Annual General Meeting of the shareholders on 10 April 2012	107.39	0.08

28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The provident fund is managed by Kasikorn Asset Management Company Limited, which will be paid to employees upon termination in accordance with the fund rules. During the year 2012, the Company contributed Baht 2.8 million (2011: Baht 2.3 million) to the fund.

29. Segment information

The majorities of the operations of the Company involve mainly in the hire purchase and financial lease business, and are carried on in a single geographic area in Thailand. As a result, all revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry and geographic area.

30. Related party transactions

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

Name of related parties	Relationship with the Company
Thanachart Bank Public Company Limited	Parent company
SCIB Public Company Limited	Have common director and shareholder
Baan Rock Garden Public Company Limited	Have common director and shareholder
Citywood Company Limited	Have common director and shareholder



(Unit: Thousand Baht)

	For the years ended		
	31 December		Transfer pricing policy
	2012	2011	(For the year 2012)
<u>Transactions with related parties</u>			
Parent company - Thanachart Bank Plc.			
Interest expenses	204,684	100,499	As stipulated in agreements
Bank fee expenses	18,083	1,301	As stipulated in agreements
Rental expenses	211	35	As stipulated in agreements
Service fee expenses	240	-	As stipulated in agreements
The major shareholder - SCIB Plc.			
Interest expenses	-	334,831	
Bank fee expenses	-	2,368	
Rental expenses	-	176	
Related parties			
Interest expenses	2,858	2,054	As mutually agreed
Management, directors and related persons			
Interest expenses	11,532	9,026	As mutually agreed

As at 31 December 2012 and 2011, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)	
	2012	2011
Cash at Bank		
Parent company - Thanachart Bank Plc.	151,371	34,316
Bank overdrafts and short-term loans from financial institutions		
Parent company - Thanachart Bank Plc.	-	1,425,116
Short-term loans		
Related parties - Citywood Co., Ltd.	-	7,500
Related parties - Baan Rock Garden Plc.	100,000	50,000
Management, directors and related persons	254,000	238,000
Long-term loans		
Parent company - Thanachart Bank Plc.	-	6,444,165
Accrued interest expenses		
Parent company - Thanachart Bank Plc.	-	2,515
Accrued expenses		
Parent company - Thanachart Bank Plc.	57	3,814



During the year, movement of loans from related parties are as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2012			
	Balance beginning of the year	Increase	Decrease	Balance end of the year
<u>Short-term loans</u>				
Thanachart Bank Plc.	1,410,000	12,190,000	13,600,000	-
Baan Rock Garden Plc.	50,000	430,000	380,000	100,000
Citywood Co., Ltd.	7,500	-	7,500	-
Management, directors and related persons	238,000	644,500	628,500	254,000
<u>Long-term loans</u>				
Thanachart Bank Plc.	6,444,165	1,830,000	8,274,165	-

Directors and management's benefits

During the years 2012 and 2011, the Company had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	2012	2011
Short-term employee benefits	18,316	14,117
Post-employment benefits	377	447
Total	18,693	14,564

31. Commitments and contingent liabilities

31.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space and equipment. The terms of the agreements are generally between 1 to 5 years. As at 31 December 2012, future minimum lease payments required under these non-cancellable operating leases contracts are as follows.

(Unit: Thousand Baht)

Payable within	
Less than 1 year	3,699
1 to 5 years	3,502



31.2 Long-term service commitments

As at 31 December 2012, the Company has commitments in respect of the agreements appointing a debenture trustee and a debenture holder representative, whereby fees payable in the future are as follow:

	(Unit: Thousand Baht)
Payable within	
Less than 1 year	975
1 to 4 years	1,700

32. Financial instruments

32.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, hire purchase/financial lease receivables/payables, deposit with banks, overdraft and loans, and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to hire purchase and financial lease receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying value of loans and receivables less allowance for doubtful debt stated in the statement of financial position.

Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate as a result of changes in market interest rates.

Significant financial assets and liabilities as at 31 December 2012 and 2011 classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.



(Unit: Million Baht)

Transactions	2012					
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total
	Repricing or maturity date					
	Within 1 year	1-5 years	Over 5 years			
Financial Assets						
Cash and cash equivalent	-	-	-	174	4	178
Hire purchase receivables ⁽¹⁾	6,259	12,301	14	-	437	19,011
Financial lease receivables	58	149	-	-	-	207
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	4,510	-	-	-	-	4,510
Short-term loans	1,497	-	-	-	-	1,497
Other payables	-	-	-	-	246	246
Long-term loans	101	873	-	280	-	1,254
Debentures	-	8,981	-	-	-	8,981
Hire purchase and financial lease payables	4	9	-	-	-	13

(1) The outstanding balances of hire purchase receivables which have non-interest bearing include past due receivables on which interest recognition is discontinued.

(Unit: Million Baht)

2011						
Transactions	Fixed interest rates			Floating interest rate	Non- interest bearing	Total
	Repricing or maturity date					
	Within	1-5	Over			
	1 year	years	5 years			
Financial Assets						
Cash and cash equivalent	-	-	-	-	20	20
Hire purchase receivables ⁽¹⁾	4,152	7,705	33	-	466	12,356
Financial lease receivables	46	81	-	-	-	127
Deposits at bank with restrictions	-	-	-	30	1	31
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	1,610	-	-	15	-	1,625
Short-term loans	942	-	-	-	-	942
Other payables	-	-	-	-	47	47
Long-term loans	101	174	-	7,223	-	7,498
Hire purchase and financial lease						
payables	2	4	-	-	-	6

1) The outstanding balances of hire purchase receivables which have non-interest bearing include past due receivables on which interest recognition is discontinued.



Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the incurrence of a financial loss.

Counting from the balance sheet date, the periods to maturity of financial instruments held as at 31 December 2012 and 2011 are as follows:

(Unit: Million Baht)

Transactions	2012				Total
	At call	Less than 1 year	Over 1 year	No specific maturity	
Financial Assets					
Cash and cash equivalent	178	-	-	-	178
Hire purchase receivables ⁽¹⁾	-	6,259	12,315	437	19,011
Financial lease receivables	-	58	149	-	207
Financial liabilities					
Bank overdrafts and short-term					
loans from financial institutions	500	4,010	-	-	4,510
Short-term loans	-	1,497	-	-	1,497
Other payables	-	246	-	-	246
Long-term loans	-	157	1,097	-	1,254
Debentures	-	-	8,981	-	8,981
Hire purchase and financial lease					
payables	-	4	9	-	13

(1) The outstanding balances of hire purchase receivables which have no specific maturity include past due receivables on which interest recognition is discontinued.

(Unit: Million Baht)

Transactions	2011				Total
	At call	Less than 1 year	Over 1 year	No specific maturity	
Financial Assets					
Cash and cash equivalent	20	-	-	-	20
Hire purchase receivables ⁽¹⁾	-	4,152	7,738	466	12,356
Financial lease receivables	-	46	81	-	127
Deposits at bank with restrictions	-	31	-	-	31
Financial liabilities					
Bank overdrafts and short-term					
loans from financial institutions	15	1,610	-	-	1,625
Short-term loans	942	-	-	-	942
Other payables	-	47	-	-	47
Long-term loans	-	3,006	4,492	-	7,498
Hire purchase and financial lease					
payables	-	2	4	-	6

(1) The outstanding balances of hire purchase receivables which have no specific maturity include past due receivables on which interest recognition is discontinued.



32.2 Fair value of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The method used for determining fair value depends upon the characteristics of the financial assets and financial liabilities. The fair values of most financial assets and financial liabilities are the amounts presented in the statement of financial position, including cash and cash at banks, hire purchase receivables and financial lease receivables, bank overdrafts, and loans and other payables. Since the majority of the Company's financial instruments bear interest at rates close to market rates or fixed rates, their fair value are not expected to be materially different from their carrying value.

33. Capital management

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

As at 31 December 2012, the Company's debt-to-equity ratio was 6.67:1 (2011: 4.82:1).

34. Event after the reporting period

On 19 February 2013, a meeting of the Company's Board of Directors' passed resolutions to propose to the Annual General Meeting of Shareholders to consider approving a dividend payment to the shareholders in respect of net income for 2012. This would consist of a cash dividend of Baht 0.03 per share, and a stock dividend of 268.47 million shares to be allocated at a rate of 1 dividend share for every 5 shares held, or equivalent to a total dividend payment of Baht 0.23 per share. The meeting also passed a resolution to increase the Company's registered share capital to support the payment of the stock dividend.

In addition, a meeting of the Board of Directors passed resolutions to propose to the Annual General Meeting of Shareholders to consider approving a limit of Baht 15,000 million on the value of the debentures and other debt instruments to be issued and offered for the year 2013 to the 2014 Annual General Meeting date, and the cancellation of unissued debentures and other debt instruments of the prior approved limit of Baht 20,000 million.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 19 February 2013.



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A Thanachart Group Company

Ratchthani Leasing Public Company Limited

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