



ANNUAL REPORT 2012



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Vision and Mission

Vision

The Company determines to become the leader in the factoring credit service

Mission

To determine and develop our factoring service to become the leading factoring firm that provide short-term credit service to manage our core business while delivering excellent service toward our customer, creating constantly great benefit to our shareholder and employee. All our missions are subject to the appropriate risk management policy and commit to the Corporate Social Responsibility.



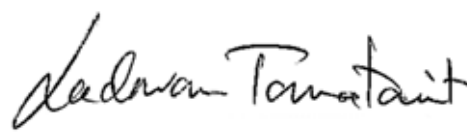


Message from Chairman of Executive Committee

In 2012, AIRA Factoring PLC was marked by a progressive growth compared with the previous year. The Company obtained operating revenue in total amount of Baht 174.76 million, a growth of Baht 15.21 million or 9.53% from the same period of past year. The key success factor to boost the revenues in the year 2012 is the increase in factoring volume of our existing client base in modern trade business and our successful expansion of the new client base in an automotive industry. As a result, in the year 2012 the Company generated a net profit of Baht 44.04 million. In addition, under this favorable business environment, we continue to uphold our intentions to conduct the business toward the sustainable growth on the basic of transparency and fairness whilst taking the accountability and maintaining the benefits of all stakeholders and the society as whole.

As for year 2013, to increase the competitive advantage, the company shall adopt an aggressive marketing strategy by expanding the low risk client base in which the company could verify their document and related information as well as transfer their creditor's right. At the same time, we shall put an emphasis on a differentiation strategy to attract more clients with unique service offerings. In addition, as a part of our risk management policy, the Company gives the priority on the monitoring and awareness of any changes that may occur and affect our business operation, especially the quality of credit control and service standard to ensure the clients' satisfactory.

Finally, on behalf of the Executive Committee, we would like to express our sincere thank to our shareholders, financial institutions and clients who have given continual support to our Company all along with the management and every employee for their exertion and contribution to the company. We would like to make a commitment that the Company will continue to uphold and follow the principle of good corporate governance for the maximum benefits of shareholder, clients and stakeholders base on the equilibrium and corporate sustainability.



Mrs. Ladavan Tanatanit

Chief of Executive Committee



Report of The Audit Committee

The Audit Committee of the AIRA Factoring Public Company Limited appointed by the Board of Directors has comprised three members of the Board of Directors who are the independent director as follow:

1.	Mrs. Jantima	Sirisaengtaksin	Chief of the Audit Committee
2.	Mr. Poonsak	Thiapairat	Audit Committee
3.	Mr. Suwat	Lauparadorachai	Audit Committee

The Audit Committee performed its duties as assigned by the Board of Director and in compliance with the criteria governing the Charter of the Audit Committee. Throughout the year 2012, the Audit Committee held 5 meetings with the Company's Management and the Internal Audit and Compliance Department in order to acknowledge the internal audit operation and good governance practice and also revise the sufficiency and suitability of the internal control system and risk management procedure. Besides, the Committee also conducted the meeting together with the external auditor without the Management so as to consider the result of internal audit activities and review of both the quarterly and annual financial statements. The Audit Committee reported the essence conclusion of every meeting to the Board of Director on each issue summarized as follow;

- In coordination with the independent certified public auditors and the Management group, the Audit Committee had reviewed the Company's financial statements and expressed the opinion on the statement that the financial statements were prepared in accordance with generally accepted accounting principles with appropriate disclosure of information. The independent certified public auditors also gave their opinion in their audit report which was proposed to the Board of Director, the shareholder and the stakeholder.

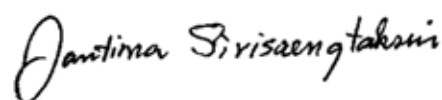
- The Audit Committee had examined the internal control procedure and acknowledged the Internal Audit and Compliance's report on the operation process such as the opened-closed client's account procedure, claiming and collecting the doubtful debt system in order to ensure that the Company provided sufficient and appropriate internal control environment within organization and being developed continuously. Besides, the Audit Committee also considered the related transaction prior to be disclosed, without the conflict of interest and followed by the law and regulations of the external related organization, to the Board of Director to acknowledge on each matter.

- The Audit Committee had reviewed organization practice, conformed to the law and regulation of the Stock Exchange of Thailand via the audit procedure of the Internal Audit and Compliance Department. The Audit Committee agreed that there is no significant issue that might omits such law and regulation or any conflict of interest transaction unless declaring on the financial statement regarding the connected person or related transaction.

- The Audit Committee had provided a self assessment of its performance in order to ensure that the Committee performed its duties efficiently and effectively, achieved Company's objective as assigned by the Board of Director and led to continuous improvement and then reported the Board of Director to acknowledge the performance. For year 2012, the overall performance of self assessment was gratifying.

- The Audit Committee considered and nominated the appointment and remuneration of the Company's independent auditor for 2013 and proposed to the Board of Director to present and seek for an approval from the shareholder annual general meeting afterward.

The Audit Committee has performed its duties following the Charter of the Audit Committee and expressed opinions independently. Throughout the year 2012, in the Audit Committee's opinion, we deemed that the information disclosed in the Company's financial reports has prepared in conformity with generally accepted accounting principles. Besides, the Good Corporate Governance and risk management procedure was conducted sufficiently and appropriately under organization environment as well as the best practice in compliance with relevant rules and regulations.

A handwritten signature in black ink, reading "Jantima Sirisaengtaksin". The signature is written in a cursive, flowing style.

(Mrs. Jantima Sirisaengtaksin)

Chief of the Audit Committee

February 11, 2013



General Information

Company Profile

Company Name	: AIRA Factoring Public Company Limited
Address at March 31, 2013	: 444 Olympia Thai Towers, 6th Floor, Ratchadapisek Road, Samsennok, Huaykwang, Bangkok 10320
New address on April 1, 2013	: No. 319 Chamchuri Square, 20 Floors, Phayathai Road, Pathumwan Sub-District, Pathumwan District, Bangkok 10330
Business Type	: Factoring
Registration Number	: 0107547000141 (Formerly: No. 0107574700141)
Web Site	: www.airafactoring.co.th
Telephone	: 02-512-1818
Fax	: 02-513-4741

Company Securities

: The issue and paid-up share capital as of December 31, 2012 in the total amount of Baht 200 millions consists of 40 million ordinary shares, Baht 5 per share.

Reference

Share registrar	: Thailand Securities Co., Ltd. : 62 The Stock Exchange of Thailand Building Ratchadapisek Road, Klongtoe, Bangkok 10110
Telephone	: 02-229-2800 and 02-654-5599
Fax	: 02-359-1259
Auditor	: Ms. Runnapa Lertsuwankul, C.P.A No.3516 or : Mr. Sophon Permsirivallop C.P.A.No.3182 or : Ms. Pimjai Manitkajohnkit, C.P.A.No.4521 or : Mr. Chayapol Suppasdtanon C.P.A.No.3972
Address	: Ernst & Young Office Limited 33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Telephone	: 0-2264-0777
Fax	: 0-2264-0789-90



Company Background

AIRA Factoring Plc. (“AF” or “the Company”), was incorporated on January 6, 1997 with a registered capital of Bt. 20 million through a joint venture between Central Retail Corporation Ltd., holding 50%; the Siam Commercial Bank Plc. group, holding 38% and another 12% to minor shareholders. The objective of the Company is to provide factoring services focusing on suppliers of Modern Trade businesses since Central Retail Corporation Ltd. is a leader in retailing business and accordingly has a large supplier base which is the key target group for the factoring business. Meanwhile, the Siam Commercial Bank group would financially support the Company.

After the financial crisis, “AF” increased its registered capital from Bt. 20 million to Bt. 40 million in July 2001. The Company concurrently made a shareholder restructure as follows: the Central group as the major shareholder (consisting of Central Retail Corporation Ltd. and Central Department Store Co., Ltd.), holding 60%; Siam Commercial Bank Plc. group, holding 10% and Business Venture Promotion Co., Ltd. group, holding 10%. Later on in September 2003, “AF” increased its registered to Baht 80 million. On the 2nd of March 2004, “AF” was converted to PLC and listed on the MAI in August 2004 by issuing 4 million new shares via IPO. Until present, the Company has registered capital and paid-up capital in the amount of Baht 100 million (20 million ordinary shares), partition to Chirathivat group 48%, Business Venture Promotion Co., Ltd. group 8% and SCB 4%.

Then, on February 25, 2011, two of the major shareholders; the Chirathivat group and the Siam Commercial Bank Plc. group had disposed of its shares to AIRA Capital Plc. in the total amount of 11,470,200 shares or 57.35% of total issued and paid-up shares of the Company or 57.35%, the SUMMIT Corporation Company Limited in total amount of 4,543,400 shares or 22.72% of total issued and paid-up shares.

According to this transaction, the former shareholders made a commitment to provide a business support for the undertaking between the Company and the trade counterpart of the companies of the Group of the Existing Shareholders within the period of the first 3 years from the date of the share sale and purchase under the agreement. Afterward, on September 2011, the Company had raised its registered capital from Bt. 100 million to Bt. 200 million and registered the change of the Company name from “Dhanamitr Factoring PLC.” to “AIRA Factoring PLC.” on September 16, 2011.

Afterwards, on date of 13 February 2013, the major shareholder structure has been changed by the distribution of Company share in total number of 6,420,000 shares equivalent to 16.05% of its registered shares to AIRA Capital Public Company Limited. As the result of this transaction, the AIRA Capital Plc has held the total shares of 29,607,617 shares or 74.019% of total registered shares and the SUMMIT Corporation Company Limited have held 1,866,800 shares or 4.667% of total registered shares. On March 4, 2013, as the Company has booked the closing date of right for attending the annual general meeting of shareholder, the remained shares holding by the SUMMIT Corporation Company Limited is equivalent to 1,166,800 shares or 2.917% of total registered shares.

Besides, on date of 1 April 2013, the Company’s head office has been moved from No. 444 Olympia Thai Tower 6th floor, Ratchadapisek Road, Samsennok Sub-District, Huaykwang District, Bangkok 10320 to No.319 Chamchuri Square Building. 20th floor, Phayathai Road, Patthuwan Sub-District, Patthuwan District, Bangkok 10330 in order to support business expansion in long term.



Company Business Overview

AIRA Factoring Plc. is a provider of domestic factoring service, which is short-term financing service provided by means of discounting of receivables. The Company's target clients are suppliers of modern trade businesses such as department stores, supermarkets, discount stores, super centers, specialty stores, convenience stores, etc. The service procedure is that the client assigns its right to receive payment from The customer to "AF" and receives cash upfront, and at the payment due date, "AF" will collect the proceeds directly from the customer.

The advantage of our business operation is that the Company has engaged in factoring business for more than 10 years with widely acceptable knowledge, proficiency and experience in the industries. Besides, the Company also gets a support from the major shareholder to verify the remaining debt of which related to the companies of the shareholder. That help the Company reduces risk from providing credit by transferring right which liken to the heart of factoring businesses. Furthermore, for the purpose of providing constant growth of the Company operation as well as our client businesses, the Company utilizes the strategies to provide sufficient information about the management of client's business, to give a beneficial advice to our client such as how to management inventory and material, how to choose the appropriation of source of material, how to manage and negotiate with their customer. In addition we also take care of our clients on increasing the line of factoring credit in order to offer an opportunity to expand their business.

The overall business operation, throughout year 2012, is considered to be another successful year of business operation. The company has the total operating income for the year ended 2012 in the total amount of Baht 174.76 million, an increase of Baht 15.21 million or 9.53% when compared to the same period of past year. The factor of the increase results from the increase in factoring volumes. Whether it is from an existing customer base of modern trade and automotive industry customer to expand the customer base in the year 2012, the Company had a net profit of 44.04 million Baht.

Revenue Structure

"AF" source of revenue can be divided into the following;

Type of service	Type of revenue	Source of revenue
Domestic Factoring	Revenue from factoring service	Interest revenue
	Fees and services	Fee for open credit line Fee for purchasing right

"AF" revenue structure based on its audited financial statement for year ended 2012 to 2010 is as follow:

Revenue	2012		2011		2010	
	Baht	%	Baht	%	Baht	%
Factoring income	139,643	79.90	128,841	80.75	105,235	77.00
Fees and services	29,906	17.12	26,046	16.32	25,779	18.86
Other income	5,210	2.98	4,666	2.93	5,650	4.14
Total revenues	174,761	100.00	159,553	100.00	136,664	100.00

Business Outlook

AIRA Factoring Plc still desire to become the leading company in domestic factoring service in order to encourage the new investment and increased the consumption in-house by strengthening and supporting the entrepreneurs to have various alternatives to reach source of investment funds easily: apart from other financial institutions. The Company shall focus on the target group which the Company is expert in the business process and shall support the small enterprise to become larger business as the Company has always performed in succession. For the year 2013, the Company expects that the demand on factoring credit may increase from the year before. These results from disentanglement on world business and financial crisis and the negative factor in Thailand as well which may initiate the overall economy and domestic consumption recover from the previous year. The Company believes that the economic circumstances shall become normal and manage to push the business forward throughout next year. The Company, therefore, has set up the business plan for the upcoming year and be prepared to take on a great opportunity that may occur further. The significant details of the Company plan are as followed;

- To expand the client and customer bases into various types of business, not only in the modern trade, but also try to increase the factoring volume in the automotive industries. This result from the Company receives rapport cooperation from the group of major shareholder to launch a marketing campaign, verify data and transfer right to collect debt to the Company.

- To determine the aggressive marketing approach strategy by expanding the client bases, focusing on low-risk client bases that can verify current debt and accept the right transferring.

- To put an emphasize on growth of client business by taking an opportunities on small and medium enterprise

- To increase the efficiency on working process and internal control system

- To develop the beneficial talent such as the maximize of utilizing technology information, the using information in depth to help making decision as well as creating corporate image in positive way

- To prepare for the unexpected risk which may be effect the business process by improving the risk management policy in coherent with the change which may affect the management policy. Besides, to adjust the credit policy more strictly as well as follow up closely on quality control of credit.

- To provide a reward system which correspond with individual performance of each employee in order to build up high moral support for our employee.

The business policy above shall manage to help pushing the Company forward, creating great profit, maximizing wealth to every stake holder and remaining growth constantly

Aside from the business objective as mention above, the Company also aims at management policy along with Good Governance. Besides the Company shall give an importance to the staff and employees in every level and support them to participate in such activities especially the campaign regarding Corporate Social Responsibilities.



Financial Highlights

Million Baht

	2012	2011	2010
Total Assets	2,603	1,590	1,950
Total Liabilities	2,268	1,258	1,722
Total Shareholders' Equity	336	332	228
Factoring Income	139.64	128.84	105.23
Total Revenue	174.76	159.55	136.66
Gross Profit	65.24	87.65	86.30
Profit before allowance for doubtful accounts and income tax	45.67	65.94	65.23
Net Profit (Loss)	44.04	51.31	45.83
Earning Per Shares (Baht)	1.10	2.00	2.29
Financial Ratio Analysis			
Gross Profit Margin (%)	65.24	68.03	78.32
Net Profit (Loss) Margin (%)	31.53	39.83	43.55
Return on Equity (%)	13.09	15.44	20.10
Return on Assets (%)	1.69	3.23	2.35
Current Ration (Times)	1.14	1.27	1.11
Debt to Equity (Times)	6.74	3.78	7.55
Dividend Payout (%)	90.83	56.0	54.55

Dividend Payment Policy

The company policy for dividend payment will be not less than 50% of net profit after deduction of all reserves as specified in the Article of Association and by law. Unless otherwise necessary, the payment of dividends will not significantly affect normal company operations. The dividend payment on the Company's is as follows.

Past Dividend Payment

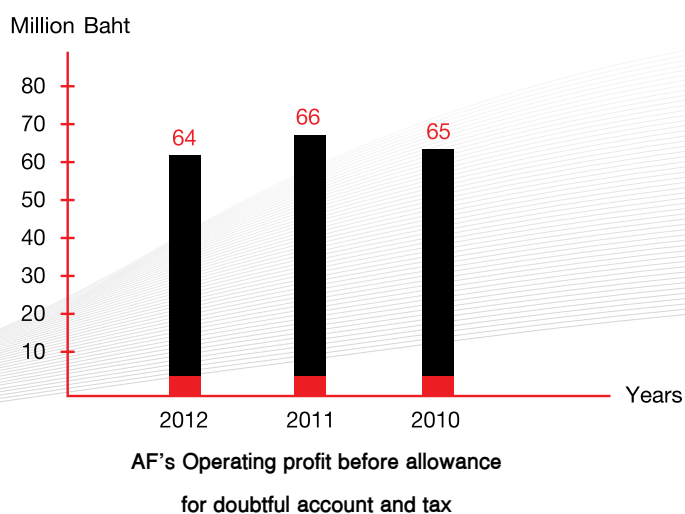
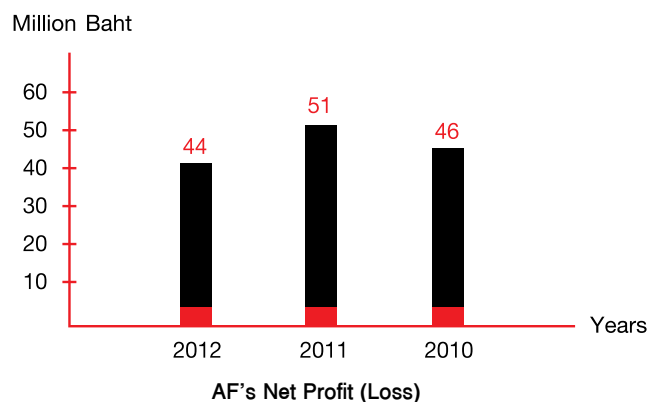
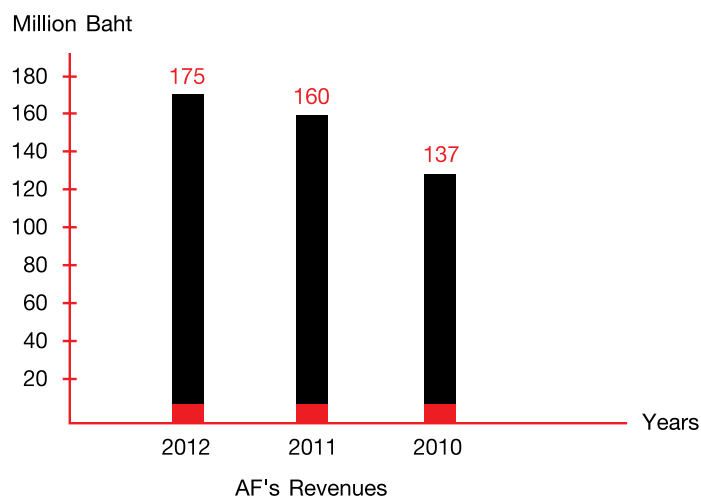
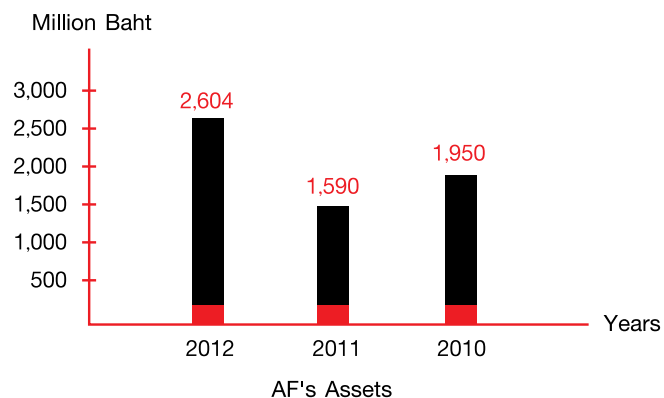
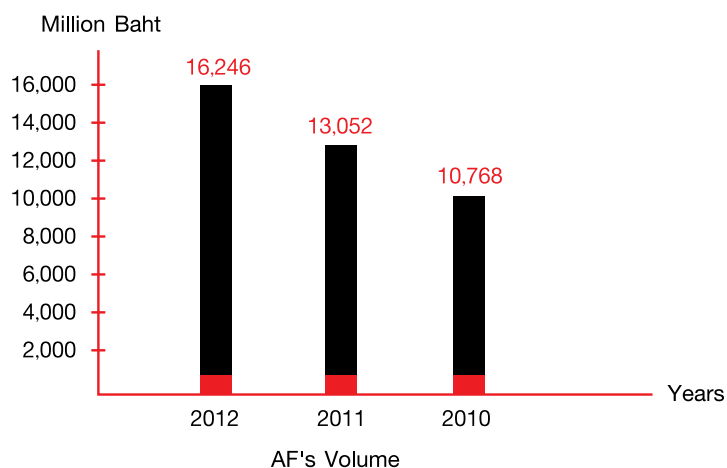
Board Date	XD-Date	Payment Date	Dividend Type	Dividend (Baht/Share)	Operation Year
24/02/12	26/04/12	09/05/12	Cash	1.00	01/07/11-31/12/11
10/08/11	24/08/11	08/09/11	Cash	2.00	01/01/11-30/06/11 01/01/11-31/12/11
01/03/11	-	-	No Dividend	0.00	01/01/10-31/12/10
24/02/10	30/04/10	17/05/10	Cash	1.25	01/01/09-31/12/09
24/02/09	17/04/09	07/05/09	Cash	1.20	01/01/08-31/12/08
17/03/08	30/04/08	14/05/08	Cash	1.00	01/01/07-31/12/07

Date of 2013 General Shareholder's Meeting

April 10 , 2013 at 10.00 am. at Jamjuree No.1 Room, M Floor, Pathumwan Princess Hotel, Phayathai Road, Pathumwan, Bangkok.

Proposed dividend per share : At the rate of Baht 1 per share.

Date of Dividend Payment : May 8, 2013.





Management Discussion and Analysis

Operating Results

In 2012, the operating result indicates that “AF” had an operating profit (before allowance for doubtful debt and income tax) of Baht 63.78 million, an decrease of Baht 65.94 million or 3.28% compared to the last year. The major factor of this increase results from the client tends to continue using factoring credit as compared to year 2011. These leads to the increasing in factoring income, factoring fee and service income in the same way of rising of the interest rate. For year 2012. the Company has interest expanse of Baht 48.55 million, an increase of 7.53 million or 17.84% compared to the previous year.

For year 2012, “AF” gained the net profit of Baht 44.04 million, a decrease of Baht 7.27 million or 14.17% compared to year 2011. Beside the Return on Assets Ratio decrease from year 2011 in the number of 1.54 points or 47.68% and the return on equity ratio increase from year 2011 equivalent to 2.35 points or 15.22% consecutively.

Revenue and Expenses

Revenue

In 2012, “AF” total revenue was Baht 174.76 million, an increase of Baht 15.21 million or 9.53% from year 2011. A majority of increasing in the total was due to the increasing in revenue factoring income and factoring fees and services income as the result from increasing of factoring volume and rising of interest rate Revenue generated from factoring income totaled to Baht 139.64 million, an increase of Baht 10.80 million or 8.38%. Fees and other services income amounted to Baht 29.91 million, an increase of Baht 3.86 million or 14.82%. The Company factoring’s volume for year 2012 was Baht 16,246 million, an increase of Baht 3,194 million or 24.47% from year 2011.

Operating Expenses

In 2012, “AF” had the total expense of Baht 115.03 million, an increase of Baht 11.09 million or 10.67%, the details can be summarized as follow:

- Interest expense in 2012 amounted of Baht 48.55 million, an increase of Baht 7.35 million or 17.84% compared to year 2011. This resulted from the market interest rate higher tend to become so that the cost of interest of the Company also increased.
- Selling and Administrative expense in 2012 amounted of Baht 62.44 million, an increase of Baht 10.02 million or 19.11%. The major factor of this increasing was due to the TAS 19 and staff expenses was raising corresponded to the expansion of business in 2012.
- Doubtful debt in 2012 amounted of Baht 4.04 million, a decrease of Baht 6.29 million. This was due to the company had set the allowance for doubtful account of Baht 10.33 million. In 2011 the company has the right debt without causing of 53.10 million Baht.

In thousand Baht

Revenue and Expenses	2012	2011	Change	
			Amount	%
Revenue	174,762	159,554	15,208	9.53
Factoring income	139,644	128,842	10,802	8.38
Fees and services	29,907	26,046	3,861	14.82
Other income	5,211	4,666	545	11.68
Expenses	130,726	108,240	22,486	20.77
Finance costs	48,546	41,195	7,351	17.84
Administrative expenses	62,441	52,418	10,023	19.12
Bad and doubtful debt	4,041	10,325	(6,287)	(60.89)
Income tax expense	15,698	4,302	11,396	264.90
Profit for the year	44,036	51,314	(7,278)	(14.18)

Financial Status

• As of December 31, 2012, “AF” total asset was Baht 2,603.89 million, an increase of Baht 1,014.02 million or 63.78 %. This resulted from:-

• Factoring receivable — net as at December 31, 2012 was Baht 2,409.20 million, an increase of Baht 870.48 million or 56.57%. This result from the expanding its customer base. Allow customer to used factoring increase. Additionally the loan receivable as at December 31, 2012, was 125.32 million, an increase of Baht 103.70 million or 479.65%. This result from the payment during the year.

• Equipment — net as at December 31, 2012, was Baht 4.99 million, a increase of Baht 0.09 million or 1.84%. The increase was due to the company had disposed the equipment during the year.

• As of December 31, 2012, “AF” total liabilities was Baht 2,267.59 million, an increase of Baht 1,009.998 million or 80.31% higher than 2011. The increase was due to the increasing of using factoring credit and rising of the retention from factoring during the last period of year. As of December 31, 2012, the retention from factoring was in the total amount of Baht 71.62 million, an increase of Baht 37.33 million or 108.87% compared to year 2011.

• As of December 31, 2012, “AF” total shareholders’ equity was Baht 336.30 million, an increase of Baht 4.04 million or 1.21%. This was due to the company had set the allowance for doubtful account.



Shareholders and the Management

Major shareholders (top 10 shareholders as of March 4, 2013)

Name	Number of Shares	% of Total
1. AIRA Capital Public Company Limited	29,607,617	74.019
2. Mr. Wiwat Kongkasai	1,600,000	4.00
3. Mrs.Piyaporn Vichitpun	1,565,700	3.914
4. SUMMIT Corporation Company Limited	1,166,800	2.917
5. Mr Nares Chutijiravong	765,100	1.913
6. Mr.Kullawut Wiratmalee	700,000	1.750
7. Mrs.Nida Sae-Lee	677,800	1.695
8. Mr.Taveechat Jurangkool	645,000	1.613
9. Mr.Prachaya Mongkolkul	580,100	1.450
10. Mr. Kunakorn Makchaidee	400,000	1.00

"Investor can view the updated shareholders' structure from the company's website (www.airafactoring.co.th) prior to the annual shareholders' meeting"



Organization Chart as of December 31, 2012



The Management Structure of the Company comprises of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Executive Committee and Management, details as of 31 December, 2012 are as follows:

1. The Board of Directors

The Company's Board of Directors comprises of 10 members as follows:

- | | |
|---------------------------------|--|
| 1. Mr. Chatchaval Bhanalarp | Chairman and Independent Director |
| 2. Mrs. Jantima Sirisaengtaksin | Director, Chief of Audit Committee and Independent Director |
| 3. Mrs. Ladavan Tanatanit | Director, Chief of Executive Committee and Authorized Director |
| 4. Mrs. Naline Ngamsetthamas | Director, Nomination and Remuneration Committee, Executive Committee and Authorized Director |
| 5. Mr. Wutthiphum Jurangkool | Director, Executive Committee and Authorized Director |
| 6. Mr. Suwat Lauparadorachai | Director, Audit Committee, Chief of Nomination and Remuneration Committee and Independent Director |
| 7. Mr. Poonsak Thiapairat | Director, Audit Committee, Nomination and Remuneration Committee and Independent Director |
| 8. Mr. Kunakorn Makchaidee | Director |
| 9. Mr. Visit Wongrumlap | Director |
| 10. Mr. Wiwat Kongkasai | Director, Executive Committee, Managing Director and Authorized Director |

Miss Kittakorn Pacom : Secretary to the Board of Directors

Directors with Authority to Sign on Behalf of the Company

Two of the following four; namely, Mrs. Ladavan Tanatanit or Mrs. Naline Ngamsetthamas or Mr. Wutthiphum Jurangkool and Wiwat Kongkasai shall jointly two of four sign a document together with the Company's seal.

Duties and Responsibilities of the Board of Directors

The Board is accountable to shareholder in regard to company operations and by ensuring that company is managed according to a goal and directions that will maximize the interest of its shareholders with in a Code of Conduct framework and by talking into consideration the interest of all stakeholders.

The Board has a duty to strictly comply with the laws, the company's objective, the Articles of Association and resolutions of shareholders, meeting by performing its duty with integrity, overseeing short-and long — term interest of shareholders and complying with rules and regulations of the Stock Exchange of Thailand (SET), the Office of the Securities and Exchange Act (No.4), B.E.2008 (2551)

To perform its duties, the Board of Directors has appointed a Chief Executive Officer (CEO) to be responsible for running the company's business. To supervise company management, the Board of Directors has required that it is Board's duty and responsibility to consider and approve the following:

- The company's policy, Business strategy, business plan and annual budget
- Institute proper systems for corporate accounting, financial reporting, and financial auditing, institute efficient and effective internal control and internal audit systems.
- Supervise and remedy problems arising from conflicts of interest and connected transactions.
- Define comprehensive risk management guidelines; and ensure an efficient risk management system or process.
- Ensure a suitable compensation system or mechanism for senior management, to induce short-term and long-term motivation.
- Ensure accurate, clear, transparent, credible, and high-quality disclosure of information.
- The Board of Directors shall monitor the management and operations system of the Executive Committee to perform their assigned policies efficiently, except the following issues for example increasing and decreasing capital funds, offering debentures to public, selling or transferring part some or whole business to other parties, buying or acquiring other business, editing the Memorandum and Articles of Association of the Company and determining a bonus or remuneration to the Board of Directors, should seek for approval from the Shareholder's Meeting before taking such issue into action.

- The Board of Directors should arrange the Annual General Meeting of Shareholders within 4 months after the end of the accounting year.
- The Board of Directors should hold a meeting once every three months.
- The Board of Directors has authorities to consider and adapt the name of the Authorized Director.
- Nomination, appointment and termination of directors and the Company Secretary or Secretary of the Board of Directors.
- Payment of the interim dividends
- Approval of the amount of salaries and bonuses or bonus formula adjustment or the formula of the annual remuneration adjustment of the executives and employees.
- Determination and change of the approval authority conferred to the President and senior executives.
- Authorization of power and duties to any of the Company's President or Director, including the revision of the said power and duties authorization, however, this must not be in contradiction with the criteria and requirements of the Stock Exchange and Securities and Exchange Commission.
- The appointment and the determination of authority of the Sub-committee.
- Arrangement and supervision for having the management available in accordance with the good corporate governance principle.
- Any other actions to be in accordance with laws, objectives, Articles of Association and resolutions of the meeting of shareholders.
- Directors have a duty to keep corporate information strictly confidential especially internal information not to be disclosed to the public or information that may affect its business or share price.

In case the information is a report based on an accounting period such as an operating result, financial statements and an annual report, directors must refrain from trading company share no fewer than 30 days prior to the information disclosure to the public.

In case the information is a report of company action in a particular situation, such as acquisition/disposal of assets, connected transactions, joint venture/cancellation of joint venture, capital increase/capital reduction, issuance of new securities, repurchase of own shares, payment or non-payment of dividend or incidents that effect company share prices.

The Board of Director requires new directors to attend an orientation session to learn about the Company's expectation from their roles, duties and responsibilities and what its corporate governance policy and practices are.

The orientation will also help them understand the company's business better as well as provide a chance to visit the Company's operations as a preparation for their tasks.

The Board of Director has a policy to educate all directors about corporate governance, industrial outlooks, business prospects and innovations where it urges director to attend seminar or coursework organized by the Thai Instituted of Directors Association (IOD) and other reputable institutes to promote effective performances of the directors.

The Board requires that its performance and the independence of its independence directors on an annual basic.

2. Audit Committee

The Audit Committee as of 31 December, 2012 consisted of 3 independent directors, each member being knowledgeable and experienced in reviewing financial statements, as follows:

- | | |
|--------------------------------|--------------------------|
| 1. Mrs.Jantima Sirisaengtaksin | Chief of Audit Committee |
| 2. Mr. Suwat Lauparadorachai | Audit Committee |
| 3. Mr. Poonsak Thiapairat | Audit Committee |

Miss Somjai Amornchinoppakun: Secretary to the Audit Committee

Duties and Responsibilities of the Audit Committee

The Audit Committee has a duty to review the Company's financial statements, its adequacy if internal control and risk management systems and compliance with applicable laws and regulations as well as to report or express its opinions to the Board of Director to seek approval or for further submission to the shareholders. Meeting, as the case may be. Details of its authority are as follows:

- 1 To review the Company's financial reports to ensure their accuracy and adequacy
- 2 To ensure that the internal audit and internal control system of the Company are in place appropriately and efficiently

- 3 To review that the operations comply with the regulations imposed by the Securities and Exchange Commission and the Securities Exchange in Thailand and other relevant business laws
- 4 To be responsible for the nomination of the company's auditor
- 5 To consider the accuracy of the disclosure of information on related party transactions or transactions where conflict of interest may occur to ensure that they were reasonably conducted in the best interests of the Company
- 6 To prepare the Audit Committee's report for publication in the annual report that must be signed by the Chief of Audit Committee
- 7 To provide other duties including the assignments from the Board of Director with the consent of the Audit Committee

However, The Audit Committee has responsibility directly to the Board of Director as well as the Board of Director still be responsible for any transaction of the Company to public.

3. The Nomination and Remuneration Committee

The Nomination and Remuneration Committee as of 31 December, 2012 consists of Chairman who is an independent director, as follows:

1. Mr. Suwat Lauparadorachai Chief of Nomination and Remuneration Committee and independent director.
2. Mr. Poonsak Thiapairat Nomination and Remuneration Committee and independent director.
3. Mrs. Naline Ngamsetthamas Nomination and Remuneration Committee

Miss Kittakarn Pacom: Secretary to the Nomination and Remuneration Committee

Duties and Responsibilities of the Nomination and Remuneration Committee

1. To formulate policies for submission to the board of directors of the company as follows.
 - 1.1 Policy, criteria and method for selection of the directors and managing director
 - 1.2 Policy, criteria and method for payment of remunerations and other benefits to the board of directors of the company, subcommittees and managing directors.
2. To select and nominate the persons with suitable qualifications to the board of directors of the company as follows.
 - 2.1 Directors
 - 2.2 Subcommittee members of various sub-committees assigned with authority, duty and responsibility directly from the board of directors of the company.
 - 2.3 Managing director and deputy managing director.
3. To supervise the board of directors of the company to ensure that its size and components are suitable to the organization, including adjustment in response to the changing environment
4. To supervise directors and managing director to ensure that their remuneration is suitable to their duties and responsibilities assigned.
5. To consider fair and reasonable compensation and fringe benefits on both monetary and non monetary of the Director and the Committee then propose to the Board of Director to consider and seek an approval from the Shareholder Meeting
6. To consider compensation criteria for Managing Director and the Assistant Managing Director and propose to the Board of Director for approval
7. To submit the operation report to the Board of Director as least once a year
8. To perform any tasks as assigned by the Board of Director
9. To arrange the meeting at least twice a year. Within the scopes of its meeting, it opens opportunities to invite the Management or Executive or officer or related person to attend meeting for clarification purpose or to submit relevant documents

4. Executive Committee

As of 31 December, 2012 the Executive Committee of the Company comprised of 4 members as follows:

1. Mrs. Ladawan Tanatanit Chief of Executive Committee
2. Mrs. Naline Ngamsetthamas Executive Committee
3. Mr. Wiwat Kongkasai Executive Committee
4. Wutthiphum Jurangkool Executive Committee

Miss Kittikarn Pacom: Secretary to the Executive Committee

Duties and responsibilities of the Executive Committee

The Executive Committee has the power, duties and responsibilities for the consideration of normal business engagements of the company and other administrative functions as well as consideration and approval of strategies, business plans, budgeting, organization structure and other company's management authorities. In addition, the Executive Committee has to consider the business operational principles to be in aligning with the current economic situation and submit to the Board of Directors' meeting for approval and/or give consent including to audit and monitor the company's performance to comply with the approval policies. In conclusion, the functions and responsibilities of the Executive Committee are as follows:

1. Performing the duties and manage the Company in accordance with the objectives, regulations, policies, rules, orders and resolutions of the Board of Directors' Meeting and /or resolutions of the Shareholders' Meeting.
2. Considering the policies, directions and strategies for the Company's business performance as well as the preparation of the financial plans and budgeting to submit for approval from the Board of Directors of the Company and also assessing and monitoring management performance to achieve its assigned targets.
3. Directing the preparation of the annual budgeting according to the proposal by the management team before submitting to the Board of Directors' Meeting for assessing and approval.
4. Directing the assessment and approval of the use of funds in the Company's normal business engagement
5. Approving the key majors' investments which are included in the Company annual budgeting as assigned by the Board of Directors or as been pre-approved in principles by the Board of Directors.
6. Assessing consideration, approval of any lending or Credit Financing of the company within the Company's Credit policy authority
7. Devising, approving in Company's borrowing, Credit Financing, Debt is restructuring or Issuance of Debenture as well as granting collateral and any guarantee against loans or credit lines or other credit facilities to propose to the Board of directors' Meeting.
8. Acting as the managing consultant to the management team in all financial policies, marketing, human resource and other operational transactions.
9. Performing any other jobs as been assigned by the Board from time to time. Hence the authority and /or the empower of authority to other persons as deem appropriate shall not include power and /or empower in any transactions that may be conflicted to the company or its subsidiaries as according to the regulation of the Stock Exchange of Thailand (SET) which treated those transactions to be proposed to the Board of directors' meeting and/or shareholders' meeting to consider and approve those transaction as stated in the company's regulations or other legal regulations that may be appropriate.

5. Management

As of 31 December, 2012, Management team comprised of 7 members as follows:

1. Mr. Wiwat	Kongkasai	Managing Director
2. Mr. Kanokkit	Navasiri	Assistant Managing Director - Credit and Marketing Group
3. Mrs. Pornpilai	Burasai	Assistant Managing Director - Credit and Marketing Group
4. Mr. Jirasak	Arkawat	Assistant Managing Director - Operations Group
5. Mrs. Paisri	Fakcharoenphol	Vice President of Accounting and Finance Department
6. Mr. Somkiat	Vachanasate	Vice President of General Administrator Department
7. Miss. Somjai	Amornchainoppakun	Head of Internal Audit and Compliance

Authority of the Managing Directors

1. Direct the missions, objectives, guidelines, targets, company's policies to submit to the Board of Directors' meeting and ensure that the Company has operated promptly according to the missions, objectives, targets and company's policies including the orders and the total oversee of the operations. In addition, they also have power or authority to employ and appoint any employees as well as to transfer them to other department or to dismiss from the company, to set the term and remuneration, compensation, bonus and other fringe benefits which deal with all the company's employees.

2. Have the authority to launch the orders, rules and regulations, memorandum to ensure that all the performance is well organized according to Company's policy and benefits and to maintain the well arranged in the Company's working space,

3. Operate the normal business administration of the company

4. Grant the power of attorney and/or delegate the authority to other people to operate or assess in some assigned business operation.

However the empower or the delegation of the power must follow the spirit of the power of attorney and/or the rules, orders or instruction that the Board of directors and/or the Company has set up.

Nonetheless the power they possessed and the power granted to other person as deem appropriate will not include the power and/or the grant of power of attorney in some transaction which he/she may have some conflict or interest in some way which conflict with the company's interest according to the Stock Exchange of Thailand's regulation which the approval of such transaction will have to propose to the Board's meeting and/or the shareholders' meeting to consider and approve those transactions as per the Memorandum and Articles of Association or other regulation which may involved.

6. Corporate Secretary

To comply with the good corporate governance principles of listed companies, under the category of director's responsibility and the terms of the Securities and Exchange Act, company has appointed the Vice President of the Office of the President and Corporate Secretary, Miss Kittikarn Pacom, as Corporate Secretary to provide the Board with legal advice and remind them of assorted regulations that they need to know and comply with; hold meeting; and supervise assorted Board activities to enable them to perform efficiently and effectively for the maximum benefic to company; prepare and maintain critical documents, including directors registration, Board meeting notices and minutes, annual reports; shareholders meeting notice and minutes; and filing of reports on connected transaction reported by directors or the management.

7. Independent Director of the Company's Board of Directors, Consists of:

- | | |
|--------------------------------|----------------------|
| 1. Mr. Chatchawal Bhanalarp | Independent Director |
| 2. Mrs.Jantima Sirisaengtaksin | Independent Director |
| 3. Mr. Suwat Lauparadorachai | Independent Director |
| 4. Mr. Poonsak Thiapairat | Independent Director |

Rules regarding the Qualification of "Independent Director" under the Notification of Capital Market Supervisory Board No.TorJor.4/2552 date 20 February B.E.2552 are as follows:

1. Holds shares not exceeding 1 per cent of the total share with voting right of the applicant, its parent company, subsidiaries, associates, major shareholders, and controlling parties of the applicant, provided that the share held by the related parties if such independent director shall be included.

2. Is not or has never been an executive director, employee, staff, advisor who receive salary, not controlling parties of the appliance, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholder, or controlling parties of the appliance unless the foregoing status ended at least 2 years prior to the date of submitting the application to the Securities and Exchange Commission (SEC), provided that such prohibition shall not include the case that such independent director has ever been official or advisor of the government sector that is the major shareholders or controlling party of the applicant.

3. Is not the person who has relationship by means of descent or legal registration under the status of farther, mother, spouse, brothers and sisters, and children The prohibitive person also include spouses of daughters and sons of management, major shareholder, controlling party or the person who is in the process of nomination to be the management or controlling party of the applicant or its subsidiary.

4. Have no or never had business relationship with the applicant, its parent company, subsidiaries, associates, major shareholder, or controlling parties of the applicant in respect of holding the power which many case the obstacle of the independent decision, including not being or never been the significant shareholder, or controlling parties of any person have business relationship with the applicant, its parent company, subsidiaries, associates, major shareholder, or controlling parties of the applicant unless the foregoing status ended at lease 2 year prior to the date of submitting the application to the SEC.

The business relationship mentioned under the first paragraph shall include business transaction in ordinary business manner of rent, or lease the immovable property, transaction related to assets or services, or the financial support regardless of being lent or borrowed, guaranteed, secured, by assets, debt, and any otherwise similar performance which cause liability obligation to the applicant or counter party, have provided that such liability is equal to or exceed 3 per cent of the net tangible asset of the applicant or equal or above 20 million, whichever is lower. In this regard, the calculation of such liability shall be in accordance with the calculation method of the value of connected transaction under the Notification of Capital Market Supervisory Board governing the conditions of connected transaction mutatis mutandis. The liability incurred during a period of 1 year prior to the date of having business relationship with the above party shall be included on calculation of such liabilities.

5. Is not or has never been the auditor of the applicant, its parent company, subsidiaries, associates, major shareholder, or controlling parties of applicant, and is not the significant shareholder, controlling parties, or partner of the auditing firm which employs such auditor of the applicant, its parent company, subsidiaries, associates, major shareholder, or controlling parties of the applicant unless the foregoing status ended at least 2 years prior to the date of submitting the application to the SEC.

6. Is not or has never been the professional service provider, including but not limited to legal service or financial advisor with received the service fee more than 2 million per year from the applicant, its parent company, subsidiaries, associates, major shareholder, or controlling parties, and is not the significant shareholder, controlling parties, or partner of the above mentioned service firms unless the foregoing status ended at least 2 years prior to the date of submitting the application to the SEC.

7. Is not the director who is nominated to be the representative of directors of the applicant, major shareholders, or any other shareholder related to the major shareholder

8. Do not operate the same and competitive business with the business of the applicant, or its subsidiaries, or is not a significant partner of the partnership, or is not an executive director, employee, staff, advisor who receives salary, nor holds share for more than 1 per cent of the total share with voting right of any other company which operates same and competitive business with the business of the applicant, or its subsidiaries.

9. Is not any otherwise is unable to have the independent opinion regarding the business operation of the applicant. After being appointed as the independent director in accordance with the conditions under the article (1) — (9), such independent director may be assigned by the board of directors to make decision in respect of collective decision on business operation of the applicant, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholder, or controlling parties of applicant.

The provision under the article (2), (4), (5) and (6) related to the consideration of qualification of independent director of the applicant during the period of 2 years prior to the date of submitting the application to the SEC shall be applied to the application submitting as from 1 July 2010 onwards.

Where the person appointed by the applicant to be the independent director is the person who has or ever had the business relationship with or ever rendered professional service with higher service fees specified under the article (4) and (6), the applicant shall be relaxed from such prohibition related to the conditions of having the business relationship with or ever rendered professional service with higher specified service fees of only the applicant has provided the opinion of the board of directors of the company showing that the board has considered the issue in accordance with the Section 89/7 and found that there is no interference in the independent opinion, and the following information shall be disclosed in the notice of shareholders meeting under the agenda considering the appointment of independent director.

- (a) the business relationship of the professional service providing which cause such person being unqualified
- (b) reasons and necessity to insist the appointment of such person as the independent director
- (c) the opinion of the board of directors of the applicant to propose such person to be the independent director

For the benefit of the article (5) and (6), wording “partner” shall mean the person who is assigned by the auditing firm, or the professional service provider to be the signatory in the audit report or the report of rendering the professional services (as the case may be) on the behalf of the firm.

Note : * The Company has acknowledged the qualification of “Independent Director” which was amended in accordance with the Notification of Capital Market Supervisory Board No. TorJor. 28/2551 dated 15 December B.E. 2551 and TorJor. 4/2552 dated 20 February B.E. 2552, respectively, and is on the process of proceeding.

Nominating of Directors and Executives

To make it to be conformed to the corporate governance policy, the Company's board of directors has set up the policy, criteria and methods of the recruitment of the Company's directors and high ranking executives, assigning the nomination and remuneration committee to recruit the qualified persons to be directors of the Company. The qualified persons shall be selected by the nomination and remuneration committee who set up the criteria and procedures for the recruitment, however, depending on the Company's situation during that time.

Directors and Executives Development

Board of directors has promoted, supported, provided the training and knowledge relating to the directors and executives to have them continuously improved. For examples, to promote the meeting between directors and high executives for the exchange of each other's ideas and opinions, to encourage the preparation of the potential development plan of the president, vice president by assigning the nomination and remuneration committee to pursue the preparation of the plan to succeed the positions of president and vice president to guarantee that the Company has employed the executives with sufficient knowledge and competency to perform their duties as follows:

1. The nomination and remuneration committee shall set up the knowledge, competency and experiences of each position in order to recruit the qualified executives as required who are able to inherit the words of each position.
2. Human resources executive is assigned to supervise and follow up the training and development of knowledge and competency of the successors of the vice president positions.

Board of Director

Mr. Chatchaval Bhanalaph
Chairman and Independent Director



Mrs.Jantima Sirisaengtaksin
Independent Director and
Chief of Audit Committee



Mrs.Ladavan Tanatanit
Director and
Chief of Executive Committee



Mr. Suwat Lauparadorachai
Independent Director,
Audit Committee and
Chief of Nomination and Remuneration Committee



Mr. Poonsak Thiapairat
Independent Director,
Audit Committee and
Nomination and Remuneration Committee



Mrs. Naline Ngamsetthamas
Director,
Executive Committee and
Nomination and Remuneration Committee,



Mr. Wutthiphum Jurangkool
Director and
Executive Committee



Mr. Visit Vongruamlarp
Director and
Advisor of Credit Committee



Mr. Kunakorn Makchaidee

Director



Mr. Wiwat Kongkasai

Director,
Executive Committee and
Managing Director





Board of Director

1. Name

Mr. Chatchaval Bhanalaph

Position

Chairman and Independent Director

Age

69

Educational Qualifications

- M.Sc., Fort Hays Kansas State College, U.S.A.
- B.A. Chulalongkorn University

Training Program

- Director Accreditation Program 11/2004
- Audit Committee Program 9/2005
- The role of the Chairman 12/2005
- Director Certificate Program (DCP) 88/2007

Shareholding (As of December 28, 2012)

0 share or 0.00%

Family relationship with other directors and member of management

None

Work experience

2004 - Present

Chairman of Board, Asian Property Development Plc.

2004 - Present

Chairman of Board and Chairman of Audit Committee, Prebuilt Plc.

1994 - Present

Director, Safety Insurance Plc.

Litigation history in 10 years.

None

2. Name

Mrs. Jantima Sirisaengtaksin

Position

Director, Chief of Audit Committee and Independent Director

Age

62

Educational Qualifications

- BBA (Accounting), Chulalongkorn University
- MBA (Accounting), Chulalongkorn University
- The Management Development Program, SASIN
- Advanced Management Program, Harvard Business School, USA
- Senior Executive Program Course 1 no. 29, Office of the Civil Service Commission
- National Defense College Class no. 43

Training Program

Shareholding (As of December 28, 2012)

0 share or 0.00%

Family relationship with other directors and member of management

None

Work experience

2007

Vice-Permanent Secretary, Ministry of Finance

2004

Advisor — Information and Communication Technology, the Revenue Department

2001

Vice Director - General, the Revenue Department

2000

Revenue Division 4, the Revenue Department

1999

Director — Tax Audit Office, the Revenue Department

1999

Director — Tax Management Center — Large Business, the Revenue Department

1997

Director — Tax Restructuration System via Computer (Temporary) , the Revenue Department

1996	Computer Technical Officer 9, Bureau of Information Technology, the Revenue Department
1993	Director (Computer Technical Officer 8), Tax Revenue Declaration Division, the Revenue Department
1992	Tax Structure Specialist (Tax Technical Specialist 8), Plan and Policy Division, the Revenue Department
1988	Computer System Specialist — Expert Level (System Officer 7), Tax Revenue Declaration Division, the Revenue Department
Litigation history in 10 years.	None
3. Name	Mrs.Ladavan Tanatanit
Position	Director, Chief of Executive Committee and Authorized Director
Age	67
Educational Qualifications	<ul style="list-style-type: none"> - MBA (Finance and Banking), Eastern New Mexico University, USA - Bachelor of Business Administration (Finance), Faculty of Commerce and Accountancy, Thammasat University
Training Program	<ul style="list-style-type: none"> - Director Certification Program (DCP) no.96, Thai Institute of Directors - National Defense Program'6 2008, National Defense College of Thailand - Advanced Bank Management Program (ABMP), Asian Institute of Management, Philippines - Politics and Governance in Democratic Systems for Executives'13, King Prajadhipok's Institute.
Shareholding (As of December 28,2012)	0 share or 0.00%
Family relationship with other directors and member of management	None
Work experience	
Present	Director of Executive Committee, AIRA Advisory Company Limited
Present	Committee Member of The Consumer Protection Board, The Prime Minister's Office
Present	Committee Member of Real Estate Development Committee , The Thai Chamber of Commerce and Board of Trade of Thailand
Present	Director, the Housing Finance Association
Litigation history in 10 years.	None
4. Name	Mrs.Nalineee Ngamsettam
Position	Director, Nomination and Remuneration Committee, Executive Committee and Authorized Director
Age	53
Educational Qualifications	<ul style="list-style-type: none"> - Bachelor of Science Program, Srinakharinwirot University - MBA (Finance), NIDA - CMIM, Certificate Master in Marketing Management, Thammasat University and Gotenberg University
Training Program	- Certificate of the Capital Market Leadership Program Class 8 from CAPITAL MARKET ACAD EMY (CMA)
Shareholding (As of December 28, 2012)	0 share or 0.00%

**Family relationship with other directors
and member of management**

None

Work experience

2010 - Present

Director and Chairman of Executive Committee, AIRA Capital Plc.

2006 - Present

Director and Chief of Executive Committee, AIRA Securities Plc.

2004 - 2012

Director and Advisor of Executive Committee, Dharmniti Plc.

1999 - Present

Chairman of AIRA Advisory Co.,Ltd.

1997 - 1999

Vice President of Finance Management, PTT Mart Co.,Ltd (PTT group)

1996 - 1997

Assistant Managing Director, Chao Praya Investment and Trust Co.,Ltd

1991 - 1996

Assistant Managing Director, Zmico Securities Plc.

Litigation history in 10 years.

None

5. Name

Mr. Kunakorn Makchaidee

Position

Director

Age

57

Educational Qualifications

- BSc. Accounting, The Thai Chamber of Commerce University

- MBA., Dalta State University, U.S.A.

Training Program

- Certificate of the Capital Market Leadership Program Class 8 from CAPITAL MARKET ACAD
EMY (CMA)

- Diploma of Directors Certification Program from Thai Institute of Directors Association (IOD)

Australian Institute of Company Directors (AICO) 15th June 2001

- Certificate of Attendance of the Chairman 2000 Class 5/2001 on the 3rd December 2001

- Certificate of Attendance of the Audit Committee Program Class 17/2007 on the 27th —
28th June 2007

Shareholding (As of December 28, 2012)

400,000 share or 1.00%

**Family relationship with other directors
and member of management**

None

Work experience

2002 - Present

Director, Chao Khun Agro Products Co., Ltd.

2001 - 5/8/2009

Independent Director and Audit Committee, Bangkok Rance Plc.

1992 - Present

Venture Capital Fund Managing Director, Business Venture Promotion Co., Ltd.

Litigation history in 10 years.

None

6. Name

Mr. Suwat Lauparadorachai

Position

Director, Audit Committee, Chief of Nomination and Remuneration Committee and Independent
Director

Age

50

Educational Qualifications

MBA (Finance) California State University, U.S.A.

Training Program

Directors Accreditation Program (DAP11/2004)

Shareholding (As of December 28,2012)

Spouse Holds 240,000 shares or 0.60%

**Family relationship with other directors
and member of management**

None

Work experience

Present

Managing Director, Prime Image Plus Co., Ltd.

1998 - 2001

Assistant Executive Director, KGI Securities (Thailand) Plc.

Litigation history in 10 years.

None

7. Name

Mr. Poonsak Thiapairat

Position

Director, Audit Committee, Nomination and Remuneration Committee and Independent Director

Age

48

Educational Qualifications

- MBA (Finance and International Business), Sasin
- Master of Science Program in Logistics Management Chulalongkorn University
- Directors Accreditation Program (DAP11/2004)
- Finance for Non-Finance Director (FN23/2005)

Training Program

Shareholding (As of December 28,2012)

286,000 shares or 0.72%

Family relationship with other directors and member of management

None

Work experience

2002 - Present

Director, Eternity Group

Litigation history in 10 years.

None

8.Name

Mr. Wiwat Kongkasai

Position

Director, Executive Committee, Managing Director and Authorized Director

Age

56

Educational Qualifications

- BBA (Accounting) Chulalongkorn University
- MBA, NIDA
- Directors Accreditation Program (DAP 2004)
- Directors Certification Program (DCP118/2009)

Training Program

Shareholding (As of December 28,2012)

1,600,000 shares or 4.00%

Family relationship with other directors and member of management

None

Work experience

1996 - Present

Director, Executive Committee, Managing Director and Authorized Director, Dhanamitr Factoring Plc.

Litigation history in 10 years.

None

9. Name

Mr.Wutthiphum Jurangkool

Position

Director , Executive Committee

Age

34

Educational Qualifications

- Bachelor of Laws, Ramkhamhaeng University
- Directors Certification Program (DCP 148/2011)-
- Finance for Director (FFD 12/2011)

Training Program

Shareholding (As of December 28,2012)

0 share or 0.00%

Family relationship with other directors and member of management

None

Work experience

2002 - Present

Director and Director of Procurement Department of

- SUMMIT Auto Body Industry Co.,Ltd.
- SUMMIT Auto Body Industry Co.,Ltd. (Ayutthaya branch)
- SUMMIT Laemchabang Auto Body Work Co.,Ltd.
- SUMMIT Laemchabang Auto Body Work Co.,Ltd. (Rayong branch)
- SUMMIT Auto Tech Industry Co.,Ltd.
- Thai Auto Industry Co.,Ltd.
- SUMMIT R&D Center Co.,Ltd.
- SUMMIT Advanced Materials Co.,Ltd.

Litigation history in 10 years.

None

10. Name

Mr. Visit Vongruamlarp

Position

Director

Age

64

Nationality

Thai

Educational Qualifications

Bachelor of Accounting, Thammasat University

Training Program

- Directors Accreditation Program (DAP 14/2004)
- Directors Certification Program (DCP44/2004)

Shareholding (As of December 28,2012)

None

Family relationship with other directors
and member of management

None

Work experience

- Director, AIRA Securities Plc.
- Independent Director, Don Muang Tollway Plc.
- Director and Audit Committee, D.T.C. Industries Plc.
- Director, MFC Assets Management Plc.
- President and CEO (Deputation), Government Saving Bank
- Director and Chief of Executive Committee, Government Saving Bank
- Vice Managing Director, TMB Bank Plc.
- Vice General Manager, the Industrial Finance Corporation of Thailand

None

Litigation history in 10 years.

None



Management

1. Name	Mr. Kanokkit Navasiri
Position	Assistant Managing Director — Credit and Marketing Department
Age	54
Educational Qualifications	MBA, City University, Seattle, Washington, U.S.A.
Training Program	- Executive Development Program (EDP 4/2009)
Shareholding (As of December 28,2012)	0 share or 0.00%
Family relationship with other directors and member of management	None
Work experience	
1999 – 2001	Manager, Thai Max Finance and Securities Plc.
Litigation history in 10 years.	None
2. Name	Mrs.Pornpilai Burasai
Position	Assistant Managing Director — Credit and Marketing Department
Age	50
Educational Qualifications	MBA, NIDA
Training Program	- Executive Development Program (EDP 9/2011)
Shareholding (As of December 28,2012)	0 share or 0.00%
Family relationship with other directors and member of management	None
Work experience	
2001 – 2011	First Vice President Corporate Client Solution, CIMB (Thai) Bank.
Litigation history in 10 years.	None
3. Name	Mr. Jirasak Arkawat
Position	Assistant Managing Director - Operations Department
Age	55
Educational Qualifications	BBA (Accounting) Kasetsart University
Training Program	-
Shareholding (As of December 28,2012)	92,600 shares or 0.23%
Family relationship with other directors and member of management	None
Work experience	
1999 – 2004	Vice President of Operations, Dhanamitr Factoring Plc.
Litigation history in 10 years.	None

4. Name **Mrs. Paisri Fakcharoenphol**

Position Vice President of Accounting and Finance Dept.

Age 50

Educational Qualifications BBA (Accounting and Finance), The Thai Chamber of Commerce University

Training Program -

Shareholding (As of December 28,2012) 22,500 shares or 0.06%

Family relationship with other directors and member of management None

Work experience

1995 - 2001 Manager of Accounting Section, The Airport Property Co., Ltd.

Litigation history in 10 years. None

5. Name **Mr. Somkiat Vachanasate**

Position Vice President of General Administration Dept.

Age 44

Educational Qualifications - BBA (Management) Ramkhamhaeng University
- Diploma of Science Bansomdej chaopraya Rajabhat University

Training Program -

Shareholding (As of December 28,2012) 0 share or 0.00%

Family relationship with other directors and member of management None

Work experience

2006 - 2007 Head of Information Technology System

2003 - 2006 IT Manager, Roumrudee Estate Co., Ltd.

1996 - 2002 AVP Information Dept., Asset Insurance Co., Ltd.

Litigation history in 10 years. None

6. Name **Miss. Somjai Amornchainoppakun**

Position Head of Internal Audit and Compliance

Age 41

Educational Qualifications BBA (Accounting) Siam University

Training Program -

Shareholding (As of December 28,2012) 0 share or 0.00%

Family relationship with other directors and member of management None

Work experience

2004 - 2006 Internal Audit and Compliance Manager, Advance Finance Plc.

2001 - 2004 Internal Audit and Compliance, Minor holding (Thailand) Co., Ltd.

Litigation history in 10 years. None



Good Corporate Governance

The Company's Board of Directors has been well aware of the intention to operate under the Good Corporate Governance by using the Policy on Good Governance Policy and disciplinary of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) to be the factors in order to develop the organization to be more efficiency and to be the fundamental of continuous business growth. In the year 2012 the Company has been assessed the Corporate Governance from Thai Institute of Directors (IOD) as Rating 4 stars which is considering to be good. Since the Company has changed to be Aira Factoring Public Company Limited and joined the Stock Exchange on the Market for Alternative Investment (MAI) by the end of year 2004. The Company's directors have set up the policy of Corporate Governance of the company which the contents cover the governance structure including the roles and responsibilities of the Board of Directors and also the Sub-Committee, rights of the shareholders, shareholders' meeting, code of ethics for the directors, the prevention of conflict of interest, internal control and the disclosure of information.

In summary, the major components of the corporate governance are as follow:

1. Rights of the shareholders

- The Company always aware that each shareholder is the owner of the company. This factors which will ensure the shareholders to have trust and confidence in investing in the business of the Company is to have the policy or the operation which reserves the fundamental rights that the shareholders should receive as by legal regulation. Moreover, it should also include the prompt engagement with effective and maximize efficiency. Finally the Company should earn the trust by investors and every relative partner as the Company which has good corporate governance.

1. Shareholders' Meeting

The Company has declared to have the Annual General Meeting of shareholders within 4 months after the end of the accounting year which in year 2012 the Company has called the Annual General Meeting on April 18th, 2012 at the Ratchada 1 Room, 2 Floor, the Chaophaya Park Hotel Bangkok located on Ratchadapisek Road, Samsennok, Huaykwang, Bangkok. In the Annual General Meeting, every director has joined the meeting in total of 8 including the senior management and the Company's external Auditor. The Chief of Executive Chairman has run the meetings completely as per the regulation and the results in every issues of the meeting have been approved in every minute proposed.

2. The sending out of the minute of the meeting of AGM in advance

The Company has designated the Thailand Securities Depository which is the Company's registrar to spread out the Invitation letter to the Annual general meeting which include the details of the agendum in the meeting, significant information for decision making and/or comments from the Company's Directors and the memorandum of the prior meeting which had all significant information, last year Annual report including the documents enclosed to the report / memo of proxy (form B) and documents used in the assignment of proxy and explanation documents of how to use the granting of proxy. These documents have been sent to the shareholders at least 14 days prior to the assigned date of AGM and also published in the newspaper 3 consecutive days to inform the shareholders to be promptly prepare for the AGM.

- In the AGM, the Company has brought the information that disclose in the web site of the Company at www.airafactoring.co.th 30 days before the AGM both in Thai and English to allow the shareholders to have enough time to study the information which will be useful to make the decision making. In addition, the Company has prepared the three proxy forms, which are type A, B and C so that the Shareholders can select to use the forms and also to designate the independent directors at least one person to be the nominee in case that the shareholder cannot attend the meeting, the information are on the company's website.

3. The facilitate of the shareholders

On the day of the AGM, the Company has facilitated the shareholders equally by having the officers to take care, welcome and provide enough facility. On that day, the Company has opened for the registration since 8 a.m. which is 2 hours earlier before the meeting time and which have the Company's directors, management team, External Accounting Auditor and legal counselor to handle the rightness of the proxy, the countable methods of shareholders attending the meeting, the abstained of the shareholders who have special conflict of interest and to monitor the voting in each minute during the meeting.

4. The Shareholders' Meeting

Before each AGM started, the Chairman will announce the criteria included in the meeting and the method to count the shareholders' voting in case that the shareholders have to vote in each Company's resolution and including the voting of each agenda. When the information for each agenda has been provided, the Chairman will give the chance for each shareholder to propose their idea, to ask any questions in each agenda and will be given enough time to discuss. Finally, the Chairman and the Directors will answer the questions clearly, straightforwardly and give significant attention to every question.

The chairman will run the meeting in accordance to the sequence of the agendas and will not add any other agenda without prior notice to the shareholders. For the agenda to select the new directors, the process will be done by shareholder's voting one by one. Furthermore in each meeting there will be written report of the details as completely and concluded with the results of the resolution and numbers of approved, disapproved and abstained votes. Normally the meeting is held in approximately 1-2 hours. For the Annual General Meeting of year 2012, the meeting is set at 10.00 a.m., starting with the registration at 8.00 a.m. and the meeting will end at 11.00 a.m.

5. The execution after the shareholders' meeting

After the end of the AGM meeting, on the same day, the Company will summarize the results of the AGM and the resolution via the system ELCID of the Stock Exchange of Thailand and provide such information to both investors and shareholders in both languages, Thai and English. Lastly, the minute of the meeting ,including the questions raised during the meeting will be submitted to the SEC and SET within 14 days from the date of the meeting and including the disclosure of the meeting through the company's website at www.airafactoring.co.th

2. Equitable Treatment of the shareholders

Though each shareholder may hold share in different amount and hence hold the rights in different portion (due to numbers of shares) but this does not mean that the fundamental rights of each shareholder will be different because the Company will treat the shareholders equally without regarding to gender, age, race, religious, belief and even though the shareholder cannot join the meeting with any inconvenient reason, that shareholder still has the right to grant the power to other person to join the meeting in his/her place.

(1) The grant of power of shareholder to raise the issues, lists of directors and forward the questions to the AGM in advance.

In order to allow the minority shareholders to participate in the operation and real audit of the company. Furthermore as the company is willing to operate under the good governance which prioritizes to the shareholders to have the rights to propose the important issues to add in the agenda of the AGM and to propose the name of the appropriate persons to be nominate to be the directors of the company. This also include that the shareholders will be able to send the questions prior to the AGM day through several channels which are by letters, email to www.airafactoring.co.th and company website.

For the Annual General Shareholder Meeting in year 2013, the Company has proposed the time for the shareholders to propose the agenda, list of directors and questions in advance between December 6th, 2012 to January 31th, 2013 to let the directors have times to consider.

As a result, there is one outsider propose his/her own to be the director of the Company. However, the directors have considered the qualification of this proposed director and found that the quality is less than other proposed directors and have informed that shareholder and the shareholders' meeting to acknowledge this information.

(2) Language used in the Meeting

Since the majority of shareholders who attend the Annual General Shareholder Meetings are Thai people, therefore the meeting is conducted in Thai. In order to facilitate foreign shareholders, the Company has sent the meeting's document in English for them and also set up the website of the Company in both language, Thai and English.

(3) Proxy for other person to attend the meeting

In order to preserve the rights for the shareholders who are not available to attend the meeting by themselves, they can give proxy to other person or other independent directors from the independent directors who attend the meeting whose the Company has stated their names in the proxy and also their other information i.e. biography, residential, educational data, position in other competitor companies or related companies, relational data of independent directors and any conflict of interest in the agenda. Furthermore in the Proxy that the Company sent to the shareholders also has specific details so the shareholders can vote specifically in the proxy.

(4) Using of the Voting cards in the Shareholders' meeting

The Company has used the Voting cards for the Shareholders' meeting for every agenda and will collect the cards for the shareholders that do not agree or abstained votes. For the agenda that select the directors individually, the Company gives each shareholder to vote by using the Voting cards (whether approve, disapprove and abstain) and the Company will collect all the Voting cards from every attendants to count for the voting results.

(5) Internal control to avoid the use of inside information of directors and employees.

The Company has set the procedures to avoid the transactions which may cause the conflict of interest and the use of internal data by setting the policy, guidelines and control principles which has set in the code of ethics to be used as the guidelines for all directors, executives, employees and related parties to use as the principle in considerations of the behaviors that may be risky to create such conflict of interests. The major principles are as follow:

5.1) indicate the Non-trading period for the shares of directors, executives and employees that related to the preparation of the financial statements by setting such non-trading period for at least one month before the announcement of the quarterly and annually financial statements.

5.2) The declaration of the amount of company's shares held by the directors and top management. The directors and the top management have to prepare and reported the buy-sell report of the company's shares within 3 working days after the changes to the company and the Securities and Exchange Commission (SEC) The Company's secretary will responsible for collecting the report of the changes in shareholding of directors and the top management.

5.3) The consideration of transactions which may cause conflict of interest. The Company has strictly followed the regulations from the Stock Exchange of Thailand (SET) by directing that those directors or management who has participated in transactions which may cause the conflict of interest shall not be able to participate in the decision making of those transactions. In addition the Company's secretary will also document the minute of the meeting and also the related transactions of such directors or top management to include in the minute of the meeting

3. Role of Stakeholders

Stakeholders of a company should be treated fairly in accordance with their legal rights as specified in relevant laws. The Board of Director should promote and support a clear policy on fair treatment for each and every stakeholder as follows:-

(1) Client and Customer Group: The Company has expected service as quality and fairness which has set practices as follow:

1.1) Prepared Fair agreement and Communication to customer has correctable understand about the Company's service.

1.2) Preservation for confidential and careful information of client and customer and not disclose it to other person except the client or customer should allow or proceeding against only.

1.3) Reasonable and careful advice for client and customer has received higher benefit and pleasure.

(2) Creditor and Competitor Group: Friendship of business has went progression jointly in the future, the Company has set practices by fair practice with creditor and competitor with condition of agreement and non doing as a conflict of interest and code of conduct

(3) Director, Management and employee Group: Human resource is important resource as taken the Company achieve, so the Company has realized and set practice as follow:

3.1) To built the process of manage as good relation between management and staff

3.2) The Company has set clear guidelines for the appointment and selection of personnel by starting the job description in order to support information used in the selection of personnel also we required monitoring and evaluation of every new staff's performance be undertaken over a probation period.

3.3) Encouragement to employee use knowledge, potential and proficiency to do job and encouragement training with employee thoroughly. The Company has set the budget for training and the plan for staff training and development with the aim of improving his skill knowledge and changed experience. In order to support weakness found in the work evaluation, as well as set plans to develop the staff over the long term in order to support his rise through the ranks in the future, and the development of his future career path. This allows the staff to progress in his work depending on his capability, to maximize the use of his potential.

3.4) Kept employee who is knowledge, the Company has realized and set practice as follow:

- The Company has set appropriate remuneration to staff commensurate with their qualification, Knowledge, skills and work experience including the annual adjustments of salary be made to staff once a year based on their work performance. The Company used Key Performance Indicator (KPI) system as tools in performance of staff and work units.

- The Company provides welfare for staff such as accident insurance, life and health insurance which staff will be reimbursed for their medical expense moreover reimbursement from the Social Security Office. The Company provides a medical check up once a year so that staffs are in healthy conditions and other welfare such as gift voucher for wedding, subvention of cremation and seminar for staff.

- The Company provides provident fund for staff.

3.5) Succession Planning, The Company has the policy to prepare management who is key positions in order to be enough the organization for the future so we have prepared the plan to develop knowledge, skill and potential for the new management.

(4) Society and community

In the society and community, the Company also has the policy to operate the business with responsible for the society and community. With intention to rise up the quality of the society, preserve the rules, treaty, culture and respect and behave themselves to each party with rightness and fairness. In order to support the abovementioned policy, the Company has set up the activity for Corporate Social Responsibility or CSR by supporting any charities which have social supportive transactions and by allocate some budget from the Company's revenue to use in this part. In addition the Company still also runs the activities to enhance the employees' conscious to response to the social both intentionally and continuously so as to keep it as the Company's good culture forever. During the period February 22-25, 2013 to campaign staff knows the value of natural resources and environmental sustainability. The seminar was conducted by the organization. Engineering and garbage collection campaign at the coast, Surat Thani, Kon Tao. By the participation of workers and communities as well.

Mechanism of participation of stakeholders

Any stakeholders can use the mechanism to contact, acknowledge, and notify the information of the company through these channels as follow:

- Telephone : Through Investor relation 02-512-1818
- Company' s website : www.airafactoring.co.th
- Sending via post or direct sending to Company's secretary Aira Factoring Public Company Limited
444 Olympia Thai Tower, 6th floor
Ratchadapisek Samsennok Huay Kwang
Bangkok 10320

Any queries or comments or complaints will be forwarded to the related department for correction and improvement. In year 2009 the Company does not have any disputes with regard to the stakeholders.

4. Disclosure and Transparency

The Board of Director has been important informed news, to disclose information of the Company, corrective updated and audit. The main intent is to ensure that investment in the company's securities is based on fair and informed decisions. The company's information disclosed to the general public comprises financial and non-financial information in both Thai and English. We have channeled our information disclosures, including our 56-1 form, annual report and website which are both Thai and English. We have following guidelines as follow:

- Financial Statement, Management Discussion and Analysis, as well as the Board of Director Responsibilities for Financial Statement together with the Report of the Independent Auditor.

- Report of the Audit Committee and Report of the Compensation Committee.

- Related transaction and internal controls.

- A Corporate Governance Policy and Report.

- Operation structure

- Operating results of individual Business units and annual business plan.

- Risk factors and risk management.

- To disclose about the Board of Director, the Audit Committee and management as follow:

- 1) Duties and responsibilities of The Board of Director, the Audit Committee and the Executive Committee and time the attend meeting

- 2) Remuneration of director and management are compose of policy of payment remuneration, other benefit and amount of remuneration

- 3) The director and related person information with the relationship between other director and non relationship. The companies disclose information on shareholding of directors and executives via the disclosure channel of the Securities and Exchange Commission (SEC) when there are any changes involved.

5. Responsibility

The Board of Director plays an important role in corporate governance and the Board is accountable to shareholders for the best interest of the Company. We have following guidelines as follow:

- Board Structure

- 1) The Board of Director comprises of the 10 director who are knowledge proficiency and own experiences in various areas;

- 2) 2 of them represent the major shareholders; and 4 are non-executive and independent directors. To perform duties and be the balance of powers among the Board of Directors to create fairness and maximum the greatest benefits to all shareholders.

Name	Position			
	Board of Directors	Audit Committee	Independent Director	Executive Committee
1. Mr. Chatahaval Bhanalarp	•		•	
2. Mrs. Jantima Sirisaengtaksin	•	•	•	
3. Mrs. Ladavan Tanatanit	•			
4. Mrs.Naline Ngamsetthamas	•		•	•
5. Mr.Wutthiphum Jurangkool	•			•
6. Mr. Suwat Lauparadoracha	•	•	•	•
7. Mr. Poonsak Thiapairat	•	•	•	
8. Mr. Wiwat Kongkasai	•			•
9. Mr. Kunakorn Makchaidee	•			
10. Mr.Visit Wongrumlap	•			

2) The Board of Director has appointed independent director and be Chairman and aggregation of duties between the Chairman and the Chief of Executive Committee to perform their duties effectiveness and clear.

3) The Company has segregation of duties between the Board of Directors and the Executive committee, as well as between the Boards of Directors and the shareholders are clearly defined by the Company

4) Times of held the post for each direct as the Articles of Association of Aira Factoring PLC.

- Company Secretary

The Board of Director had appointed Miss. Kittikarn Pacom, Assistant Manager of General Administration department, to be the Company Secretary to take responsibility as set forth by law.

- The Company has set up sub of committees as follow:

1) The Audit Committee has duties to follow up and monitor the Company's operating.

2) The Nomination and Remuneration Committee had duties to consider on the remuneration and other benefits paid to the director and committee including select and nominate qualified candidates to be Board of Directors.

3) The Executive Committee has duties to operate and manage for normal business and establish the Company's business strategy, budgeting, management structuring and assigning authorities as well as setting up business standard operations to conform to the economic situations and presenting to the Board of Directors for approval.

4) The Credit Committee had duties to approve the scope and power of the Directors to perform any other. Designated by the Board of Director.

- Roles and Responsibilities of the Board

1) To perform and protect all benefit and disclosed information to comparable shareholders

2) To comply the growth business has been in according with policy within the rule of legal and code of conduct

3) To comply the Company has been good risk management and internal control

4) To comply operating is transparent and disclosed the Information System has corrected and updated base on right of stakeholders.

- Board Meeting, The Board of directors meetings is regularly held in accordance to the Article of Association,

which mandates that meetings are held at least every 3 months, or may call special meetings as necessary. Meeting agendas are sent no less than 7 days prior to the meeting date unless for emergency meetings, in order to maintain the company's rights and interest. Ever meeting will have clear and concise agendas and sufficient supporting documents sent beforehand to the Directors for their perusal prior to attending the meeting. The Board of directors has freedom of speech and open debate, with the appointed chairman summarizing all suggestions and dissuasions. Minutes of meeting must be documented and filed in an orderly manner for easy retrieval by stakeholders and all concerned. Time the attend meeting for director, the detail as follow:

Name	Attend / Total Meeting (Times)									
	Board of Directors		Audit Committee		Executive Committee		Nomination and Remuneration Committee		Advisor of Credit Committee	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
1. Mr. Chatahaval Bhanalarp	5/5	6/7	-	1/6	-	-	-	-	-	-
2. Mr. Kunakorn Makchaidee	5/5	6/7	-	-	-	1/13	-	-	-	-
3. Mr. Suwat Lauparadorachai	4/5	7/7	4/5	6/6	-	-	1/1	1/1	-	-
4. Mr. Poonsak Thiapairat	5/5	7/7	5/5	6/6	-	-	1/1	1/1	-	-
5. Mr. Wiwat Kongkasai	5/5	7/7	-	-	13/13	13/13	-	-	-	-
6. Mrs.Jantima Sirisaengtaksin	4/5	4/6	5/5	5/6	-	-	-	-	-	-
7. Mrs. Ladawan Tanatanit	4/5	5/6	-	-	13/13	12/13	-	-	-	-
8. Mrs. Nalinee Ngamsetthamas	5/5	5/6	-	-	12/13	11/13	1/1	1/1	-	-
9. Wutthiphum Jurangkool	4/5	2/4	-	-	12/13	9/13	-	-	-	-
10. Mr.Visit Wongrumlap	5/5	4/4	-	-	-	-	-	-	27/27	-

- Conflict of Interest, The Board of Directors and the management carefully caution any conflict of interest that may occur. Consequently, they impose the policy on approval procedure and how the Board of directors supervises the use of inside information, conflict of interests and connected transactions are completely disclosed in order to perform in compliance to the Securities Exchange in Thailand's Notifications.

- Receiving money or other remuneration

Directors, management, and staff members at all levels shall not personally receive any money or benefits from the Company's customers or business partners, or from any other persons when working on behalf of the Company. Directors, management, and staff members at all levels shall not borrow or raise funds from, or lend money to, the Company's customers or business partners, unless they are independent customers of banks or financial institutions which are connected to the Company.

- Engaging in other business outside the Company and subsidiaries

Directors, management, and staff members at all levels shall not engage in any other business that affects their performance, duties and working hours in the Company. Every member of the Company is prohibited from participating in any other business which is in competition with the Company and subsidiaries, regardless of whether the management or the staff directly or indirectly benefit from that business.

- Engaging in business with the Company and subsidiaries

Every director, manager and staff member shall disclose his or her relationship to any other business entity the Company may be dealing with, according to the Company's disclosure criteria. No director, manager or staff member may approve a business transaction on behalf of the Company if he or she has a conflict of interests related to that transaction. Prior to entering into any business dealings, the management of the Company has a duty to determine the relationship between business partners and the Company's directors, managers and staff members who are conducting business with those partners. The definition of "relationship" is given in the Notification of the Board of Governors of the Stock Exchange of Thailand, Re: Disclosure of Information and Act of Listed Companies Concerning Connected Transactions.

- Outside directorships

The Company has no policy to nominate members of its management team as board members of a company outside the Company and subsidiaries. In the event that a member of the management team is invited to serve on the board of a company outside the Company and subsidiaries, approval is required from the Company, unless the invitation is for a non-profit organization and does not infringe any related laws or regulations governing the Company's business. Furthermore, the person involved shall not use his or her position in the Company to promote the business of the outside company.

- Receiving gifts and entertainment

Every director, manager and staff member should refrain from accepting monetary or non-monetary gifts from the Company's business partners, suppliers, customers, creditors or any other person they are dealing with on behalf of the Company. The only exceptions are traditional, seasonal gifts which are in accordance with normal cultural practice. The value of any gift received may not be over Baht 5,000: if the value is above this amount, the recipient must consult his or her immediate supervisor for advice. Every director, manager and staff member can accept normal business entertainment provided by business partners, suppliers, customers, creditors or any other person they are dealing with on behalf of the Company. However, any member of the Company accepting this entertainment should exercise good judgment and due care regarding the nature of the entertainment to ascertain that it is in line with normal business relationships.

- Accepting invitations to seminars, business events and company visits

Every director, manager and staff member can accept invitations to seminars, business events and company visits where the traveling expenses are sponsored by suppliers, customers, creditors or any other person they are dealing with on behalf of the Company. However, the aforementioned activities must benefit the Company's business and be authorized by the relevant supervisor. No director, manager or staff member may accept spending money or other benefits provided for these events.

- Giving Gifts, Entertainment and Gratuities

The Company has no policy to give money, incentives or other special benefits to its suppliers, customers, creditors or any other person in order to influence, or in exchange for, business deals, with the exception of providing normal business entertainment, trade discounts or promotional campaigns.

- Participation in Political Activities

The Company has a policy of political neutrality and does not make donations to any political party. The Company also avoids activities that may favor any particular political party. Directors, management, and staff members at all levels are able to participate in political activities under the terms of the Constitution of Thailand. However, no members of the Company shall claim the status of being a Company employee or use any of the Company's property or equipment for the purpose of political activities. Any director, manager or staff member who accepts a politically related position or stands for any local or national elections in any constituency in Thailand must resign from the Company forthwith.

- Safeguarding the Company's Assets

Directors, management, and staff members at all levels are responsible for looking after, maintaining and maximizing the use of property and fixed assets belonging to the Company, and shall not use any of these for their own or others' benefit. The Company has a policy to prepare all business documents and financial reports, and record all accounting and financial data on an honest and timely basis, in compliance with generally accepted accounting standards and related laws. No director, manager or staff member may disclose material inside information to any party that has no right to access that information. It is the duty of every member of the Company to secure and protect confidential information, data and documents.

- Use of Inside Information and Trading of the Company's Securities

Directors, management, and staff members at all levels shall not use any significant inside information about the Company which has not been disclosed to the public, for their own or others' benefit. Directors, management, and staff members at all levels shall have the right and freedom to invest and trade in the securities of the Company. However, in order to prevent conflict of interests, all directors and employees should avoid or suspend trading for a period of 30 days prior to the disclosure of all financial statements to the public.

- Distribution of Information and Interviews with the Press or Public

The distribution of information about the Company shall be conducted in a factual, accurate and careful way. A Company employee who is not authorized or assigned to speak to the press shall not give any interview with the media or the general public, nor disclose any information about the Company and subsidiaries which may adversely affect their reputation or business operations.

- Compliance with Laws, Rules and Regulations

Directors, management and staff members at all levels shall abide by the law and all related rules and regulations pertaining to their position. No member of the Company shall commit or support illegal acts.

- Business Ethics, The Company has issued the written Code of Ethics as the guidelines for the Board of

Directors, the Executive Committee and management including employees. The code of ethics covers objectives of business conduct, responsibility, business ethics, statutory compliance, competition, and information disclosure. The code of ethics is clearly defined to employee at all level to be aware of and perform accordingly

- Remuneration

1) Director Remuneration, The Directors remuneration are disclosed clearly and transparency and be comparable to the general practice in the industry. It is the duty of the Board of Directors with approval from the shareholders to determine the remunerations of the directors.

2) Management Remuneration, The remuneration for executive management are determined in accordance with the principles and policy set by the Board of Directors and correspond to the performance of the Company as well as that of each executive.

Remunerations

The director remuneration policy has been clearly and transparently established by the Board of Directors, with the Nomination and Compensation Committee considering the policy for such directors and top management as President and Vice President. The final policy will then be proposed to the Board of Directors for consideration before presenting to the shareholders meeting for consideration and approval.

The Remuneration of Directors Policy and Payment Criteria

The remunerations of directors determined by the Board of Directors comprise yearly director bonus and remuneration paid as meeting allowance with regard to the tasks, responsibilities and performance of directors being beneficial to the Company, compared to other companies of comparable size and nature of business. Directors will receive remuneration commensurate with more duties and responsibilities assigned.

1. The remuneration of the Board of Director shall pay to the director who attend meeting with the rate as follow

1.1 The Chairman	receive	25,000	Baht / time
1.2 The Director from Non-executive director	receive	15,000	Baht / time
1.3 The Director from the executive director	receive	7,500	Baht / time*

2. The remuneration of the Executive Committee shall pay to the director who attend meeting with the rate as follow

2.1 The Chief of the Executive Committee	receive	15,000	Baht / time
2.2 The member of the Executive Committee	receive	10,000	Baht / time**

3. The remuneration of the Audit Committee shall pay to the director who attend meeting with the rate as follow

3.1 The Chief of the Audit Committee	receive	25,000	Baht / time
3.2 The Member of the Audit Committee	receive	15,000	Baht / time

4. The remuneration of the Nomination Committee shall pay to the director who attend meeting with the rate as follow

1.1 The Chief of the Nomination Committee	receive	15,000	Baht / time
1.2 The Member of the Nomination Committee	receive	10,000	Baht / time

5. The consulting remuneration of the Credit Committee shall pay to Mr. Visit Vongruamlarp when attending Credit Committee meeting with rate of 5,000 Baht / time.

6. The extra remuneration for the Director, including the total remuneration of the director from No.1, No.2, No.3, No.4 and No.5, shall not exceed 2,750,000 Baht.

Remark* In case the chairman and Director of the Board and/or sub committee come form the management, the remuneration shall be reduced a half of the remuneration paid to the Chairman and Director who are Non-executive director.

Remark** In case the Managing Director taking a position in the executive Committee shall not receive the remuneration because of regarding as the management.

Name	Position	Meeting Expenses												Gratuities		Total Remuneration	
		Board of Directors		Audit Committee		Executive Committee		Nomination and Remuneration Committee		Advisory Committee on Finance							
		2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011		
1	Mr. Chatahaval Bhanalarp	125,000	175,000	-	25,000	-	-	-	-	-	-	200,000	180,000	325,000	380,000		
2	Mr. Kunakorn Makchaidee	75,000	105,000	-	-	-	10,000	-	-	-	-	120,000	100,000	195,000	215,000		
3	Mr. Suwat Lauparadorachai	60,000	105,000	60,000	90,000	-	-	15,000	-	-	-	120,000	100,000	255,000	295,000		
4	Mr. Poonsak Thiapairat	75,000	105,000	75,000	90,000	-	-	10,000	-	-	-	120,000	100,000	280,000	295,000		
5	Mr. Wiwat Kongkasai	-	-	-	-	-	-	-	-	-	-	120,000	100,000	120,000	100,000		
6	Mrs. Ladawan Tanatant	60,000	90,000	-	-	195,000	180,000	-	-	-	-	160,000	120,000	415,000	390,000		
7	Mrs. Janlima Sirisaengtaksin	60,000	90,000	125,000	125,000	-	-	-	-	-	-	140,000	100,000	325,000	315,000		
8	Mrs. Naline Ngamsetthamas	75,000	90,000	-	-	-	-	-	-	-	-	120,000	100,000	205,000	240,000		
9	Mr. Wuthiphum Jurangkool	60,000	60,000	-	-	120,000	120,000	10,000	-	-	-	120,000	90,000	300,000	270,000		
10	Mr. Visit Wongrumlap	75,000	60,000	-	-	-	-	-	-	135,000	40,000	120,000	90,000	330,000	190,000		
Total														2,750,000	2,690,000		

Executive Remuneration As at December 31, 2012 and 2011

Type of Remuneration	(Baht)	
	2012	2011
Salary And Bonus	15,724,100	13,272,274
Provident Fund	1,013,748	810,920
Welfare-other	2,260,910	770,660
Total	18,998,758	14,853,854
Number of Executive	7	7

Control of inside information

The company has strict rules governing the protection of inside information that may not be disclosed or used towards any personal gain, whether directly or indirectly. The Board and the Executive members must not use the inside information before public disclosure, by notifying these Board and Executive members to avoid the trading of company shares one-month prior to the public disclosure of the financial statement. Apart from this, notification is also given regarding the reporting, acquiring and exchanging of shares to SEC and SET to conform to Article 59 and Article 275 of the Security Exchange of Thailand B.E. 2535

Human Resource

1. As at December 31, 2012, the Company had total staffs not include management of 42 persons

Department		Number of Full-time officer		
		2012	2011	2010
1.	Credit and Marketing Department	14	9	11
2.	Operation Department	14	14	12
3.	General Administration Department	7	8	6
4.	Accounting and Finance Department	6	5	5
5.	Audit and Compliance	1	1	1
Total		42	37	35

The company has featured no significant changes and significant labor disputes have arisen over the past three years.

Remuneration and Welfare-other

The company's remuneration and welfare-other in the last three year:

Department	Department	Department	Department
Number of officer	42	37	35
- Salary and Bonus	16,240,612.79	13,338,419	14,073,613
- Welfare-other	4,511,399.69	2,692,153	1,776,127
Total	20,752,012.48	16,030,572	15,849,740

Human Resources Development Policy

The Human Resources Development Policy and Human Resources Administration Procedures have been linked up with the Company' strategy and business direction of the Company. The Company believes that the growth and expansion of the Company will depend on the quality and capable employee. Hence the Company decide to have the policy to concentrate on the development and improvement of the administrative and employee development systems to be up-to-date, in harmony with the advance technology and also the international standard in order to build up and develop the employees to be both good person and capable resource including sharing their capability to develop and helping the society. The Company also emphasizes the employees to be the major keys in order to develop the Company to become the successful organization and to increase the competency to compete with other competitors in the market. In 2012 the Company has several continuous development programs for every level of employees to develop their capability.

- TLCA Executive Development Program EDP 9 of Thai Listed Companies Association
- TFRS on 2012 (course 40) The Federation of Accounting Professions.
- Tax accounting course of N Y C Management Co.,Ltd.

- Account Assets and Depreciation of N Y C Management Co.,Ltd.
- Survey the remuneration director committee on 2012 of Thai Institute of Director.

Besides, The Company also promoted the employee who performs excellent potential corresponded to career developing plan. By year 2012 the Company applied the Key Performance Indicators (KPI) to the guideline in order to evaluate the individual staff's performance and also estimate employee's capability along with the business objective on the whole.

Corporate Social Responsibility

AIRA Factoring Public Company Limited

The Company has determined Corporate Social Responsibility as one of the policy and incorporated it as a fundamental of the Company's mission that we commit to apply such principles to create sustainable growth for the Company and the social as well.

1. Responsibility for Social and community

For social and community, the Company conducted the policy to operate business with Corporate Social Responsibility criteria. We determine and make an effort continuously to enhance the quality of social following the rule and regulation as well as social ethics with equality and fairness treatment to every stakeholder. To support the policy as mentioned above, in year 2012, the Company has made a progress on conducting business operation and developing social community simultaneously by allocating a portion fund from revenues to carry on such activity. Besides, the Company also conducts an activity to foster our employees in every level to be responsibilities to social cordially. On February 22-25, 2013, the Company had launched a campaign of sustainable environment by organizing the seminar within organization and campaign of cleaning the beach at TAO islands, Suratthani Province which had been received smooth cooperation from both employee and society.



2. Fair practices for clients and customers

1. Offering quality service including new programs of service in order to serve the various need of client
2. Enhancing convenience and number of service points as well as developing E-Factoring to reduce credit risk and facilitate the service of client
3. Ensuring client and customer information is not disclosed without authorization

3. Responsibility for employees

3.1 Employment

In year 2012, the Company recruited employees to work in various positions in preparation for support business expansion. The employee selection process focuses on equality and fairness. We have also places special emphasis on treating our employees like members of the Aira family. Employees are well looked after in term of compensation, privileges and benefits. Employees work in a warm and friendly working environment. They are encouraged to share their opinions and experiences which in turn fosters a friendly atmosphere and happy workplace.

3.2 Management of benefits — The Company offer benefits and privileges for staff members as follow:

- Annual medical check-up
- Medical fringe benefits, health insurance and life insurance

- 8 Provident fund which maximize up to 8% depending on life time of working
- Spousal assistance
- Compensation in case of disaster's damage
- Family support in case of close family deaths
- Uniforms for staff, drivers, maid and messengers

3.3 Management of salary and compensation

The Company determines the policy to provide fair compensation and appropriate pay for each employee based on position and performance in accordance with fair evaluations in order to improve benchmarks and compensation standards, to compete effectively in same industry and to attract the best talent to work at the Company.

3.4 Employee Relations

The Company has continuously organized various activities among employees, between employees and management in order to create opportunities to express ideas and provide a chance to enjoy numerous activities that will help create unity and happiness among colleagues in the workplace.

For year 2012, the Company organized a number of activities to enhance moral and foster a greater work ethic not only among employees, but also in turn on a company, social and national level. The activities are such as

- A Staff Party which are annually organized to help enhance both personal and professional relations among employees. In 2012, the party was organized to entertain employees with food, games and show from a variety of performers.
- An Annual Seminar which is the activity to support harmony among employees and to create united in action and spirit within organization in order to increase efficiency of work and achieve business objective. During the beginning of year 2013, the company had organized the seminar at TAO islands, Suratthani Province.





Risk Management and Internal Audit

Factoring is the business that involve directly in risk management so that the capability to manage risk is the key success factor of factoring company.

The Company realize on the significance of the risk management under the uncertain change that may have an impact to business operation concerning both internal and external factors. The Company believes that the risk management is the vital part in every business operation and has to link its process with every level of organization. The Company, therefore, determines the Enterprise Risk Management policy that everyone in the organization must follow strictly and consider as the responsibilities for every department to manage and control their own risk under risk appetite.

Investment in Company's security, the investor should consider major risk factor from common business operation. Besides the risk factor contained in this document, there might be other risk factors either the Company is not able to notice at this time or the Company consider that there is no significant effect toward business operation. As all information mentioned above, the investor, therefore, shall consider deliberately regard all risk factors. The major risk factors can be classified as follow:

1. Credit risk

There are three parties involved in the factoring business: the Company as the factor to purchase the accounts receivable, the client as the seller of the accounts receivable, and the customer as the buyer of goods on credit. Therefore, in identifying credit risk, consideration must be made on both the customer and the client. Here are some potential risk factors threatening the factoring business:

a. Debt servicing ability of clients/customers.

If the Company, the Company as the factor to receive from customer (seller), can not receive from customer, the Company can require from client to pay (case by case). The Company has the efficiency database of loan and can review status both client and customer are easy because the Company must be consider status both client and customer importance.

b. Risk from normal business operation arising between Invoice price and actual payment.

In case client and customer may offset debt as expense or return goods which is damage or fault but it has not significant value. The Company has set ratio of receive document or amount as advance payment for suitable customer.

2. Risk from funding for credit expansion

s factoring is to provide credits on a short term of 30 to 120 days, the appropriate sources of fund are overdraft loans and short-term borrowings. Currently, the Company has supported financially by others finance institution so the company has enough capital funds for business concurrent managed liquidity. To safeguard against such risk, "AF" manages its liquidity by matching the loan period with the receivables discounting period. As of December 31, 2012, "AF" debt to equity ratio stood at 6.71 times. However the Company can be concentrated fund by increased capital.

3. Risk from dependence on a major shareholder

"AF" major shareholder provided support to "AF" through facilitation of debt inspection or factored document inspection (receivables type 1), thus helping to minimize risk in debt collection. However, the Company has expanded its client and customer base to other groups in a bid to cope with such risk.

4. Risk from concentration of customers

The Company determines the policy regarding defining the target client and managing risk by giving high importance to the group of clients that the Company can verify document and transfer right to pay debt directly to the Company. At present, the Company focuses on two major client bases; automotive industries and modern trade business. The proportion of factoring volume from such two industries of year 2012 is equivalent to 56.07% and the proportion of factoring volume from the group of customer that willing to transfer right to collect debt is equal to 60%.

5. Risk from interest rate fluctuation

As the loan interest is the Company's main cost and has an effect on the determination of interest charge from clients as well as the Company's competitiveness, the change in interest rate may impact its operational performance. The Company has set out measures to reduce such risk by matching the sources of borrowings with the lending via factoring to ensure interest spreads are maintained. Beside, the Company analyses the term of interest rate movement of factoring receivables, call borrowing and less than 3 months term borrowing and the Company adjusts the interest rate charge to receivables when the interest rate changes. Thus, the Company is flexible in its response to interest rate fluctuations, and, accordingly, the Company's operations are not significantly exposed to interest rate risk.

6. Risk from competition

At present, there are about 17 operators of factoring and similar businesses, competition negatively results in lowered interest spreads, but augurs well for credit growth because the low interest rate helps to induce more entrepreneurs to use this service. "AF" However, the Company itself provides solely domestic factoring service, aiming at small and medium-sized industrial clients who are suppliers to the modern trade businesses in which "AF" has high expertise. These businesses, which are "AF" customers, are cooperative in confirming the factored documents and debt inspection, hence minimizing "AF" risk exposure and boosting its strengths in services. This, coupled with the Company's close and good relationship with its clients, efficient credit management information system, and low operating cost, helps to ensure "AF" strong competitive edge.

Internal Audit

The Internal Audit Office performs its duties independently and objectively and reports functionally and directly to the Audit Committee and administratively to the Chief Executive Officer. The Company regularly updates the Internal Audit Charter (vision, mission, strategy, scope, objectives, responsibilities, accountability and authority), and also updates the Internal Audit Manual as its primary source of reference. This ensures that the Internal Audit Office conforms to the International Standards for the Professional Practices of Internal Auditing (Standards) and delivers a high standard of service with due professional care to support the Company's good corporate governance policy and practice, adding value to both the Company's stakeholders and the Company's sustainable development. The Internal Audit Office evaluates the Internal Audit Office evaluates and improves the effectiveness of internal control, risk management and governance processes according to annual audit plan. The Internal Audit Office creates an annual audit plan, approved by the Audit Committee, after consideration of overall objectives, strategies, mission, and the Risk Based Audit Approach, including key control points and management opinions. The Internal Audit Office also consults and advises on CSA, project development, and risk management, etc. to ensure that Company performance follows its strategies and achieves its goal and objectives. Furthermore, the Internal Audit Office regularly performs monitoring activities to ensure the effective and continuous improvement of internal control, risk management, and governance processes.

In 2011, the external assessor rated the Internal Audit Office as 'generally conforms' in accordance with the International Standards for the Professional Practice of the Internal Auditing (Standards), and has also performed remarkably well in relation to qualitative benchmarking against high performing internal audit functions internationally. The Internal Auditors intend to maintain this remarkable performance.

In assessing the effectiveness of risk management, the Internal Audit Office reviews events identification and risk factors, which affect the Company's objectives, and then reviews the risk management approach. This is to ensure that risk identification and risk assessment are accurate and appropriate, and that a systematic risk management approach is implemented to manage at the Company's risk appetite level, report in a timely manner and monitor regularly.

In assessing the effectiveness of governance, the Internal Audit Office performs regular corporate governance evaluations, according to principles of good corporate governance set by the Organization for Economic Co-Operation and Development (OECD) and the Stock Exchange of Thailand (SET). This ensures that the Company provides the necessary infrastructure and processes to support good corporate governance, transparency, fairness for all and accomplishes its objectives by using resources effectively to ensure the greatest benefit for all concerned stakeholders.

In assessing external and internal fraud risk management, the Internal Audit Office performs fraud risk assessments and provide channel for receiving a fraud complaint and auditing upon the request (Whistle Blowing) for events identification and then evaluates the possibility of external and internal fraud. The Internal Audit Office also considers the most effective measures to prevent and control risk to ensure that the Company achieves its objectives



Policy on Use and Disclosure of Inside Information

The Company is strongly committed to the responsible and transparent use of internal data to glean best practices for the betterment of Company operations. In doing so, the Company is resolved to adhere to the principles of good corporate governance and business integrity while facilitating equal access to complete, reliable, and updated internal information for all investors and concerned parties. Accordingly, the Company monitors and tracks all the internal data usage and trading securities procedures of directors, executives, and employees to conform to the Securities and Exchange Act and ensure business transparency. Outlined below are some of the key points of the policy:

- Directors, executives, and employees at all levels are forbidden from using internal data containing crucial information that would have a significant impact on the stock price and has not yet been declared to the public or the Stock Exchange of Thailand for trading to the advantage of self or others. Furthermore, the aforementioned parties are to avoid or refrain from trading the Company's stock for 1 month prior to the announcement date of the Company's results.
- The Company is responsible for announcing to the public information regarding key Company decisions and/or actions, instantly and thoroughly, via appropriate and acceptable media to ensure that all data and information are accessible to stakeholder groups in a timely manner. Release of such information must be handled through the Investor Relations Department and Public Relations Department and in a manner congruent with the rules and regulations set out by the Stock Exchange of Thailand and Disclosure Policy.
- Directors and executives shall report ownership of all securities issued by the Company, including those that pertain to self, spouses, and/or underage children, to the Securities and Exchange Commission and to the Board of Directors on a quarterly basis.
- The Company maintains a strict policy regarding computer system usage and electronic information security in order to protect crucial information from unauthorized release. Misuse of internal Company data by directors, executives, or employees is considered a serious breach of Company policy and, in warranted cases, offenders will be prosecuted to the fullest extent of the law. Before the announcement of the Company's results, internal data are restricted to related departments including Accounting, Finance, Investor Relations, and Compliance.

The Company has a Disclosure Policy outlining the official procedures for information disclosure. The policy is developed based on the principles that the disclosure of corporate information shall be in compliance with applicable legal and regulatory requirements. Disclosure of all corporate information shall be accurate, adequate, timely and consistent, regardless of whether it has a positive or negative impact on the Company, the investors, or the market. All non-public information shall be disclosed in a manner which ensures fair and equitable access by all investors. The policy stipulates responsible positions, levels of disclosure, and communication procedures. The policy reinforces the standards of disclosure and follows the principles of market efficiency.

Related Transaction

During the end of year 2012 to the beginning of year 2013, the Company has significant transactions with related persons concerning the criteria and process of consideration on price or condition of each transaction with fairness and creating maximize benefit toward Company and every shareholder like the transaction dealing with person outside in order to avoid the conflict of interest following the principle of the Stock Exchange of Thailand.

Company	Related person	Type of related transaction	Amount	Opinion of Audit Committee
AIRA Securities Plc.	AIRA Securities Plc which is the subsidiary company that has a mutual major shareholder with the Company is AIRA Capital Company Limited which hold 57.97% shares of AIRA Factoring Plc and hold 99.00% shares of AIRA Securities Plc.	Money lending Baht 800 million On December 13 and 14, 2012, the Company had borrow money from AIRA Securities Plc. The lending instrument was two letters of Bill of Exchange (B/E). The first B/E was total amount of Baht 500 million and the second B/E was total amount of Baht 300 million respectively with the interest rate of 3.65% per year and maturity of 2 months. The maturity date was February 11, 2013. Then, the Company has prolonged the period of lending for next 2 months in total amount of Baht 500 million and had disbursed debt in the amount of Baht 300 million	Baht 7.70 million	After consideration, the Committee had expressed an opinion that such transaction would be beneficial and help increase the liquidity of business operation. Besides, the interest rate was fair and at normal market rate. The reason and importance of such transaction was to increase liquidity of its business.

Importance and reasonability of related transaction

In case the Company make agreement or contract or any related transaction with the subsidiaries, joint venture company, related company, outside parties and/or person who may have conflict of interest, the Company shall consider on the importance and reasonability of each agreement concerning the beneficial benefit of the Company.

Measure or procedure to approve the related transaction

In case the Company make agreement or contract or any related transaction with the subsidiaries, joint venture company, related company, outside parties and/or person who may have conflict of interest, the Board of Director determines that the practice have to follow the criteria announced by the Board of the Stock Exchange of Thailand — Disclosure and Transparency of the related transaction, value and condition like making an agreement with outside person. The Director or employee who may have a conflict of interest on such transaction must not participate on process of approval.

Policy or tendency to of the related transaction in the future

In case there is any related transaction in the future, the Company determines the policy to manage in line with the normal business following the act and notification or any regulation of the Stock Exchange of Thailand or any institute. Besides, the Company shall disclose the detail of the related transaction in the accompanying note of the financial statement, the form 56-1 and the annual report (56-2)



Report of the Board of Director's Responsibilities in the Financial Statement

The Board of Director's priority is to supervise the Company's operations that they are in line with the good corporate governance policies and that financial statements and financial data appeared in the Company's annual report contain accurate, complete and adequate information. Its duty is also to make sure that the financial statement are in line with the generally accepted accounting principles practiced in Thailand where an appropriate accounting policy is being close and carefully pursued on a regular basis. In addition, the Board of Directors must also ensure that the Company has an effective internal control system to guarantee the credibility of its financial statement, that a protection system is in place to prevent unusual transaction, that a connected transaction that might lead to possible conflicts of interest is in fact an actual transaction reasonable carried out during a normal course of business for the Company's maximum benefit and that relevant laws and regulations are complied. The Audit Committee has already reported the result of its action to the Board of Directors and has also reported its opinions in the Audit Committee's Report as seen in the annual report.

In this regard, the Board of Directors is of the opinion that the Company's internal control system is proven satisfactory and contributes to the Company's credibility as of 31 December 2012. The Company's auditor has already audited it according to the generally-accepted accounting standard and has an opinion that the financial statements show an accurate financial status and operation result in its essence as per the generally accepted accounting principles.



Mr. Chatchaval Bhanalarp
Chairman of the Board



Mrs. Ladavan Tanatanit
Chief of Executive Committee



Report and financial statements

Independent Auditor's Report

To the Shareholders of AIRA Factoring Public Company Limited

I have audited the financial statements of AIRA Factoring 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

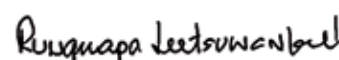
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 AIRA Factoring Public Company Limited as at 31 December 2012, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Rungnapa Lertsuwankul

Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited

Bangkok: 15 February 2013



Statements of financial position

AIRA Factoring Public Company Limited
 Statement of financial position
 As at 31 December 2012

(Unit: Baht)

	Note	2012	2011
Assets			
Current assets			
Cash and cash equivalents	7	61,751,955	23,376,344
Factoring receivables	8	2,409,203,565	1,538,723,240
Current portion of loans receivable	9	102,338,305	21,616,211
Other receivables		475,389	11,279
Other current assets		205,869	247,361
Total current assets		2,573,975,083	1,583,974,435
Non-current assets			
Loans receivable	9	22,980,000	-
Equipment	10	4,995,757	4,902,373
Deposits and guarantees		1,941,480	994,220
Total non-current assets		29,917,237	5,896,593
Total assets		2,603,892,320	1,589,871,028

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

AIRA Factoring Public Company Limited
Statement of financial position (continued)
As at 31 December 2012

(Unit: Baht)

	Note	2012	2011
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	6, 11	2,116,530,818	1,151,000,000
Retentions from factoring		50,830,106	54,324,295
Other payables		5,312,106	6,378,790
Income tax payable		8,443,491	3,322,453
Other current liabilities	12	73,725,282	34,297,457
Total current liabilities		2,254,841,803	1,249,322,995
Non-current liabilities			
Provision for long-term employee benefits	13	12,746,607	8,280,373
Total non-current liabilities		12,746,607	8,280,373
Total liabilities		2,267,588,410	1,257,603,368
Shareholders' equity			
Share capital	14		
Registered			
40,000,000 ordinary shares of Baht 5 each		200,000,000	200,000,000
Issued and fully paid-up			
40,000,000 ordinary shares of Baht 5 each		200,000,000	200,000,000
Share premium		35,844,889	35,844,889
Retained earnings			
Appropriated - statutory reserve	15	14,900,000	12,600,000
Unappropriated		85,559,021	83,822,771
Total shareholders' equity		336,303,910	332,267,660
Total liabilities and shareholders' equity		2,603,892,320	1,589,871,028
		-	-

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

Directors



Statements of comprehensive income

AIRA Factoring Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2012

(Unit: Baht)

	Note	2012	2011
Profit or loss:			
Revenues			
Interest income from factoring		139,643,928	128,841,534
Fees and services income		29,906,669	26,046,222
Other income		5,210,516	4,666,034
Total revenues		174,761,113	159,553,790
Expenses			
Administrative expenses		66,480,950	62,742,843
Total expenses		66,480,950	62,742,843
Profit before finance cost			
and income tax expenses		108,280,163	96,810,947
Finance cost	6	(48,546,035)	(41,195,369)
Profit before income tax expenses		59,734,128	55,615,578
Income tax expenses		(15,697,878)	(4,301,649)
Profit for the year		44,036,250	51,313,929
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		44,036,250	51,313,929
Earnings per share			
Basic earnings per share	17	1.10	2.00
Weighted average number of ordinary shares (shares)		40,000,000	25,643,835

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



Cash flow statement

AIRA Factoring Public Company Limited

Cash flow statement

For the year ended 31 December 2012

(Unit: Baht)

	2012	2011
Cash flows from operating activities		
Profit before tax	59,734,128	55,615,578
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation	2,371,637	1,971,989
Bad debt and doubtful accounts	4,041,392	10,325,387
Loss on write-off of equipment	-	718
Gain on sales of equipment	(669,924)	(499)
Provision for long-term employee benefits	4,466,234	1,179,970
Interest expenses	48,546,035	41,195,369
Profit from operating activities before changes in operating assets and liabilities	118,489,502	110,288,512
Operating assets (increase) decrease		
Factoring receivables	(874,521,717)	294,628,327
Loans receivable	(103,702,094)	37,663,684
Other receivables	(464,110)	322,829
Other current assets	41,492	(27,209)
Deposits and guarantees	(947,260)	(12,564)
Operating liabilities increase (decrease)		
Retentions from factoring	(3,494,189)	(14,726,026)
Other payables	(534,483)	972,538
Other current liabilities	39,427,825	(18,286,189)
Cash flows from (used in) operating activities	(825,705,034)	410,823,902
Cash paid for corporate income tax	(10,576,840)	(10,695,132)
Net cash flows from (used in) operating activities	(836,281,874)	400,128,770

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

AIRA Factoring Public Company Limited

Cash flow statement (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Note	2012	2011
Cash flows from investing activities			
Acquisition of equipment		(2,465,023)	(2,977,148)
Proceeds from sales of equipment		669,926	500
Net cash flows used in investing activities		(1,795,097)	(2,976,648)
Cash flows from financing activities			
Increase (decrease) in short-term loans			
from financial institutions		969,000,000	(436,000,000)
Proceeds from increase in share capital		-	100,000,000
Interest paid		(52,547,418)	(39,321,944)
Dividend paid		(40,000,000)	(40,000,000)
Net cash flows from (used in)			
financing activities		876,452,582	(415,321,944)
Net increase (decrease) in			
cash and cash equivalents		38,375,611	(18,169,822)
Cash and cash equivalents at beginning of year		23,376,344	41,546,166
Cash and cash equivalents at end of year	7	61,751,955	23,376,344
Supplement cashflow information			
Non-cash transaction			
Adjustment of reversal for long-term employee			
benefits with the beginning balance of retained earnings		-	7,100,403

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

AIRA Factoring Public Company Limited
Statement of changes in shareholders' equity
For the year ended 31 December 2012

(Unit: Baht)

	Issued and fully paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
Balance as at 1 January 2011	100,000,000	35,844,889	10,000,000	75,108,842	220,953,731
Increase share capital (Note 14)	100,000,000	-	-	-	100,000,000
Dividends paid (Note 20)	-	-	-	(40,000,000)	(40,000,000)
Total comprehensive income for the year	-	-	-	51,313,929	51,313,929
Transferred to statutory reserve (Note 15)	-	-	2,600,000	(2,600,000)	-
Balance as at 31 December 2011	200,000,000	35,844,889	12,600,000	83,822,771	332,267,660
Balance as at 1 January 2012	200,000,000	35,844,889	12,600,000	83,822,771	332,267,660
Dividends paid (Note 20)	-	-	-	(40,000,000)	(40,000,000)
Total comprehensive income for the year	-	-	-	44,036,250	44,036,250
Transferred to statutory reserve (Note 15)	-	-	2,300,000	(2,300,000)	-
Balance as at 31 December 2012	200,000,000	35,844,889	14,900,000	85,559,021	336,303,910
	-	-	-	-	-
	-	-	-	-	-

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



Notes to financial statements

AIRA Factoring Public Company Limited

Notes to financial statements

For the year ended 31 December 2012

1. General information

1.1 Corporate information

AIRA Factoring Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company was listed on the Market for Alternative Investment (MAI) on 25 August 2004. Its parent company is AIRA Capital Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in receivable factoring. The registered office of the Company is at 444 Olympia Thai Tower, 6th Floor, Ratchadapisek Road, Samsennok, Huaykwang, Bangkok.

2. Basis of preparation

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 years beginning on or after 1 January 2013.

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

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 the following accounting standard.

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 recognize deferred tax assets and liabilities under the stipulated guidelines. The effect of the adoption to the financial statements of the Company will be to increase profit for the year 2012 by Baht 1 million (0.03 Baht per share) and increase brought-forward retained earnings of the year 2012 by Baht 4 million (0.10 Baht 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 is evaluating the first-year impact to the financial statements of the accounting treatment guidance and accounting standard interpretations and has yet to reach a conclusion.

4. Significant accounting policies

4.1 Revenue recognition

Interest income from factoring

Interest income from factoring is recognised in the profit or loss using the effective interest rate method, over the period of debts being factored.

Fees and services income

Fees and service income is recognised when rights have been transferred or when services have been rendered taking into account the stage of completion.

Other income

Other income is recognised in the profit or loss on an accrual basis.

4.2 Expenses recognition

Finance cost

Interest expenses and similar costs are recognised on an accrual basis and charged to the profit or loss for the period in which they are incurred.

Other expenses

Other expenses are recognised in the profit or loss on an accrual basis.

4.3 Cash and cash equivalents

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

4.4 Factoring receivables

Factoring receivables are stated at the amount net of allowance for doubtful accounts and discount on factoring in advance.

4.5 Loans receivable

Loans receivable are stated at principal amount net of allowance for doubtful accounts.

4.6 Allowance for doubtful accounts

The allowance for doubtful accounts for factoring receivables is set at the higher of:

(1) A percentage of net factoring receivables (i.e. factoring receivables less factoring payables) as follows:

Factoring receivables	%
Not yet due	0
Past due up to 3 months	0
Past due over 3 months but within 6 months	20
Past due over 6 months	100

(2) 0.25% of total net factoring receivables

In addition, the Company considers to set up additional allowance for doubtful accounts for each debtor based on collection experience and analysis of debt aging.

Allowance for doubtful accounts for loans receivable and other receivables is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

Bad debts are written-off as incurred.

4.7 Equipment/Depreciation

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

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

Computers	-	3 years
Furniture and fixtures	-	5 years
Office equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

4.8 Related party transactions

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

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

4.9 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the equipment 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.

4.10 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by 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.

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.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

4.11 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.

4.12 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 financial reporting standards 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

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

Post-employment benefits under defined benefit plans

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

6. Related party transactions

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

(Unit: Million Baht)

	2012	2011	Transfer Pricing Policy
Transactions with related companies			
Interest expenses - Former Shareholders Group	-	2 ⁽¹⁾	Money market rate
Interest expenses - Current Shareholders Group	1	3 ⁽²⁾	Money market rate

⁽¹⁾ Transactions with a group of former shareholders are during 1 January 2011 to 28 February 2011.

⁽²⁾ Transactions with a group of current shareholders are during 1 March 2011 to 31 December 2011.

The nature of the relationships between the Company and its related parties are summarised below.

Name of entities	Nature of relationships
Current shareholders group	
AIRA Capital Public Company Limited	Major shareholder
Summit Corporation Company Limited	Shareholder of the Company
AIRA Securities Public Company Limited	Common shareholders
Former shareholders group	
Central Department Store Co., Ltd.	Common shareholders
Robinson Department Store Public Co., Ltd.	Common shareholders
Power Buy Co., Ltd.	Common shareholders
Siam Commercial Bank Public Co., Ltd.	Shareholder of the Company
Malee Enterprise Co., Ltd.	Subsidiary of common shareholders
Abico Dairy Farm Co., Ltd.	Subsidiary of common shareholders

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

	2012	2011
Short-term loans from financial institutions		
- related party		
Related company - Current shareholders group	796,531	-

During the year, movements of short-term loans from a related company are as follows:

		(Unit: Thousand Baht)			
		Balance as at 31 December			Balance as at 31 December
Short-term loans	Related by	2011	Increase	Decrease	2012
AIRA Securities Public Company Limited	Related by common shareholders				
Face value of bill of exchange		-	800,000	-	800,000
Prepaid interest expenses		-	(3,469)	-	(3,469)
Bill of exchange - net		-	796,531	-	796,531

Short-term loans from a related company are bills of exchange with face values of Baht 500 million and Baht 300 million, which carry interest at market interest rates and mature on 11 February 2013 and 18 February 2013, respectively.

On 11 February 2013, the Company rolled over the bill of exchange with a face value of Baht 500 million. It now carries interest rate at the market interest rate and matures in April 2013.

Directors and management's benefits

During the years ended 31 December 2012 and 2011, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)	
	2012	2011
Short-term employee benefits	20	17
Post employment benefits	2	1
Total	22	18

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2012	2011
Cash	10	10
Deposits at financial institutions	61,742	23,366
Total	61,752	23,376

As at 31 December 2012, bank deposits in saving accounts carried interests between 0.62% and 0.63% per annum (2011: between 0.67% and 0.75% per annum).

8. Factoring receivables

	(Unit: Thousand Baht)	
	2012	2011
Factoring receivables	2,914,445	1,852,935
Accrued interest income from factoring	6,231	4,526
Total	2,920,676	1,857,461
Less: Factoring payables	(457,139)	(272,794)
Unearned interest income	(13,898)	(9,201)
	2,449,639	1,575,466
Less: allowance for doubtful accounts	(40,436)	(36,743)
Factoring receivables - net	2,409,203	1,538,723

The balances of factoring receivables as at 31 December 2012 and 2011, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

Age of factoring receivables	2012	2011
Not yet due	2,818,080	1,709,279
Past due		
Up to 3 months	31,833	91,838
3 - 6 months	1,434	3,106
Over 6 months	63,098	48,712
Total factoring receivables	2,914,445	1,852,935

As at 31 December 2012, factoring receivables which were overdue for over 6 months amounting to Baht 63 million (2011: Baht 49 million) before setting off the amount repayable to the transferor upon settlement of the factored debts amounting to Baht 16 million (2011: Baht 14 million). The Company has provided a full amount of allowance for doubtful accounts for such net receivables.

9. Loans receivable

(Unit: Thousand Baht)

	Amounts due:					
	Over one year					
	Within one year		but within four years		Total	
	2012	2011	2012	2011	2012	2011
Not yet due	102,338	21,616	22,980	-	125,318	21,616
Total	102,338	21,616	22,980	-	125,318	21,616

10. Equipment

(Unit: Thousand Baht)

	Computers	Furniture and fixtures	Office equipment	Motor vehicles	Total
Cost:					
1 January 2011	3,070	1,281	770	7,580	12,701
Additions	277	120	91	2,489	2,977
Disposals/write-off	(54)	(21)	(89)	-	(164)
31 December 2011	3,293	1,380	772	10,069	15,514
Additions	550	58	139	1,718	2,465
Disposals/ Write-off	(16)	-	-	(1,667)	(1,683)
31 December 2012	3,827	1,438	911	10,120	16,296
Accumulated depreciation:					
1 January 2011	2,607	895	626	4,675	8,803
Depreciation for the year	344	154	74	1,400	1,972
Depreciation on disposals/write-off	(54)	(20)	(89)	-	(163)
31 December 2011	2,897	1,029	611	6,075	10,612
Depreciation for the year	342	152	86	1,791	2,371

(Unit: Thousand Baht)

	Computers	Furniture and fixtures	Office equipment	Motor vehicles	Total
Depreciation on disposals/ write-off	(16)	-	-	(1,667)	(1,683)
31 December 2012	3,223	1,181	697	6,199	11,300
Net book value :					
1 January 2011	463	386	144	2,905	3,898
31 December 2011	396	351	161	3,994	4,902
31 December 2012	604	257	214	3,921	4,996
Depreciation for the year					
2011					1,972
2012					2,371

As at 31 December 2012, certain 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 5 million (2011: Baht 6 million).

11. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)	2012	2011
Short-term loans from financial institutions			
Promissory notes	3.59 - 4.80	1,320,000	1,151,000
Bill of exchange	3.65	800,000	-
Less: Prepaid interest expenses		(3,469)	-
Total		2,116,531	1,151,000

As at 31 December 2012, the Company had credit facilities for bank overdrafts and short-term loans from financial institutions. Under these credit facilities, the Company has to comply with certain terms and conditions prescribed in the agreements such as not to mortgage, pledge or create of commitment over any fixed assets (Negative pledge) or maintain the financial ratio, etc.

As at 31 December 2012, the credit facilities of the Company which have not yet been drawn down amounted to Baht 1,185 million (2011: Baht 1,034 million).

12. Other current liabilities

(Unit: Thousand Baht)

	2012	2011
Deposits and cheque in transit awaiting to transfer	71,616	34,294
Other current liabilities	2,109	3
Total	73,725	34,297

13. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

Defined benefit obligation at beginning of year	8,280
Current service cost	865
Interest cost	413
Actuarial loss recognised during the year	3,188
Provisions for long-term employee benefits at end of year	12,746

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

(Unit: Thousand Baht)

	2012	2011
Current service cost	865	825
Interest cost	413	355
Actuarial loss recognised during the year	3,188	-
Total expense recognized in profit or loss	4,466	1,180

Such expenses are included in administrative expenses in profit or loss

Principal actuarial assumptions at the valuation date were as follows:

	2012
	(% per annum)
Discount rate	3.5
Future salary increase rate	8.0

Amounts of defined benefit obligation for the current and previous two periods are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation	Experience adjustments arising on the plan liabilities
Year 2012	12,746	931
Year 2011	8,280	-
Year 2010	7,100	-

14. Share capital

On 9 September 2011, the Extraordinary General Meeting of Shareholders of the Company passed a resolution to increase the Company's registered share capital from Baht 100 million to Baht 200 million in order to provide working capital and to fund expansion of its business, through the issue of 20 million ordinary shares with a par value of Baht 5 each, totalling Baht 100 million, to be offered to the existing shareholders at a rate of 1 new ordinary share for each existing ordinary share.

In September 2011, the Company received share subscription in full. The Company registered the increase in its share capital with the Ministry of Commerce on 10 October 2011 and the Market for Alternative Investment (MAI) approved the additional ordinary shares as listed securities on 17 October 2011.

15. Statutory reserve

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

16. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)	
	2012	2011
Salary, wages and other employee benefits	42,481	33,629
Depreciation	2,371	1,972
Bad debt and doubtful accounts	4,041	10,325
Specific business tax	5,741	5,262
Examination fees on factoring documents	2,546	2,463
Office rental expense	2,452	2,337

17. Earnings per share

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

18. Segment information

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

19. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company contributes to the fund monthly at the rate of 5% - 10% of basic salary and employees contribute to the fund monthly at the rate of 3% - 10% of basic salary. The fund, which is managed by SCB Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2012, the Company contributed Baht 2 million (2011: Baht 1 million) to the fund.

20. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividend from profit for period 2010 and half year period 2011	The Company's Board of Directors on 10 August 2011	40	2.00
Dividend from profit for period 2011 and retained earnings	Annual General Meeting of Shareholders on 18 April 2012	40	1.00

21. Commitments and contingent liabilities

21.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space. The terms of the agreements are generally 9 years. Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

		(Unit: Million Baht)	
		As at 31 December	
		2012	2011
Payable:			
	in up to 1 year	3	3
	In over 1 and up to 5 years	17	-
	In over 5 years	21	-

21.2 Service commitments

As at 31 December 2012, the Company has the commitments of Baht 5 million payable in 2013 in respect of various construction and service agreements (2011: Nil).

22. Financial instruments

22.1 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, factoring receivables, loans receivable, other receivables, short-term loans, retentions from factoring 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 factoring receivables and loans receivable. The Company manages the risk by adopting appropriate credit control policies and procedures whereby the Company analyses credit details of customers and follows up customers with overdue accounts in accordance with credit control practices, and considers the amount of retentions from factoring and other obligation assets as collateral for each customer according to the assessed credit risk. Therefore, the Company 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 amounts of factoring receivables and loans receivable as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its factoring receivables, cash at banks, bank overdrafts, and borrowings. The Company mitigates this risk by matching the sources of borrowings with factoring receivables to ensure that the Company maintains an accumulated average spread of interest under the Company's policy. Moreover, the Company analyses the term of interest rate movement of factoring receivables, call borrowing and less than 3 months term borrowings and the Company adjusts the interest rate charge to receivables when the interest rate changes. Thus, the Company is flexible in its response to interest rate fluctuations. In addition, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities 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)

As at 31 December 2012

Financial Assets

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Cash and cash equivalents	-	-	-	-	62	62	-
Factoring receivables	2,409	-	-	-	-	2,409	6.00 - 15.00
Loans receivable	102	23	-	-	-	125	6.00 - 12.00
	2,511	23	-	-	62	2,596	

Financial liabilities

Short-term loans from financial institutions	-	-	-	2,117	-	2,117	3.59 - 4.20
Retentions from factoring	-	-	-	-	51	51	-
Other payables	-	-	-	-	5	5	-
	-	-	-	2,117	56	2,173	

(Unit: Million Baht)

As at 31 December 2012

Financial Assets

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Cash and cash equivalents	-	-	-	-	23	23	-
Factoring receivables	1,539	-	-	-	-	1,539	6.25 - 15.00
Loans receivable	22	-	-	-	-	22	7.50 - 12.75
	1,561	-	-	-	23	1,584	

Financial liabilities

Short-term loans from financial institutions	-	-	-	1,151	-	1,151	4.25 - 4.80
Retentions from factoring	-	-	-	-	54	54	-
Other payables	-	-	-	-	6	6	-
	-	-	-	1,151	60	1,211	

Liquidity risk

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

The Company has established a liquidity management policy, to ensure that the Company has sufficient liquidity to meet debt and other obligations when due in normal circumstances, and has the liquidity contingency plans in place to handle crisis situations, as well as to ensure that management of liquidity strikes an appropriate balance between costs and benefits.

Foreign currency risk

The Company is not exposed to foreign currency risk because no trading transactions are denominated in foreign currency.

22.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature, loans and borrowings bear interest rates which are close to the market rate, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

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

23. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2012, the Company's debt-to-equity ratio was 6.74:1 (2011: 3.78:1).

24. Event after the reporting period

On 15 February 2013, the meeting of the Board of Directors passed a resolution to propose a dividend payment for the year 2012 of Baht 1 per share to the Annual General Meeting of 2013 of the Company's shareholders for their approval. The dividend is allocated from the 2012 net income totaling Baht 40 million. The payment of the final dividend is dependent on an approval being granted by the shareholders.

25. Approval of financial statements

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

