

**THITIKORN PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES**

**Financial Statements**

**For the Year Ended December 31, 2012**

**and Report of Certified Public Accountant**

***M.R. & ASSOCIATES CO., LTD.***

***Certified Public Accountants***

## **REPORT OF CERTIFIED PUBLIC ACCOUNTANT**

To the Shareholders and the Board of Directors of Thitikorn Public Company Limited

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

### **Management's Responsibility for the Consolidated and Separate Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated and separate 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 consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the 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 consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Thitikorn Public Company Limited and its subsidiaries as at December 31, 2012, and their financial performance and their cash flows for the year then ended, and the separate financial statements referred to above present fairly, in all material respects, the financial position of Thitikorn Public Company Limited as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

(Mr. Methee Ratanasrimetha)  
Certified Public Accountant  
Registration No. 3425

M.R. & ASSOCIATES CO., LTD.  
Bangkok  
February 26, 2013

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2012 AND 2011**

**ASSETS**

					In Thousand Baht			
					Consolidated		The Company Only	
	Note	2012	2011	2012	2011	2012	2011	
<b>CURRENT ASSETS</b>								
Cash and cash equivalents	6	100,023	185,388	64,366	124,027			
Trade receivables								
- Current portion of hire-purchase contract receivables - net	7	4,110,461	3,728,877	3,562,980	3,234,502			
- Other receivables	8	74,367	54,974	69,962	51,545			
Receivables from and short-term loan to related parties	5	-	-	1,308,360	1,266,168			
Current portion of long-term loans to other parties	12	18,370	14,548	18,370	14,548			
Merchandises		13,600	73,997	13,600	73,997			
Asset foreclosed - net	9	187,350	280,792	187,350	279,925			
Other current assets		81,811	39,114	78,748	38,766			
<b>Total Current Assets</b>		<b>4,585,982</b>	<b>4,377,690</b>	<b>5,303,736</b>	<b>5,083,478</b>			
<b>NON-CURRENT ASSETS</b>								
Restricted deposits at financial institutions	10	25,000	25,000	-	-			
Hire-purchase contract receivables - net	7	4,537,415	3,847,393	3,587,878	2,922,865			
Investments in subsidiaries accounted for using the cost method	11	-	-	283,212	283,212			
Long-term loans to other parties - net	12	50,157	58,470	50,157	58,470			
Property, plant and equipment - net	5, 13	139,596	126,985	125,988	110,107			
Goodwill	11	83,640	83,640	-	-			
Intangible assets - net	14	5,890	3,197	5,717	2,932			
Deferred tax assets	23	118,127	106,982	107,275	96,947			
Assets not used in operations	15	35,157	35,157	5,708	5,708			
Other non-current assets		38,909	16,123	5,758	5,329			
<b>Total Non-Current Assets</b>		<b>5,033,891</b>	<b>4,302,947</b>	<b>4,171,693</b>	<b>3,485,570</b>			
<b>TOTAL ASSETS</b>		<b>9,619,873</b>	<b>8,680,637</b>	<b>9,475,429</b>	<b>8,569,048</b>			

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2012 AND 2011**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

					In Thousand Baht			
					Consolidated		The Company Only	
	Note	2012	2011	2012	2011	2012	2011	
<b>CURRENT LIABILITIES</b>								
Bank overdrafts and short-term borrowings from financial institutions	16	859,870	81,604	804,187	79,472			
Trade payables - Other parties		40,684	44,508	40,684	44,508			

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

In Thousand Baht					
Consolidated					
Retained Earnings					
Note	Issued and Fully Paid-up Share Capital	Premium on Shares	Appropriated		Total
			for Legal Reserve	Unappropriated	
<b>Beginning Balance as at January 1, 2011</b>	500,000	972,987	50,000	1,675,394	3,198,381
Dividends paid	-	-	-	(259,994)	(259,994)
Total comprehensive income for the year	-	-	-	624,737	624,737
<b>Ending Balance as at December 31, 2011</b>	500,000	972,987	50,000	2,040,137	3,563,124
Dividends paid	-	-	-	(474,994)	(474,994)
Total comprehensive income for the year	-	-	-	712,110	712,110
<b>Ending Balance as at December 31, 2012</b>	500,000	972,987	50,000	2,277,253	3,800,240

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

In Thousand Baht					
The Company Only					
Retained Earnings					
Note	Issued and Fully Paid-up Share Capital	Premium on Shares	Appropriated		Total
			for Legal Reserve	Unappropriated	
<b>Beginning Balance as at January 1, 2011</b>	500,000	972,987	50,000	1,293,194	2,816,181
Dividends paid	-	-	-	(259,994)	(259,994)
Total comprehensive income for the year	-	-	-	491,224	491,224
<b>Ending Balance as at December 31, 2011</b>	500,000	972,987	50,000	1,524,424	3,047,411
Dividends paid	-	-	-	(474,994)	(474,994)
Total comprehensive income for the year	-	-	-	703,154	703,154
<b>Ending Balance as at December 31, 2012</b>	500,000	972,987	50,000	1,752,584	3,275,571

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax	724,036	752,298	710,391	606,057
Adjustments				
Depreciation and amortization	35,814	34,559	32,821	33,059
Expenses for post-employment benefits	2,660	2,766	2,140	2,215
Unrealized loss (gain) on exchange rate	(285)	1,429	(285)	1,429
Bad debt and provision for doubtful accounts	970,272	767,644	964,162	759,093
Increase (Decrease) in allowance for diminution in value of asset foreclosed	(26,167)	55,161	(26,397)	55,173
Gain on sales of equipment	(9,824)	(1,769)	(6,784)	(2,129)
Dividend income	-	-	(707,026)	(329,791)
Interest income	(8,533)	(8,257)	(81,892)	(93,079)
Interest expense	193,638	181,701	207,080	194,107
(Increase) Decrease in operating assets :				
Trade receivables - hire-purchase contract receivables	(2,034,434)	(1,374,080)	(1,950,330)	(1,401,458)
Trade receivables - other	(26,847)	15,300	(25,750)	15,948
Other receivables from related parties	-	1,448	1,061	1,381
Merchandises	60,397	(73,997)	60,397	(73,997)
Asset foreclosed	119,609	(185,130)	118,972	(184,688)
Other current assets	(41,954)	55,078	(39,240)	(19,239)
Other non-current assets	(128)	(905)	(429)	(335)
Increase (Decrease) in operating liabilities :				
Trade payables - related party	-	(338)	-	(338)
Trade payables - other parties	(3,824)	(46,227)	(3,824)	(46,227)
Other payables to related parties	699	(53)	11,400	227,243
Deposits and advances from customers	4,824	(15,872)	6,861	(16,220)
Accrued expenses and other current liabilities	19,449	17,952	19,799	(12,124)
Liability for post-employment benefits	(1,274)	(1,496)	(1,029)	(2,458)
Other non-current liabilities	(1,106)	(912)	(593)	(435)
	(22,978)	176,300	(708,495)	(286,813)
Income tax paid	(56,237)	(215,347)	(26,854)	(201,723)
<b>Net Cash Used in Operating Activities</b>	<b>(79,215)</b>	<b>(39,047)</b>	<b>(735,349)</b>	<b>(488,536)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investment in subsidiary - net of cash received	-	(92,275)	-	(189,226)
Increase in short-term loans to related party	-	-	(510,500)	(777,500)
Collections from short-term loans to related party	-	-	464,000	586,500
Decrease in long-term loans to other parties	4,491	841	4,491	841
Purchases of fixed assets	(51,692)	(42,909)	(49,642)	(31,374)
Proceeds from sales of equipment	14,448	4,728	8,989	4,207
Purchases of intangible assets	(4,050)	(1,454)	(4,050)	(1,205)
Dividends received	-	-	707,026	329,791
Interest received	8,426	7,997	85,033	90,987
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(28,377)</b>	<b>(123,072)</b>	<b>705,347</b>	<b>13,021</b>

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
(Increase) Decrease in bank overdrafts and short-term borrowings from financial institutions	778,551	(493,279)	725,000	(242,732)
Increase in short-term loans from related party	-	-	71,730	96,300
Repayments of short-term loans from related party	-	-	(56,070)	(76,750)
Proceeds from long-term loans	-	500,000	-	500,000
Repayment of long-term loan	(400,000)	(300,000)	(400,000)	(300,000)
Issuances of debentures	300,000	1,050,000	300,000	1,050,000
Dividends paid	(474,994)	(259,994)	(474,994)	(259,994)
Interest paid	(181,330)	(176,359)	(195,325)	(188,438)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>22,227</b>	<b>320,368</b>	<b>(29,659)</b>	<b>578,386</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(85,365)</b>	<b>158,249</b>	<b>(59,661)</b>	<b>102,871</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>185,388</b>	<b>27,139</b>	<b>124,027</b>	<b>21,156</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>100,023</b>	<b>185,388</b>	<b>64,366</b>	<b>124,027</b>
<b>Supplementary disclosures of cash flow information</b>				
<b>a. Cash and cash equivalents at end of year</b>				
Cash in hand	12,238	2,084	11,173	1,436
Current accounts at banks	19,570	20,424	12,978	15,082
Savings deposits at banks	68,215	162,880	40,215	107,509
<b>Total</b>	<b>100,023</b>	<b>185,388</b>	<b>64,366</b>	<b>124,027</b>
<b>b. Purchase of investment in subsidiary - net of cash received</b>				
Fair values of assets and liabilities received				
- Cash and cash equivalents	-	96,951	-	96,951
- Other current assets	-	10,851	-	10,851
- Accrued expenses and other current liabilities	-	(2,216)	-	(2,216)
<b>Net</b>	<b>-</b>	<b>105,586</b>	<b>-</b>	<b>105,586</b>
Goodwill of subsidiary	-	83,640	-	83,640
Purchase price of investment	-	189,226	-	189,226
Less Cash and cash equivalents of subsidiary	-	(96,951)	-	-
<b>Purchase price of investment - net</b>	<b>-</b>	<b>92,275</b>	<b>-</b>	<b>189,226</b>

# THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## Notes to Financial Statements

December 31, 2012 and 2011

### 1. GENERAL INFORMATION

Thitikorn Public Company Limited (“the Company”) was incorporated in Thailand and has its registered office at 69 Ramkhamhaeng Road, Huamark, Bangkok, Bangkok 10240, Thailand.

The Company has been listed on the Stock Exchange of Thailand in 2003.

The major shareholder is Sinthonglor Company Limited (incorporated in Thailand which holds 42.36% of the shares).

The Company and its subsidiaries operate in Thailand and principally engage in vehicle hire-purchase business. Details of the Company’s subsidiaries are as follows:

Name of Companies	Type of Business	Paid-up Share Capital (In Thousand Baht)		Percentage of Direct and Indirect Holdings (%)	
		December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
C. V. A. Co., Ltd.	Hire-purchase motorcycle business and related services	50,000	50,000	99.99	99.99
Chayapak Co., Ltd.	Hire-purchase automobile business	40,000	40,000	99.99	99.99
TK Debt Services Co., Ltd.	Debt collection and forfeiture services	223,375	223,375	99.99	99.99

Significant intercompany transactions between the Company and its subsidiary have been eliminated in the preparation of the consolidated financial statements.

### 2. BASIS OF FINANCIAL STATEMENT PREPARATION

The accompanying financial statements are prepared in Thai Baht in the Thai language in accordance with the financial reporting standards in Thailand. Accordingly, the accompanying financial statements are intended solely to present the financial position, financial performance, and cash flows in accordance with the financial reporting standards in Thailand.

Except as disclosed in the significant accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

The Federation of Accounting Professions has issued new and revised Thai Accounting Standards (“TAS”) and Thai Financial Reporting Standards (“TFRS”) relevant to the Company’s and subsidiaries’ operations that have been effective from the accounting period starting on or after January 1, 2013 as follows:

TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

The Company’s and subsidiaries’ management has been assessing effects of the above TAS and TFRS.

The Company and its subsidiaries disclosed information for the year ended December 31, 2011 for being the comparative information in the financial statement for the year ended December 31, 2012 in the form of corresponding figures.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.



### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group").

Significant intercompany transactions between the Company and its subsidiaries included in the consolidated financial statements have been eliminated.

#### *Subsidiaries*

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### *Goodwill*

The excess of business combination cost over the fair values of assets and liabilities of the acquired subsidiary is accounted for as goodwill from business combination in the consolidated financial statements. Goodwill is presented as non-current asset in the consolidated statement of financial position at cost net of allowance for impairment (if any)

#### **Foreign Currencies**

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

#### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash in hand, cheques in-transit, deposits at financial institutions, fixed deposit, and current investment with maturity period not over 3 months except for deposits at bank held as collateral.

#### **Trade Receivables**

Trade receivables are stated at their invoice values less allowance for doubtful accounts. The allowance for doubtful accounts is an estimate of those amounts which may prove to be uncollectible based on a review of the current status of the existing receivables. Bad debts are written off when incurred.

Hire-purchase receivables are stated at net realizable value which resulted from carrying book value less unearned income and allowance for doubtful accounts. The Company and its subsidiaries provide their allowance for doubtful accounts of hire-purchase receivables based on the age of the total amount of outstanding balance of each contract less unearned income and collaterals of automobiles. The percentages of allowance for doubtful accounts are described as follows:

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2012 and 2011**

Period	Allowance for doubtful accounts (%)	
	Automobile	Motorcycle
Not yet due	1	1
Past due 1 month	1	1
Past due 2 - 3 months	2	20
Past due 4 - 6 months	20	50
Past due 7 - 12 months	50	100
Past due over 12 months	100	100

The allowance for doubtful accounts of hire-purchase receivables - automobile is calculated based on outstanding balance past due not over 6 months less collaterals at 80%, outstanding balance past due 7-12 months less collaterals at 50% and outstanding balance past due more than 12 months less no collaterals.

**Other Receivables**

Other receivables are stated at their invoice values less allowance for doubtful accounts.

Allowance for doubtful accounts equals to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on the historical collection experience coupled with a review of the current status of existing receivables.

**Merchandises**

Merchandises are stated at the lower of cost (specific method) or net realizable value. Net realized value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

Allowance for losses (if any) is made for all deteriorated, damaged, obsolete, and slow-moving merchandises.

**Asset Foreclosed**

Asset foreclosed is stated at the lower of net receivable balance and net realizable value from proceeds to be received from the sale of the foreclosed asset.

Net realized value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

The Company and subsidiaries estimate loss of the outstanding vehicles at the percentages as follows:

Aging less than one year	30%
Aging more than one year	100%

**Investments in subsidiaries**

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method less impairment loss (if any).

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2012 and 2011**

**Property, Plant and Equipment and Depreciation**

*Owned assets*

Land is stated at cost less impairment losses (if any). Plant and equipment are stated at cost less accumulated depreciation and impairment losses (if any). Costs of asset dismantlement, removal, and restoration are included as part of asset cost.

*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of comprehensive income.

*Depreciation*

Depreciation is charged to the statement of comprehensive income on a straight-line method over the useful lives of each part of an item separately for each significant part of plant and equipment. The useful lives are as follows:

Buildings and building improvements	20 years
Buildings and building improvements on rented land	10 years, 20 years, and over the period of lease contracts
Furniture, fixtures and office equipment	5 years and 10 years
Vehicles	5 years

No depreciation has been charged for land and construction in process.

Depreciation methods, residual values, and useful lives are reviewed at each financial year-end and adjusted if appropriate. In determining the depreciable amount, residual value of particular asset is measured at amount estimated receivable currently for the asset if the asset is already of the age and in the condition expected at the end of its useful life.

**Intangible Assets**

*Leasehold rights*

Leasehold rights are stated at cost less accumulated amortization and impairment losses (if any), which are amortized on a straight-line method over the useful lives which are the periods of lease contracts.

*Software licenses*

Software licenses are stated at cost less accumulated amortization and impairment losses (if any), which are amortized on a straight-line method over the useful lives of 5 years.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2012 and 2011**

*Amortization*

Amortization is charged to the statement of comprehensive income on a straight-line method over the useful lives of particular intangible assets. Intangible assets with an indefinite useful life are not amortized but are tested for indication of impairment at each reporting date. Amortization methods, residual values, and useful lives are reviewed at each financial year-end and adjusted if appropriate.

**Impairment of Assets**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of asset's net selling price or value in use). The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Group recognizes the impairment losses by reducing the carrying value of the asset to its recoverable amount and by recording the devaluation in the statement of comprehensive income. The reversal of impairment losses recognized in prior years is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

**Trade and Other Payables**

Trade and other payables are stated at cost.

**Post-Employment Benefits**

Obligations on defined contribution plan which is provident fund are recognized as an expense in the statement of comprehensive income when contribution to the fund is made.

Obligations on post-employment benefits which are defined benefit plan that will be settled to the employees upon retirement or termination are calculated by estimating the amount of future benefits that employees have earned in return for their service in the prior and current periods. The benefits are discounted using the project unit credit method to determine present value of obligations. The calculation is annually performed by the qualified actuary. Expenses from the estimated liability for post-employment benefits comprise current service cost, interest cost, past service cost, and actuarial gain/loss.

**Provisions**

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Revenue Recognition**

Interest income from hire-purchase is the unearned interest income and is recognized as income in each installment period based on the effective interest rate method for new hire-purchase agreements made starting from 2008 and the sum-of-digits method for hire-purchase agreements made before 2008. Income from each installment is recognized on an accrual basis (based on the due date of the installment irrespective of actual collection). The Company and its subsidiaries cease recognition of income when the

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2012 and 2011**

receivables are overdue more than 3 installments, unless there is an indication of inability to repay, where income recognition is ceased immediately.

Sales are recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Rental income is recognized on a straight-line basis over the lease term.

Dividend income is recognized on the date the Group's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

Interest is recognized on a time proportion basis that reflects the effective yield on the asset.

Other income is recognized on an accrual basis.

**Expense Recognition**

Payments made under operating leases are recognized in the statement of comprehensive income on a straight line basis over the lease term.

Other expenses are recognized on an accrual basis.

**Income Tax**

Income tax on the profit or loss for the year, which is recognized in the statement of comprehensive income, is current and deferred tax.

*Current tax*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years (if any).

*Deferred tax*

Deferred tax is provided, using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognized for goodwill not deductible for tax purposes and the initial recognition of assets and liabilities that affect neither accounting nor taxable profit to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, at the tax rates that are expected to apply to the period when the deferred tax asset is realized or the tax liability is settled based on tax rates that have been enacted as at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized (see Note 23).

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**Use of Estimates**

In order to prepare financial statements in conformity with generally accepted accounting principals in Thailand, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Basic Earnings per Share**

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of common shares outstanding during the year (500,000,000 shares).

**4. INTEREST INCOME FROM HIRE-PURCHASE**

Prior to 2008, the Company and its subsidiaries recognize interest income on hire-purchase as unearned interest income in each installment period based on the sum-of-digits method. Starting from January 1, 2008, the Company and its subsidiaries recognize interest income on hire-purchase as unearned interest income in each installment period based on the effective interest rate method for new hire-purchase agreements made starting from 2008 to conform to the change in the Thai Accounting Standard No. 17 “Leases (Revised 2009)”.

**5. TRANSACTIONS WITH RELATED PARTIES**

Related parties are those parties controlled by the Company or have power control over the Company, directly or indirectly or significant influence, to govern the financial and operating policies of a company.

Types of relationship of related parties are as follows:

Name of Companies	Type of business	Type of relationship
C. V. A. Company Limited	Hire-purchase motorcycle and related services	Subsidiary
Chayapak Company Limited	Hire-purchase automobile	Subsidiary
TK Debt Services Co., Ltd.	Debt collection and forfeiture services	Subsidiary
S. P. International Co., Ltd.	Sale automobile and related services	Co-directors & shareholders
SPSU Public Co., Ltd.	Sale motorcycle	Co-directors & shareholders
Lexus Bangkok Co., Ltd.	Sale automobile	Co-directors & shareholders
Toyota Pathumthani Toyota’s Dealer Co., Ltd.	Sale automobile and related services	Co-directors & shareholders
Napas Co., Ltd.	Transport motorcycle	Co-directors & shareholders in subsidiaries
Thitiphol Co., Ltd.	Sale spare parts of motorcycle	Co-shareholders

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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Pricing policies for each transaction with related parties are as follows:

Type of Transaction	Pricing policies
Service income	Mutual agreement
Interest income	MOR
Dividend income	At amount approved for declaration
Sales promotion income	Mutual agreement
Other income	Cost
Rental and services	Contract price
Management fee	Contract price
Utility expenses	Cost
Stationery expense	Cost
Other expenses	Mutual agreement
Service expenses	Mutual agreement
Interest expense	MOR
Key management's remunerations	Mutual agreement
Disposal of fixed assets	Mutual agreement
Purchase for hire-purchases	Market price
Purchase of fixed assets	Market price

Significant transactions with related parties for the years ended December 31, 2012 and 2011 are as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
<b>Service income</b>				
Subsidiaries	-	-	6,994	11,623
<b>Interest income</b>				
Subsidiaries	-	-	74,294	86,354
<b>Dividend income</b>				
Subsidiaries	-	-	707,026	329,791
<b>Sales promotion income</b>				
Related companies	-	1,210	-	1,210
<b>Other income</b>				
Subsidiaries	-	-	151	95
<b>Rental and services</b>				
Related companies	23,227	19,891	19,624	15,904
<b>Management fee</b>				
Related companies	9,000	9,000	7,200	7,200
<b>Utility expenses</b>				
Related companies	5,033	3,524	4,624	3,237
<b>Stationery expense</b>				
Related companies	2,269	2,124	2,250	2,098
<b>Other expenses</b>				
Related companies	30,981	32,869	22,970	24,534
<b>Service expenses</b>				
Subsidiaries	-	-	816,186	597,092
<b>Interest expense</b>				
Subsidiaries	-	-	13,967	15,725

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2012 and 2011**

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
<b>Key management's remunerations</b>				
Short-term benefits	25,886	23,658	25,886	23,658
Post-employment benefits	496	575	496	575
Total	<u>26,382</u>	<u>24,233</u>	<u>26,382</u>	<u>24,233</u>
<b>Disposal of fixed assets</b>				
Related companies	<u>748</u>	<u>720</u>	<u>748</u>	<u>299</u>
<b>Purchase for hire-purchases</b>				
Related companies	<u>1,059,776</u>	<u>736,027</u>	<u>-</u>	<u>5,377</u>
<b>Purchase of fixed assets</b>				
Related companies	<u>-</u>	<u>101</u>	<u>-</u>	<u>101</u>

Significant outstanding balances with related parties as at December 31, 2012 and 2011 are as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
<b>Receivables and short-term loan</b>				
<b>Accrued income</b>				
Subsidiaries	-	-	4,860	9,168
<b>Short-term loan</b>				
Subsidiaries				
(Interest rate at 4.375% - 7.5% p.a. in 2012 and 6.375% - 7.5% p.a. in 2011)	-	-	1,303,500	1,257,000
Total	<u>-</u>	<u>-</u>	<u>1,308,360</u>	<u>1,266,168</u>
<b>Payables and short-term loan</b>				
<b>Accrued expenses</b>				
Subsidiaries	-	-	246,210	235,642
Related companies	1,929	1,230	1,356	1,075
Total	<u>1,929</u>	<u>1,230</u>	<u>247,566</u>	<u>236,717</u>
<b>Short-term loan</b>				
Subsidiaries				
(Interest rate at 4.375% - 7.5% p.a. in 2012 and 6.375% - 7.5% p.a. in 2011)	-	-	247,110	231,450
Total	<u>1,929</u>	<u>1,230</u>	<u>494,676</u>	<u>468,167</u>

The significant movements of loans from and loans to related parties during the year are as follows:

	The Company Only (In Thousand Baht)			
	December 31, 2011	Increase	Decrease	December 31, 2012
<b>Short-term loans to subsidiary</b>				
Chayapak Company Limited	<u>1,257,000</u>	<u>510,500</u>	<u>464,000</u>	<u>1,303,500</u>
<b>Short-term loans from subsidiary</b>				
C.V.A. Company Limited	<u>231,450</u>	<u>71,730</u>	<u>56,070</u>	<u>247,110</u>

As at December 31, 2012 and 2011, the Company has been guarantor for the short-term loan credit facilities granted by a local bank to Chayapak Co., Ltd. amounting to Baht 600 million.



**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2012 and 2011**

**6. CASH AND CASH EQUIVALENTS**

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
Cash	12,238	2,084	11,173	1,436
Deposits at financial institutions	87,785	183,304	53,193	122,591
Total	100,023	185,388	64,366	124,027

**7. HIRE-PURCHASE CONTRACT RECEIVABLES - NET**

	Consolidated (In Thousand Baht)					
	2012			2011		
	Total	Current	Long-term	Total	Current	Long-term
Hire-purchase contract receivables	12,904,693	6,925,759	5,978,934	11,071,324	6,095,140	4,976,184
Less Unearned income	( 3,795,485)	( 2,485,358)	( 1,310,127)	( 3,114,242)	( 2,092,079)	( 1,022,163)
Net	9,109,208	4,440,401	4,668,807	7,957,082	4,003,061	3,954,021
Less Allowance for doubtful accounts	( 461,332)	( 329,940)	( 131,392)	( 380,812)	( 274,184)	( 106,628)
Net	8,647,876	4,110,461	4,537,415	7,576,270	3,728,877	3,847,393

  

	The Company Only (In Thousand Baht)					
	2012			2011		
	Total	Current	Long-term	Total	Current	Long-term
Hire-purchase contract receivables	11,221,507	6,267,272	4,954,235	9,474,552	5,496,273	3,978,279
Less Unearned income	( 3,656,445)	( 2,412,766)	( 1,243,679)	( 2,979,917)	( 2,021,817)	( 958,100)
Net	7,565,062	3,854,506	3,710,556	6,494,635	3,474,456	3,020,179
Less Allowance for doubtful accounts	( 414,204)	( 291,526)	( 122,678)	( 337,268)	( 239,954)	( 97,314)
Net	7,150,858	3,562,980	3,587,878	6,157,367	3,234,502	2,922,865

Hire-purchase contract receivables at December 31, 2012 and 2011 are aged by outstanding installment payments of each contract as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
Current	6,433,593	5,064,504	5,148,896	3,969,916
Overdue 1 month	1,255,172	1,709,378	1,147,549	1,555,864
Overdue 2 - 3 months	1,091,618	839,916	1,024,215	716,159
Overdue 4 - 6 months	225,047	265,680	196,011	227,822
Overdue 7 - 12 months	49,414	30,138	32,781	11,883
Overdue longer than 12 months	54,364	47,466	15,610	12,991
Total	9,109,208	7,957,082	7,565,062	6,494,635
Less Allowance for doubtful accounts	( 461,332)	( 380,812)	( 414,204)	( 337,268)
Net	8,647,876	7,576,270	7,150,858	6,157,367

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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The Company and subsidiaries determine its allowance for doubtful accounts in line with the 2011 policy. Such policy is not compliance with the accounting guidance for making of allowance of doubtful accounts for consumer finance business which was mutually defined by the Securities and Exchange Commission (SEC) and the Institute of Certified Accountants and Auditors of Thailand (“ICAAT”). However, based on the statistic information for the past three years (2009 - 2011), the Company and its subsidiaries had an average actual bad debt less than doubtful accounts based on such basis defined by the SEC and ICAAT. As at December 31, 2012, the Company and its subsidiaries had allowance for doubtful accounts at 5.06% of hire-purchase contract receivables - net.

As at December 31, 2012, the Company and its subsidiaries have the outstanding hire-purchase contract receivables, classified by income recognition method, as follows:

	Consolidated (In Thousand Baht)		
	Sum-of-digits	Effective interest	Total
	method	rate method	
Hire-purchase contract receivables	36,321	12,868,372	12,904,693
Less Unearned income	( 6,680)	( 3,788,805)	( 3,795,485)
Net	29,641	9,079,567	9,109,208

	The Company Only (In Thousand Baht)		
	Sum-of-digits	Effective interest	Total
	method	rate method	
Hire-purchase contract receivables	12,032	11,209,475	11,221,507
Less Unearned income	( 2,420)	( 3,654,025)	( 3,656,445)
Net	9,612	7,555,450	7,565,062

**8. OTHER TRADE RECEIVABLE - NET**

Other trade receivables are aged by outstanding balances as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
Current	74,367	54,974	69,962	51,545
Overdue within 3 months	-	-	-	-
Overdue 3 - 6 months	-	-	-	-
Overdue 6 - 12 months	-	-	-	-
Overdue longer than 12 months	-	-	-	-
Total	74,367	54,974	69,962	51,545

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2012 and 2011**

**9. ASSET FORECLOSED - NET**

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
Balance outstanding within one year	267,643	401,131	267,643	399,894
Balance outstanding longer than one year	21,234	7,355	20,095	6,816
Total	288,877	408,486	287,738	406,710
Less Allowance for diminution in value	( 101,527)	( 127,694)	( 100,388)	( 126,785)
Net	187,350	280,792	187,350	279,925

**10. RESTRICTED DEPOSITS AT FINANCIAL INSTITUTIONS**

As at December 31, 2011 and 2010, the subsidiaries have collateralized their fixed deposits with a local bank totalling Baht 25 million as guarantees for their overdraft lines with such bank.

**11. INVESTMENTS IN SUBSIDIARIES ACCOUNTED FOR USING THE COST METHOD**

	The Company Only					
	Paid-up Share Capital (In Thousand Baht)		Percentage of Holdings		Cost of Investments (In Thousand Baht)	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	C.V.A. Company Limited	50,000	50,000	99.99	99.99	49,993
Chayapak Company Limited	40,000	40,000	99.99	99.99	43,993	43,993
TK Debt Services Co., Ltd.	223,375	223,375	99.99	99.99	189,226	189,226
Total					283,212	283,212

During 2012 and 2011, TK Debt Services Company Limited paid dividends to the Company totalling approximately Baht 707.0 million and Baht 329.8 million, respectively.

**12. LONG-TERM LOANS TO OTHER PARTIES**

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
Long-term loans to other parties	68,527	73,018	68,527	73,018
Less Current portion	( 18,370)	( 14,548)	( 18,370)	( 14,548)
Net	50,157	58,470	50,157	58,470

This account represents the unsecured loans to 87 agents in 2012 and 91 agents in 2011, bearing interest rate at 9% p.a. in 2012 and 2011. These loans mature during the years 2013 to 2015.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements**  
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**13. PROPERTY, PLANT AND EQUIPMENT- NET**

	Consolidated (In Thousand Baht)						
	Land	Buildings and building improvements	Buildings and building improvements on rented land	Furniture fixtures and office equipment	Vehicles	Construction in progress	Total
<b>Cost</b>							
Balance as at December 31, 2010	12,617	24,221	107,316	67,651	79,209	4,226	295,240
Acquisitions	-	-	2,209	6,665	23,311	10,724	42,909
Disposals	-	-	-	( 2,204)	( 6,598)	-	( 8,802)
Transfers in (out)	-	-	8,588	202	-	( 8,790)	-
Balance as at December 31, 2011	12,617	24,221	118,113	72,314	95,922	6,160	329,347
Acquisitions	-	-	2,133	7,396	17,643	24,520	51,692
Disposals	-	-	( 26)	( 2,575)	( 20,919)	-	( 23,520)
Transfers in (out)	-	-	13,025	918	-	( 13,943)	-
Balance as at December 31, 2012	12,617	24,221	133,245	78,053	92,646	16,737	357,519
<b>Accumulated depreciation</b>							
Balance as at December 31, 2010	-	18,911	59,700	49,384	47,032	-	175,027
Depreciation for the year	-	1,191	13,353	7,197	11,437	-	33,178
Depreciation for assets disposed	-	-	-	( 510)	( 5,333)	-	( 5,843)
Balance as at December 31, 2011	-	20,102	73,053	56,071	53,136	-	202,362
Depreciation for the year	-	1,045	11,982	6,567	14,863	-	34,457
Depreciation for assets disposed	-	-	( 21)	( 1,116)	( 17,759)	-	( 18,896)
Balance as at December 31, 2012	-	21,147	85,014	61,522	50,240	-	217,923
<b>Net book value</b>							
December 31, 2011	12,617	4,119	45,060	16,243	42,786	6,160	126,985
December 31, 2012	12,617	3,074	48,231	16,531	42,406	16,737	139,596

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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	The Company Only (In Thousand Baht)						
	Land	Buildings and building improvements	Buildings and building improvements on rented land	Furniture fixtures and office equipment	Vehicles	Construction in progress	Total
<b>Cost</b>							
Balance as at December 31, 2010	7,802	15,291	106,307	62,552	71,377	4,226	267,555
Acquisitions	-	-	2,209	6,665	11,776	10,724	31,374
Disposals	-	-	-	( 2,204)	( 5,202)	-	( 7,406)
Transfers in (out)	-	-	8,588	202	-	( 8,790)	-
Balance as at December 31, 2011	7,802	15,291	117,104	67,215	77,951	6,160	291,523
Acquisitions	-	-	2,133	7,395	15,594	24,520	49,642
Disposals	-	-	( 26)	( 2,271)	( 12,300)	-	( 14,597)
Transfers in (out)	-	-	13,025	918	-	( 13,943)	-
Balance as at December 31, 2012	7,802	15,291	132,236	73,257	81,245	16,737	326,568
<b>Accumulated depreciation</b>							
Balance as at December 31, 2010	-	11,531	58,725	44,362	40,378	-	154,996
Depreciation for the year	-	746	13,331	7,197	10,474	-	31,748
Depreciation for assets disposed	-	-	-	( 510)	( 4,818)	-	( 5,328)
Balance as at December 31, 2011	-	12,277	72,056	51,049	46,034	-	181,416
Depreciation for the year	-	743	11,975	6,567	12,271	-	31,556
Depreciation for assets disposed	-	-	( 21)	( 813)	( 11,558)	-	( 12,392)
Balance as at December 31, 2012	-	13,020	84,010	56,803	46,747	-	200,580
<b>Net book value</b>							
December 31, 2011	7,802	3,014	45,048	16,166	31,917	6,160	110,107
December 31, 2012	7,802	2,271	48,226	16,454	34,498	16,737	125,988

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to Financial Statements**

**December 31, 2012 and 2011**

**14. INTANGIBLE ASSETS - NET**

	Consolidated (In Thousand Baht)		
	Leasehold Rights	Software Licenses	Total
<b>Cost</b>			
Balance as at December 31, 2010	26,919	40,365	67,284
Acquisitions	520	935	1,455
Balance as at December 31, 2011	27,439	41,300	68,739
Acquisitions	20	4,030	4,050
Balance as at December 31, 2012	27,459	45,330	72,789
<b>Accumulated amortization</b>			
Balance as at December 31, 2010	25,095	39,065	64,160
Amortization for the year	583	799	1,382
Balance as at December 31, 2011	25,678	39,864	65,542
Amortization for the year	565	792	1,357
Balance as at December 31, 2012	26,243	40,656	66,899
<b>Net book value</b>			
December 31, 2011	1,761	1,436	3,197
December 31, 2012	1,216	4,674	5,890

	The Company Only (In Thousand Baht)		
	Leasehold Rights	Software Licenses	Total
<b>Cost</b>			
Balance as at December 31, 2010	4,898	40,366	45,264
Acquisitions	520	685	1,205
Balance as at December 31, 2011	5,418	41,051	46,469
Acquisitions	20	4,030	4,050
Balance as at December 31, 2012	5,438	45,081	50,519
<b>Accumulated amortization</b>			
Balance as at December 31, 2010	3,160	39,066	42,226
Amortization for the year	539	772	1,311
Balance as at December 31, 2011	3,699	39,838	43,537
Amortization for the year	523	742	1,265
Balance as at December 31, 2012	4,222	40,580	44,802
<b>Net book value</b>			
December 31, 2011	1,719	1,213	2,932
December 31, 2012	1,216	4,501	5,717

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**15. ASSETS NOT USED IN OPERATIONS**

This account consists of land and commercial buildings of the Company and a subsidiary which are temporarily not used in operations. The latest appraisal value of such assets, appraised by Bangkok Property Appraisal Co., Ltd. using comparative market price method (market approach) per reports in February and March 2010, amounted to approximately Baht 91.7 million (Baht 29.4 million for the Company only).

**16. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS**

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
Bank overdrafts	216,935	37,198	161,252	35,066
Short-term loans	642,935	44,406	642,935	44,406
Total	859,870	81,604	804,187	79,472

As at December 31, 2012 and 2011, the Company and its subsidiaries had credit facilities with several financial institutions which consisted of overdrafts lines of Baht 192 million and Baht 196 million and short-term loans in Thai Baht 4,765 million and Baht 4,545 million, respectively, and USD 1.39 million. Such loans bear interest rates ranging between 0.78% - 3.15% p.a. in 2012 and 0.66% - 3.75% p.a. in 2011.

Partial overdraft lines mentioned above are secured by certain directors of the Company and its subsidiaries.

Overdraft lines of subsidiaries have been secured by the fixed deposits as discussed in Note 10.

**17. LONG -TERM LOANS - NET**

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
Long-term loans	2,100,000	2,500,000	2,100,000	2,500,000
Less Current portion	( 200,000)	( 700,000)	( 200,000)	( 700,000)
Net	1,900,000	1,800,000	1,900,000	1,800,000

As at December 31, 2012 and 2011, the Company obtained the unsecured long-term loans from three and four local financial institutions totalling Baht 2,100 million and Baht 2,500 million, respectively. These loans bear interest at fixed rates and interest is repayable monthly whereas loan principals are repayable during the years 2013 to 2015.

Under the terms of the loan agreements, the Company has to comply with specific conditions as follows:

1. To maintain debt to equity ratio at the rate not exceeding 7:1
2. To maintain dividend payment ratio not exceeding 60% of net profit
3. To maintain ratio of hire-purchase contract receivables overdue longer than 3 months not exceeding 5% of total hire-purchase contract receivables

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**December 31, 2012 and 2011**

**18. DEBENTURES**

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
Debentures	2,450,000	2,150,000	2,450,000	2,150,000
Less Current portion	( 800,000)	-	( 800,000)	-
Net	<u>1,650,000</u>	<u>2,150,000</u>	<u>1,650,000</u>	<u>2,150,000</u>

On February 25, 2010, the Company issued a series of debentures to specific investors amounting to Baht 200 million (divided into 200,000 units at Baht 1,000 per unit) and bears interest at 4.2% p.a. with maturity in 2013. Interest is payable quarterly.

On May 14, 2010, the Company issued another series of debentures to specific investors amounting to Baht 100 million (divided into 100,000 units at Baht 1,000 per unit) and bears interest at 3.4% p.a. with maturity in 2013. Interest is payable quarterly.

On July 8, 2010, the Company issued another series of debentures to institutional investors and/or large investors amounting to Baht 500 million (divided into 500,000 units at Baht 1,000 per unit) and bears interest at 3.2% p.a. with maturity in 2013. Interest is payable semi-annually.

On August 27, 2010, the Company issued another series of debentures to specific investors amounting to Baht 300 million (divided into 300,000 units at Baht 1,000 per unit) and bears interest at 3.9% p.a. with maturity in 2015. Interest is payable semi-annually.

On January 28, 2011, the Company issued another series of debentures to specific investors amounting to Baht 250 million (divided into 250,000 units at Baht 1,000 per unit) and bears interest at 4.04% p.a. with maturity in 2016. Interest is payable semi-annually.

On May 27, 2011, the Company issued another series of debentures to institutional investors and/or large investors amounting to Baht 300 million (divided into 300,000 units at Baht 1,000 per unit) and bears interest at 3.92% p.a. in 1-3 year and interest at 5.00% p.a. in 4-5 year with maturity in 2016. Interest is payable quarterly.

On June 30, 2011, the Company issued another series of debentures to institutional investors and/or large investors amounting to Baht 500 million (divided into 500,000 units at Baht 1,000 per unit) and bears interest at 4.35% p.a. with maturity in 2014. Interest is payable semi-annually.

On November 6, 2012, the Company issued another series of debentures to specific investors amounting to Baht 300 million (divided into 300,000 units at Baht 1,000 per unit) and bears interest at 4.2% p.a. with maturity in 2016. Interest is payable semi-annually.

Under the conditions of the issuances of debentures, the Company has to comply with the specified conditions as shown below:

1. To maintain Debt-to-Equity ratio at the rate not exceeding 7:1
2. To maintain dividend payment ratio not exceeding 60% of net profit



**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**December 31, 2012 and 2011**

**19. LIABILITY FOR POST-EMPLOYMENT BENEFITS**

Movements of liability for post-employment benefits for the years ended December 31, 2012 and 2011 are as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
Liability for post-employment benefits as at January 1	26,382	25,112	20,664	20,907
Transfer of partial liability for post-employment benefits to TK Debt Services Co., Ltd. *	-	-	-	( 1,105)
Current service cost	1,534	1,588	1,231	1,272
Interest cost	1,126	1,178	909	943
Past service cost	-	-	-	-
Actuarial loss (gain)	-	-	-	-
Expense recognized in statement of comprehensive income	2,660	2,766	2,140	2,215
Employee benefits paid during the year	( 1,274)	( 1,496)	( 1,029)	( 1,353)
Liability for post-employment benefits as at December 31	27,768	26,382	21,775	20,664

\* During the three-month period ended June 30, 2011, the Company transferred its partial employees to TK Debt Services Co., Ltd.

Significant assumptions used in calculation of liability for post-employment benefits are as follows:

- Discount rate 4.41% p.a.
- Salary escalation rate 4.13% p.a.
- Employee turnover rate 0% - 16% p.a.
- Mortality rate 50% of Thai Mortality Table
- Disability rate 10% of Thai Mortality Table

**20. PREMIUM ON SHARES AND LEGAL RESERVE**

*Premium on shares*

Section 51 of the Public Companies Act B.E. 2535 requires the public company to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“premium on shares”). Premium on shares is not available for dividend distribution.

*Legal reserve*

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires the company to allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**December 31, 2012 and 2011**

**21. OTHER INCOME**

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
Bad debt recovery	374,849	326,826	370,160	322,204
Service income	191,695	157,997	186,249	153,614
Engagement fee income	72,643	63,731	72,634	63,705
Collection income	59,570	49,216	57,143	46,660
Delay payment fee income	44,466	35,479	40,797	32,727
Service charge income	28,698	25,288	27,906	24,564
Interest income	8,533	8,147	81,892	93,079
Dividend income	-	-	707,026	329,791
Others	80,745	51,459	81,781	59,696
<b>Total</b>	<b>861,199</b>	<b>718,143</b>	<b>1,625,588</b>	<b>1,126,040</b>

**22. EXPENSES BY NATURE**

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
Bad debt and provision for doubtful accounts	970,272	767,644	964,162	759,093
Employee expenses	511,150	477,347	419,188	380,097
Finance costs	193,638	181,701	207,080	194,107
Cost of sales	86,268	111,599	86,268	111,599
Depreciation and amortization	35,814	34,559	32,821	33,059
Others	1,141,249	1,044,478	1,925,673	1,610,087
<b>Total</b>	<b>2,938,391</b>	<b>2,617,328</b>	<b>3,635,192</b>	<b>3,088,042</b>

**23. INCOME TAX AND DEFERRED TAX ASSETS / LIABILITIES**

The Royal Decree Issued Under the Revenue Code Regarding Reduction and Exemption in Tax Rate No. 530 B.E. 2554 (2011) dated December 21, 2011 has provided the temporary reduction in income tax rate applied to juristic company or partnership for a three consecutive accounting periods from 30% to 23% for the first accounting period and from 30% to 20% for the following two accounting periods. Such reduction in tax rate is effective from the accounting period starting on or after January 1, 2012. Accordingly, the Company and its subsidiaries used income tax rate of 23% for the calculation of corporate income tax for the year ended December 31, 2012.

The Company and its subsidiaries used income tax rate of 30% for the calculation of corporate income tax for the year ended December 31, 2011.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2012 and 2011**

Corporate income tax recorded as (income) expense for the years ended December 31, 2012 and 2011 consists of:

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
Income tax on taxable profit	23,071	116,116	17,565	108,947
Decrease (increase) in deferred income tax	( 11,145)	11,445	( 10,328)	5,886
Income tax presented in statement of comprehensive income	<u>11,926</u>	<u>127,561</u>	<u>7,237</u>	<u>114,833</u>

Deferred tax assets and liabilities presented in statements of financial positions as at December 31, 2012 and 2011 consist of:

	In Thousand Baht			
	Consolidated		The Company Only	
	2012	2011	2012	2011
Deferred tax assets				
Effects from non-deductible items from				
- Allowance for doubtful accounts	92,268	76,167	82,843	67,457
- Allowance for diminution in value of asset foreclosed	20,305	25,539	20,077	25,357
- Liability for post-employment benefits	5,554	5,276	4,355	4,133
Total	<u>118,127</u>	<u>106,982</u>	<u>107,275</u>	<u>96,947</u>
Deferred tax liabilities	-	-	-	-
Net	<u>118,127</u>	<u>106,982</u>	<u>107,275</u>	<u>96,947</u>

## 24. DIVIDENDS

At the Board of Directors' meeting held on August 8, 2012, the Board of Directors approved the Company to pay interim dividends from the operations for the six-month period ended June 30, 2012 at Baht 0.37 per share totaling Baht 185 million. The Company paid such dividends to the shareholders on September 6, 2012.

At the shareholders' meeting held on April 25, 2012, the shareholders unanimously approved the Company to pay dividends for the 2011 operations at Baht 0.58 per share totalling Baht 290 million. The Company paid such dividends to the shareholders on May 10, 2012.

At the shareholders' meeting held on April 20, 2011, the shareholders unanimously approved the Company to pay dividends for the 2010 operations at Baht 0.52 per share totalling Baht 260 million. The Company paid such dividends to the shareholders on May 10, 2011.

## 25. SEGMENT INFORMATION

The Company and subsidiaries operate mainly in hire-purchase on automobile and motorcycle as a single industry and are carried on in Thailand as a single geographic area. Accordingly, there is no segment financial information to be disclosed.

## **26. FINANCIAL INSTRUMENTS**

### *Credit risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company and its subsidiaries. To control the risk, the Company and its subsidiaries have a prudent credit control policy, constant follow up of account receivables, various numbers of customer base, as well as deposits, advances, and leased vehicles as collateral. Therefore, the management of the Company and subsidiaries do not anticipate losses from debt collection in excess of the allowance for doubtful accounts which is already accounted for in the financial statements.

### *Interest rate risk*

Interest rate risk arises from the potential change in interest rates. However, the Company and its subsidiaries expect that the interest rate risk is not significant since deposits at banks are current and loans carry interest at rates approximate the current market rates. Information regarding interest rates and due dates are disclosed in the financial statements.

### *Foreign currency risk*

The Company and its subsidiaries have certain foreign currency transactions that give rise to significant exposure to market risk from fluctuations in foreign exchange rates. However, the management believes that the foreign exchange rate risk is insignificant. Hence, no financial derivative instruments are used to mitigate this risk.

### *Fair value of financial instruments*

The following method and assumptions were used by the Company and its subsidiaries in estimating fair value of financial assets and financial liabilities and believe that the fair values of financial assets and financial liabilities do not materially differ from their carrying values.

Cash and cash equivalent, restricted deposits at financial institutions, trade and other receivables, short-term loans to related party, bank overdrafts, short-term borrowings from financial institutions, trade and other payables, and short-term loans from related party have carrying values approximate fair values because these monetary assets and monetary liabilities will be due in a short period.

Long-term hire-purchase contract receivables, long-term loans to other parties, long-term loans, and debentures are not practicable to estimate the proper fair values without incurring excessive costs.

## **27. COMMITMENTS**

As at December 31, 2012, the Company and subsidiaries had commitments on lease and service agreements for office premises and branches for periods of 1 to 10 years. Under the terms of such agreements, the Company and its subsidiaries are committed to pay annual rental and service fees amounting to approximately Baht 47.3 million.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
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**28. CAPITAL MANAGEMENT**

Significant objectives of the Group's capital management are to ensure that it has an appropriate financial structure and maintain the ability to continue its business as a going concern.

As at December 31, 2012 and 2011, the Group's Debt-to-Equity ratio was 1.53:1.00 and 1.44:1.00, respectively (1.89:1.00 and 1.81:1.00 for the Company only).

**29. REGISTERED EMPLOYEES' PROVIDENT FUND**

The Company and a subsidiary have contributory registered provident fund in accordance with the Provident Fund Act, B.E. 2530 (1987). Membership to the fund is on a voluntary basis. Under the plan, the Company, subsidiaries, and employees contribute an amount equivalent to 3%. The fund will pay back the provident fund to employees in accordance with the conditions stated in the policies of provident fund regulations.

The Company's and subsidiary's contributions which were charged to operations for the years ended December 31, 2012 and 2011 were totalling approximately Baht 0.6 million and Baht 0.7 million, respectively (Baht 0.6 million and Baht 0.7 million, respectively, for the Company only).

**30. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved to be issued by the Company's directors on February 26, 2013.