

**Dhanamitr Factoring Public Company Limited**

Annual financial statements  
and  
Audit Report of Certified Public Accountant

For the years ended  
31 December 2010 and 2009

## **Audit Report of Certified Public Accountant**

### **To the Shareholders of Dhanamitr Factoring Public Company Limited**

I have audited the accompanying balance sheets of Dhanamitr Factoring Public Company Limited as at 31 December 2010 and 2009, and the related statements of income, changes in equity and cash flows for the years then ended. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Dhanamitr Factoring Public Company Limited as at 31 December 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

(Pantip Gulsantithamrong)  
Certified Public Accountant  
Registration No. 4208

KPMG Phoomchai Audit Ltd.  
Bangkok  
17 February 2011

**Dhanamitr Factoring Public Company Limited**  
**Balance sheets**  
**As at 31 December 2010 and 2009**

<b>Assets</b>	<b>Note</b>	<b>2010</b>	<b>2009</b>
		<i>(in Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents	4, 5	41,546,166	7,402,196
Factoring receivables	4, 6	1,843,676,954	1,409,772,427
Current portion of loans receivable	7	30,285,895	8,040,000
Other current assets		554,260	369,759
<b>Total current assets</b>		<b>1,916,063,275</b>	<b>1,425,584,382</b>
<i>Non-current assets</i>			
Loans receivable	7	28,994,000	36,740,000
Equipment	8	3,897,933	4,500,339
Deposits and guarantees		981,656	964,055
<b>Total non-current assets</b>		<b>33,873,589</b>	<b>42,204,394</b>
<b>Total assets</b>		<b>1,949,936,864</b>	<b>1,467,788,776</b>

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

# Dhanamitr Factoring Public Company Limited

## Balance sheets

As at 31 December 2010 and 2009

Liabilities and equity	Note	2010	2009
		<i>(in Baht)</i>	
<b><i>Current liabilities</i></b>			
Short-term loans from financial institutions	4, 9	1,587,000,000	1,172,000,000
Factoring payables		50,699,834	12,300,148
Retention from factoring		69,050,321	68,062,702
Income tax payable		9,715,936	4,922,034
Other current liabilities	4, 10	5,416,639	3,281,044
<b>Total current liabilities</b>		<b>1,721,882,730</b>	<b>1,260,565,928</b>
<b>Total liabilities</b>		<b>1,721,882,730</b>	<b>1,260,565,928</b>
<b><i>Equity</i></b>			
Share capital	11		
Authorised share capital		100,000,000	100,000,000
Issued and paid-up share capital		100,000,000	100,000,000
Premium on ordinary shares	12	35,844,889	35,844,889
Retained earnings			
Appropriated			
Legal reserve	12	10,000,000	10,000,000
Unappropriated		82,209,245	61,377,959
<b>Total equity</b>		<b>228,054,134</b>	<b>207,222,848</b>
<b>Total liabilities and equity</b>		<b>1,949,936,864</b>	<b>1,467,788,776</b>

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

**Dhanamitr Factoring Public Company Limited**  
**Statements of income**  
**For the years ended 31 December 2010 and 2009**

	<i>Note</i>	2010	2009
		<i>(in Baht)</i>	
<b><i>Revenues</i></b>			
Factoring income	<i>4</i>	105,234,587	95,975,865
Fees and services	<i>4</i>	25,778,561	21,644,325
Other income	<i>14</i>	<u>5,650,421</u>	<u>1,433,174</u>
<b>Total revenues</b>		<b><u>136,663,569</u></b>	<b><u>119,053,364</u></b>
<b><i>Expenses</i></b>			
Finances costs	<i>4, 18</i>	22,815,416	21,237,416
Administrative expenses	<i>4, 15, 16, 17</i>	33,764,681	34,941,067
Directors' and management benefit expenses	<i>4, 17</i>	<u>16,596,204</u>	<u>13,926,412</u>
<b>Total expenses</b>		<b><u>73,176,301</u></b>	<b><u>70,104,895</u></b>
<b>Profit before income tax expense</b>		<b>63,487,268</b>	<b>48,948,469</b>
Income tax expense	<i>19</i>	<u>17,655,982</u>	<u>10,890,337</u>
<b>Profit for the year</b>		<b><u>45,831,286</u></b>	<b><u>38,058,132</u></b>
<b>Basic earnings per share</b>	<i>20</i>	<b><u>2.29</u></b>	<b><u>1.90</u></b>

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

## Dhanamitr Factoring Public Company Limited

### Statements of changes in shareholder's equity

For the years ended 31 December 2010 and 2009

	<i>Note</i>	Issued and paid-up share capital	Share premium	Retained earnings		Total equity
				Legal reserve	Unappropriated	
				<i>(in Baht)</i>		
<b>Balance at 1 January 2009</b>		<b>100,000,000</b>	<b>35,844,889</b>	<b>7,295,000</b>	<b>50,024,827</b>	<b>193,164,716</b>
Profit for the year		-	-	-	38,058,132	38,058,132
Total recognised income and expenses		100,000,000	35,844,889	7,295,000	88,082,959	231,222,848
Transfer to legal reserve	12, 21	-	-	2,705,000	(2,705,000)	-
Dividends	21	-	-	-	(24,000,000)	(24,000,000)
<b>Balance at 31 December 2009</b>		<b>100,000,000</b>	<b>35,844,889</b>	<b>10,000,000</b>	<b>61,377,959</b>	<b>207,222,848</b>
Profit for the year		-	-	-	45,831,286	45,831,286
Total recognised income and expenses		100,000,000	35,844,889	10,000,000	107,209,245	253,054,134
Dividends	21	-	-	-	(25,000,000)	(25,000,000)
<b>Balance at 31 December 2010</b>		<b>100,000,000</b>	<b>35,844,889</b>	<b>10,000,000</b>	<b>82,209,245</b>	<b>228,054,134</b>

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

**Dhanamitr Factoring Public Company Limited**  
**Statements of cash flows**  
**For the years ended 31 December 2010 and 2009**

	<i>Note</i>	2010	2009
		<i>(in Baht)</i>	
<b><i>Cash flows from operating activities</i></b>			
Profit for the year		45,831,286	38,058,132
<i>Adjustments for</i>			
Depreciation		1,915,323	1,951,160
Financial costs		22,815,416	21,237,416
Doubtful debts expenses		1,743,286	5,427,866
Gain on sale of equipment		(480,797)	(6,734)
Income tax expense		17,655,982	10,890,337
		<u>89,480,496</u>	<u>77,558,177</u>
<b><i>Changes in operating assets and liabilities</i></b>			
Factoring receivables		(435,647,813)	(105,174,668)
Loan receivable		(14,499,895)	(42,301,816)
Other current assets		(184,501)	(114,160)
Deposits and guarantees		(17,601)	9,393
Factoring payables		38,399,686	1,578,301
Retention from factoring		987,619	10,701,953
Other current liabilities		1,266,095	(760,449)
Income taxes paid		(12,862,080)	(11,191,232)
<b>Net cash used in operating activities</b>		<u><b>(333,077,994)</b></u>	<u><b>(69,694,501)</b></u>
<b><i>Cash flows from investing activities</i></b>			
Purchase of equipment		(1,312,924)	(2,818,391)
Sale of equipment		480,803	6,800
<b>Net cash used in investing activities</b>		<u><b>(832,121)</b></u>	<u><b>(2,811,591)</b></u>

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

**Dhanamitr Factoring Public Company Limited**  
**Statements of cash flows**  
**For the years ended 31 December 2010 and 2009**

	<i>Note</i>	2010	2009
		<i>(in Baht)</i>	
<b><i>Cash flows from financing activities</i></b>			
Financial costs paid		(21,945,915)	(22,596,468)
Dividends paid		(25,000,000)	(24,000,000)
Increase in short-term loans from financial institutions		415,000,000	111,000,000
<b>Net cash provided by financing activities</b>		<b>368,054,085</b>	<b>64,403,532</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>34,143,970</b>	<b>(8,102,560)</b>
Cash and cash equivalents at beginning of year		7,402,196	15,504,756
<b>Cash and cash equivalents at end of year</b>	<b>5</b>	<b>41,546,166</b>	<b>7,402,196</b>

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



# **Dhanamitr Factoring Public Company Limited**

## **Notes to the financial statements**

**For the years ended 31 December 2010 and 2009**

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**Dhanamitr Factoring Public Company Limited**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 17 February 2011

**1 General information**

Dhanamitr Factoring Public Company Limited, the “Company”, was incorporated in Thailand and has its registered office at 444 Olympia Thai Tower, 6<sup>th</sup> Floor, Ratchadapisek Road, Samsennok, Huaykwang, Bangkok.

The Company was listed on the Market for Alternative Investment (MAI) on 25 August 2004.

The Company’s major shareholder during the financial year was the Chirativat family group with 49% of the Company’s paid up share capital.

The principal business of the Company is receivable factoring.

**2 Basis of preparation of the financial statements**

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and regulations of the Thai Securities and Exchange Commission; and with generally accepted accounting principles in Thailand.

During 2010, the FAP announced the re-numbering of the following TFRS.

Former no.	Revised no.	Topic
TAS 11	TAS 101	Doubtful Account and Bad Debts
TAS 26	TAS 102	Income Recognition For Real Estate Business
TAS 27	TAS 103	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
TAS 34	TAS 104	Accounting for Troubled Debt Restructuring
TAS 40	TAS 105	Accounting for Investment in Debt and Equity Securities
TAS 42	TAS 106	Accounting For Investment Companies
TAS 48	TAS 107	Financial Instruments Disclosure and Presentation

# Dhanamitr Factoring Public Company Limited

## Notes to the financial statements

### For the years ended 31 December 2010 and 2009

The Company has adopted the revised Framework (revised 2009) for the Preparation and Presentation of Financial Statements, which was issued by the FAP during 2010 and effective on 26 May 2010. The adoption of the revised framework does not have any material impact on the Company's financial statements.

The FAP has issued during 2010 a number of new and revised TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised standards and interpretations are disclosed in note 24.

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 3 (d)	Allowance for doubtful accounts
Note 6	Factoring receivables
Note 7	Loans receivable
Note 22	Financial instruments

### 3 Significant accounting policies

#### (a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

#### (b) Factoring receivables

Factoring receivables are shown net of allowance for doubtful accounts and discount on factoring in advance.

#### (c) Loans receivable

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

#### (d) Allowance for doubtful accounts

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of receivable payments. The allowance for receivables is set at the higher of:

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

Net receivables:	%
- Within credit terms or overdue less than 3 months	Nil
- Overdue from 3 months to 6 months	20
- Overdue over 6 months	100

# Dhanamitr Factoring Public Company Limited

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

and

2. 0.25% of total net account receivables.

Bad debts are written off as incurred.

### (e) *Equipment*

#### *Owned assets*

Equipment is stated at cost less accumulated depreciation and impairment losses (if any).

#### *Depreciation*

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of equipment. The estimated useful lives are as follows:

Computer	3-5 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	5 years

### (f) *Impairment*

The carrying amounts of the Company'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 are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income.

#### *Calculation of recoverable amount*

The recoverable amount of a non-financial assets is the greater of the assets' value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### *Reversals of impairment*

An impairment loss recognised in prior periods in respect of other non-financial assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# **Dhanamitr Factoring Public Company Limited**

## **Notes to the financial statements**

**For the years ended 31 December 2010 and 2009**

**(g) *Interest-bearing liabilities***

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of income over the period of the borrowings on an effective interest basis.

**(h) *Provisions***

A provision is recognised when the Company 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.

**(i) *Revenue***

*Factoring income*

Discount earned by factoring is recognized in the statement of income by the straight-line method based on the period of debts being factored.

*Fees and services*

Fees and services are recognized in the statement of income on the transfer of rights.

*Other income*

Other income is recognized in the statement of income on an accrual basis.

**(j) *Expenses***

*Operating leases*

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

*Finance costs*

Interest expense and similar costs are charged to the statement of income for the period in which they are incurred.

*Other expenses*

Other expenses are charged to the statement of income for the period in which they are incurred.

**(k) *Income tax***

Income tax on the profit or loss for the year comprises current tax, which is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustment to tax payable in respect of previous years.

# Dhanamitr Factoring Public Company Limited

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### 4 Related party transactions and balances

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

The followings are relationships with related parties.

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Central Department Store Co., Ltd.	Thailand	Common shareholders
Robinson Department Store Public Co., Ltd.	Thailand	Common shareholders
Power Buy Co.,Ltd.	Thailand	Common shareholders
Siam Commercial Bank Public Co., Ltd.	Thailand	Shareholder of the Company
Malee Enterprise Co., Ltd.	Thailand	Subsidiary of common shareholders
Abico Dairy Farm Co., Ltd.	Thailand	Subsidiary of common shareholders

The pricing policies for particular types of transactions are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Factoring income	Market price
Fees and services	Market price
Finance costs	Money market rate
Examination fees on factoring documents	In line with the market rate
Directors' benefit expenses	Approved by the directors and shareholders of the Company
Management benefit expenses	Approved by the directors

Significant transactions for the years ended 31 December 2010 and 2009 with related parties were as follows:

	2010	2009
	<i>(in thousand Baht)</i>	
<b>Other related parties</b>		
Factoring income	2,054	2,767
Fees and services	652	703
Finance costs	8,650	10,750
Examination fees on factoring documents	645	675
Directors' and management benefit expenses	16,596	13,926

Directors' benefit expense comprises directors' bonus and meeting allowance.

Management benefit expense comprises salary, bonus and other benefits.

Balances as at 31 December 2010 and 2009 with related parties were as follows:

#### ***Cash and cash equivalents - related parties***

	2010	2009
	<i>(in thousand Baht)</i>	
<b>Cash at bank</b>		
<b>Other related parties</b>		
Siam Commercial Bank Public Co., Ltd.	<u>22,028</u>	<u>4,255</u>

# Dhanamitr Factoring Public Company Limited

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### *Factoring receivables - related parties*

	2010	2009
	<i>(in thousand Baht)</i>	
<b>Other related parties</b>		
Malee Enterprise Co., Ltd.	39,079	34,167
Abico Dairy Farm Co., Ltd.	2,853	4,938
<b>Total</b>	<b>41,932</b>	<b>39,105</b>

### *Short-term loans from financial institutions - related parties*

	2010	2009
	<i>(in thousand Baht)</i>	
<b>Short-term loans</b>		
<b>Other related parties</b>		
Siam Commercial Bank Public Co., Ltd.	458,000	480,000
<b>Total</b>	<b>458,000</b>	<b>480,000</b>

Movements during the years ended 31 December 2010 and 2009 of short-term loans from related parties were as follows:

	2010	2009
	<i>(in thousand Baht)</i>	
<b>Short-term loans</b>		
<b>Other related parties</b>		
At 1 January	480,000	458,000
Increase	3,063,000	2,560,000
Decrease	(3,085,000)	(2,538,000)
<b>At 31 December</b>	<b>458,000</b>	<b>480,000</b>

### *Other current liabilities - related parties*

	2010	2009
	<i>(in thousand Baht)</i>	
<b>Accrued examination fees on factoring documents</b>		
<b>Other related parties</b>		
Central Department Store Co.,Ltd.	39	35
Robinson Department Store Public Co.,Ltd.	15	20
Power Buy Co.,Ltd.	11	15
	<u>65</u>	<u>70</u>
<b>Accrued finance costs</b>		
<b>Other related parties</b>		
Siam Commercial Bank Public Co., Ltd.	575	663
<b>Total</b>	<b>640</b>	<b>733</b>

## 5 Cash and cash equivalents

	Note	2010	2009
		<i>(in thousand Baht)</i>	
Cash on hand		10	10
Cash at banks - current accounts		41,531	7,385
Cash at banks - savings accounts		5	7
<b>Total</b>	<b>4</b>	<b>41,546</b>	<b>7,402</b>

Cash and cash equivalents of the Company as at 31 December 2010 and 2009 were denominated entirely in Thai Baht.

**Dhanamitr Factoring Public Company Limited**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

**6 Factoring receivables**

	<i>Note</i>	2010 <i>(in thousand Baht)</i>	2009
<b>Related parties</b>			
Factoring value		51,952	47,522
Accrued interest income		14	-
Total		<u>51,966</u>	<u>47,522</u>
Less amount repayable to transferor upon settlement		<u>(9,880)</u>	<u>(8,166)</u>
Factoring receivables		42,086	39,356
Less discount on factoring in advance		(154)	(251)
	4	<u>41,932</u>	<u>39,105</u>
<b>Other parties</b>			
Factoring value		2,227,661	1,723,716
Accrued interest income		3,592	3,077
Total		<u>2,231,253</u>	<u>1,726,793</u>
Less amount repayable to transferor upon settlement		<u>(369,772)</u>	<u>(299,661)</u>
Factoring receivables		1,861,481	1,427,132
Less discount on factoring in advance		(11,056)	(9,528)
allowance for doubtful accounts		(48,680)	(46,937)
		<u>1,801,745</u>	<u>1,370,667</u>
<b>Net</b>		<u><b>1,843,677</b></u>	<u><b>1,409,772</b></u>
Doubtful debts expense for the year		<u><b>1,743</b></u>	<u><b>5,428</b></u>

Aging analyses for factoring receivable were as follows:

	2010 <i>(in thousand Baht)</i>	2009
<b>Related parties</b>		
<b>Factoring value</b>		
Current	43,786	44,095
Overdue:		
Less than 3 months	8,166	3,427
	<u>51,952</u>	<u>47,522</u>
<b>Other parties</b>		
<b>Factoring value</b>		
Current	1,936,064	1,464,715
Overdue:		
Less than 3 months	217,484	189,529
3-6 months	4,172	1,935
Over 6 months	69,941	67,537
	<u>2,227,661</u>	<u>1,723,716</u>
<b>Total</b>	<u><b>2,279,613</b></u>	<u><b>1,771,238</b></u>

As at 31 December 2010, factoring receivables which were overdue for over 6 months amounted to Baht 70 million (2009: Baht 68 million) before setting off the amount repayable to the transferor upon settlement of the factored debts amounting to Baht 25 million (2009: Baht 24 million). The Company has provided allowance for doubtful accounts for such net receivables in full.

Factoring receivables of the Company as at 31 December 2010 and 2009 were denominated entirely in Thai Baht.



**Dhanamitr Factoring Public Company Limited**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

**7 Loans receivable**

	within one year		Amounts due: over one year but within five years		over five years but within seven years		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	<i>(in thousand Baht)</i>							
<b>Other parties</b>								
Not yet due	30,286	8,040	25,594	29,740	3,400	7,000	59,280	44,780
Overdue:								
Over 12 months	27,351	27,351	-	-	-	-	27,351	27,351
<b>Total</b>	<b>57,637</b>	<b>35,391</b>	<b>25,594</b>	<b>29,740</b>	<b>3,400</b>	<b>7,000</b>	<b>86,631</b>	<b>72,131</b>
Less allowance for doubtful accounts	(27,351)	(27,351)	-	-	-	-	(27,351)	(27,351)
<b>Net</b>	<b>30,286</b>	<b>8,040</b>	<b>25,594</b>	<b>29,740</b>	<b>3,400</b>	<b>7,000</b>	<b>59,280</b>	<b>44,780</b>

2010                  2009  
*(in thousand Baht)*

Doubtful debt expense for the year

-                  -

As at 31 December 2010, the Company had loans receivable from 2 non-related companies totalling Baht 44.84 million under four loan agreements, due by July 2011, May 2012, June 2014 and December 2016. Principal is to be settled by a month aggregate instalment amounting to Baht 1.74 million, plus interest at over than MOR per annum. The Company holds leasehold rights as collateral.

As at 31 December 2009, the Company had loans receivable from a non-related company totalling Baht 44.78 million under two loan agreements, due by June 2014 and December 2016. Principal is to be settled by a monthly aggregate instalment amounting to Baht 0.67 million, plus interest at over than MOR per annum. The Company holds leasehold rights as collateral.

Loans receivable of the Company as at 31 December 2010 and 2009 were denominated entirely in Thai Baht.

**8 Equipment**

	Computer	Furniture and fixtures	Office equipment	Vehicles	Total
	<i>(in thousand Baht)</i>				
<b>Cost</b>					
At 1 January 2009	3,476	1,007	750	5,700	10,933
Additions	83	234	21	2,480	2,818
Disposals	(729)	(22)	(26)	-	(777)
<b>At 31 December 2009 and 1 January 2010</b>	<b>2,830</b>	<b>1,219</b>	<b>745</b>	<b>8,180</b>	<b>12,974</b>
Additions	377	62	25	849	1,313
Disposals	(137)	-	-	(1,449)	(1,586)
<b>At 31 December 2010</b>	<b>3,070</b>	<b>1,281</b>	<b>770</b>	<b>7,580</b>	<b>12,701</b>

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	Computer	Furniture and fixtures	Office equipment	Vehicles	Total
	<i>(in thousand Baht)</i>				
<b>Accumulated depreciation</b>					
At 1 January 2009	2,491	558	492	3,759	7,300
Depreciation charge for the year	513	178	88	1,172	1,951
Disposals	(729)	(22)	(26)	-	(777)
<b>At 31 December 2009 and 1 January 2010</b>	<b>2,275</b>	<b>714</b>	<b>554</b>	<b>4,931</b>	<b>8,474</b>
Depreciation charge for the year	469	181	72	1,193	1,915
Disposals	(137)	-	-	(1,449)	(1,586)
<b>At 31 December 2010</b>	<b>2,607</b>	<b>895</b>	<b>626</b>	<b>4,675</b>	<b>8,803</b>
<b>Net book value</b>					
Owned assets					
<b>At 1 January 2009</b>	<b>985</b>	<b>449</b>	<b>258</b>	<b>1,941</b>	<b>3,633</b>
<b>At 31 December 2009</b>	<b>555</b>	<b>505</b>	<b>191</b>	<b>3,249</b>	<b>4,500</b>
<b>At 31 December 2010</b>	<b>463</b>	<b>386</b>	<b>144</b>	<b>2,905</b>	<b>3,898</b>

The gross carrying amounts of fully depreciated equipment that was still in use as at 31 December 2010 amounted to Baht 4.28 million (2009: Baht 4.35 million).

**9 Interest-bearing liabilities**

	Note	2010	2009
		<i>(in thousand Baht)</i>	
<b>Current</b>			
Short-term loans from financial institutions			
Related parties			
unsecured	4	458,000	480,000
Other parties			
unsecured		1,129,000	692,000
<b>Total</b>		<b>1,587,000</b>	<b>1,172,000</b>

As at 31 December 2010, the Company had credit facilities for bank overdrafts and short-term loans from financial institutions totalling Baht 1,805 million (2009: Baht 1,755 million). Under these credit facilities, the Company has to comply with certain terms and conditions prescribed in the agreements such as financial ratio, etc.

As at 31 December 2010, the Company had unutilised credit facilities totalling Baht 218 million (2009: Baht 583 million).

Interest-bearing liabilities of the Company as at 31 December 2010 and 2009 were denominated entirely in Thai Baht.

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**10 Other current liabilities**

	2010	2009
	<i>(in thousand Baht)</i>	
Accrued finance costs	2,310	1,440
Accrued expenses	509	342
Accrued withholding tax	1,515	832
Others	1,083	667
<b>Total</b>	<b><u>5,417</u></b>	<b><u>3,281</u></b>

**11 Share capital**

	<i>Par value per share (in Baht)</i>	Number	2010 Amount <i>(thousand shares / thousand Baht)</i>	2009 Number	Amount
<b>Authorised and issued and paid-up</b>					
At 1 January					
- ordinary shares	5	<u>20,000</u>	<u>100,000</u>	<u>20,000</u>	<u>100,000</u>
At 31 December					
- ordinary shares	5	<b><u>20,000</u></b>	<b><u>100,000</u></b>	<b><u>20,000</u></b>	<b><u>100,000</u></b>

**12 Additional paid-in capital and reserve**

***Share premium***

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

***Legal reserve***

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

**13 Segment information**

Management considers that the Company operates in a single line of business, factoring, and has therefore, only one major business segment.

**14 Other income**

	2010	2009
	<i>(in thousand Baht)</i>	
Interest income	5,169	1,426
Others	481	7
<b>Total</b>	<b><u>5,650</u></b>	<b><u>1,433</u></b>

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**15 Administrative expenses**

	2010	2009
	<i>(in thousand Baht)</i>	
Employee benefit expenses	15,850	13,642
Doubtful debts expense	1,743	5,428
Specific business tax	4,494	3,928
Examination fees on factoring documents	2,360	2,431
Others	9,318	9,512
<b>Total</b>	<b><u>33,765</u></b>	<b><u>34,941</u></b>

**16 Employee benefit expenses**

	2010	2009
	<i>(in thousand Baht)</i>	
Wages and salaries	9,678	8,874
Contribution to defined contribution plan	537	467
Others	5,635	4,301
<b>Total</b>	<b><u>15,850</u></b>	<b><u>13,642</u></b>

The defined contribution plan comprises a provident fund established by the Company for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 10% of their basic salaries and by the Company at rates ranging from 5% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

**17 Expenses by nature**

	2010	2009
	<i>(in thousand Baht)</i>	
Employee benefit expenses	15,850	13,642
Directors' and management benefit expenses	16,596	13,926
Depreciation	1,915	1,951
Doubtful debts expense	1,743	5,428
Specific business tax	4,494	3,928
Examination fees on factoring documents	2,359	2,431
Office rental expense	2,251	2,230

**18 Finance costs**

	<i>Note</i>	2010	2009
		<i>(in thousand Baht)</i>	
Finance costs paid and payable to:			
Related parties	4	8,650	10,750
Financial institutions		14,165	10,487
<b>Total</b>		<b><u>22,815</u></b>	<b><u>21,237</u></b>

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**19 Income tax expense**

*Income tax reduction*

Royal Decree No. 475 B.E. 2551 dated 6 August 2008 grants companies listed on the Stock Exchange of Thailand under the regulation of the Stock Exchange of Thailand governing the approval of listed companies on the Market for Alternative Investment (MAI) a reduction in the corporate income tax rate from 30% to 20% for taxable profit not exceeding Baht 20 million for the three consecutive accounting periods beginning on or after 1 January 2008. The Company has utilised the tax incentive not beyond the 2010 accounting period ending on 31 December 2010.

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand under the regulation of the Stock Exchange of Thailand governing the approval of listed companies on the Market for Alternative Investment (MAI) a reduction in the corporate income tax rate from 30% to 20% for the five consecutive accounting periods beginning on or after the date that the Company listed on the Stock Exchange of Thailand. The Company has utilised the tax incentive not beyond the 2009 accounting period ending on 31 December 2009.

The current tax expense in the statements of income is different from the amount determined by applying the Thai Corporate tax rate to the accounting profit for the year principally because of the different treatment for accounting and taxation purposes of certain item of expense, in particular bad and doubtful debts expenses.

**20 Basic earnings per share**

The calculations of basic earnings per share for the years ended 31 December 2010 and 2009 were based on the profit for the years attributable to equity holders of the Company and the number of ordinary shares outstanding during the years as follows:

	2010	2009
	<i>(in thousand Baht/ thousand shares)</i>	
<b>Profit attributable to equity holders of the Company</b>	<b><u>45,831</u></b>	<b><u>38,058</u></b>
<b>Number of ordinary shares outstanding</b>	<b><u>20,000</u></b>	<b><u>20,000</u></b>
<b>Basic earnings per share (in Baht)</b>	<b><u>2.29</u></b>	<b><u>1.90</u></b>

**21 Dividends**

At the 2010 Annual General Meeting of Shareholders of the Company held on 26 April 2010, the shareholders approved the appropriation to the legal reserve of Baht 2.71 million, which was recognised in the financial statements for the year ended 31 December 2009, and the appropriation of dividends of Baht 1.25 per share, amounting to Baht 25 million. The dividend was paid to shareholders during 2010.

At the 2009 Annual General Meeting of Shareholders of the Company held on 8 April 2009, the shareholders approved the appropriation to the legal reserve of Baht 2 million, which was recognised in the financial statements for the year ended 31 December 2008, and the appropriation of dividends of Baht 1.20 per share, amounting to Baht 24 million. The dividend was paid to shareholders during 2009.

# **Dhanamitr Factoring Public Company Limited**

## **Notes to the financial statements**

**For the years ended 31 December 2010 and 2009**

### **22 Financial instruments**

#### ***Financial risk management policies***

The Company is exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

#### ***Interest rate risk***

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. 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 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.

#### ***Credit risk***

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligation to the Company as and when they fall due. To reduce exposure to credit risk, 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 retention from factoring and other obligation assets as collateral for each customer according to the assessed credit risk.

The carrying amount of financial assets recorded in the balance sheet is net of allowances made for doubtful accounts. The Company concentrates on factoring the debts of the suppliers of large sized department stores with good credit ratings. As at 31 December 2010, the credit facility ratio given to the said group of receivables is 65% (2009: 75%) of total receivables and the Company had retention from factoring of Baht 69 million (2009: Baht 68 million) and leasehold rights, according to the appraisal value, of Baht 61 million as collateral (2009: 68 million).

#### ***Liquidity risk***

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

#### ***Capital management***

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

# Dhanamitr Factoring Public Company Limited

## Notes to the financial statements

### For the years ended 31 December 2010 and 2009

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders depending on the Company's operating performance.

#### *Determination of fair values*

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Company takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

Financial assets shown in the balance sheets consist of cash and cash equivalents, factoring receivables and loans receivable. Financial liabilities shown in the balance sheets consist of short-term loans from financial institutions, factoring payables and retention from factoring.

The book values of financial assets and liabilities are close to their estimated fair values. The management believes that the fair values of those financial assets and financial liabilities do not materially differ from their carrying amount because the majority of financial assets and financial liabilities are short-term and for long-term financial assets, rate of return was determined by a floating rate (market interest rate).

### 23 Commitments with non-related parties

	2010	2009
	<i>(in thousand Baht)</i>	
<i><b>Non-cancellable operating lease commitments</b></i>		
Within one year	2,337	2,251
After one year but within five years	195	187
<b>Total</b>	<b>2,532</b>	<b>2,438</b>

As at 31 December 2009, the Company had commitments under various office lease agreements, for periods of 24 months, ending on 31 January 2011. Monthly space rental and common services fees under these agreements amounted to Baht 187,560.

As at 31 December 2010, the Company had commitments under various office lease agreements, for periods of 12 months, ending on 31 January 2012. Monthly space rental and common services fees under these agreements amounted to Baht 195,375.

### 24 Thai Financial Reporting Standards (TFRS) not yet adopted

The Company has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 1 (revised 2009)	Presentation of Financial Statements	2011
TAS 7 (revised 2009)	Statement of Cash Flows	2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	2011
TAS 10 (revised 2009)	Events after the Reporting Period	2011
TAS 12	Income Tax	2013
TAS 16 (revised 2009)	Property, Plant and Equipment	2011

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TFRS	Topic	Year effective
TAS 17 (revised 2009)	Leases	2011
TAS 18 (revised 2009)	Revenue	2011
TAS 19	Employee Benefits	2011
TAS 23 (revised 2009)	Borrowing Costs	2011
TAS 24 (revised 2009)	Related Party Disclosures	2011
TAS 26	Accounting and Reporting by Retirement Benefit Plans	2011
TAS 33 (revised 2009)	Earnings per Share	2011
TAS 34 (revised 2009)	Interim Financial Reporting	2011
TAS 36 (revised 2009)	Impairment of Assets	2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	2011
TAS 38 (revised 2009)	Intangible Assets	2011
TAS 40 (revised 2009)	Investment Property	2011
TFRS 3 (revised 2009)	Business Combinations	2011
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	2011

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact in the Company's financial statements of those new standards in the period of initial application. The standard is as follow:

### ***TAS 19 - Employee benefits***

The Company does not presently account for the costs of post-employment benefits under defined benefit plans; other long-term employee benefits; and termination benefits until such costs are incurred. The new TAS 19 includes the requirements to recognise and account for such costs in the period in which the service is performed. The requirements are complex and require actuarial assumptions to measure the obligation and expense. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service. The transitional provisions of TAS 19 permit the transitional liability to be recognised and accounted for in one of four different ways:

- (i) retrospectively ;
- (ii) immediately in equity (retained earnings) at the transition date ;
- (iii) immediately in profit or loss at the transition date ;
- (iv) as an expense on a straight-line basis over up to five years from the transition date.

Management has determined that the transitional liability as at 1 January 2011 for post-employment benefits is Baht 7 million. Management is in the process of considering the above mentioned transitional options.